Parkland FUEL CORPORATION

Three months ended March 31, 2015

Report to Shareholders

Management's Discussion and Analysis Q1 2015

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This Management's Discussion and Analysis ("**MD&A**") dated May 5, 2015 should be read in conjunction with Parkland Fuel Corporation's ("**Parkland**", the "**Corporation**", "**we**", "**our**" and "**us**") March 31, 2015 unaudited interim condensed consolidated financial statements (the "**Interim Condensed Consolidated Financial Statements**"), Parkland's audited consolidated financial statements for the year ended December 31, 2014 (the "**Annual Consolidated Financial Statements**") and the 2014 annual MD&A (the "**Annual MD&A**"). Additional information about Parkland filed with Canadian securities regulatory authorities, including quarterly and annual reports, and the Annual Information Form for the fiscal year ended December 31, 2014 dated March 24, 2015 ("**Annual Information Form**") is available online at www.sedar.com and our website, www.parkland.ca. Information contained in or otherwise accessible through our website does not form a part of this MD&A, and is not incorporated into this MD&A by reference.

Basis of Presentation

Unless otherwise noted, all financial information has been prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**") as contained within Part I of the Chartered Professional Accountants of Canada Handbook, specifically International Accounting Standard ("**IAS**") 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**"), which is within the framework of Reporting International Financial Reporting Standards ("**IFRS**"). All financial information is reported in Canadian dollars.

Non-GAAP Financial Measures

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS or GAAP and may not be comparable to similar measures presented by other corporations or entities. These financial measures include "EBITDA", "Adjusted EBITDA", "Adjusted Gross Profit", “Credit Facility EBITDA”, "Distributable Cash Flow", “Senior Funded Debt”, “Total Funded Debt”, “Senior Funded Debt to Credit Facility EBITDA ratio”, “Total Funded Debt to Credit Facility EBITDA ratio” and “Credit Facility Fixed Charge Coverage ratio” and information disclosed on a cents per litre ("**cpl**") basis. See "Non-GAAP Financial Measures, Reconciliations and Advisories" and "Distributable Cash Flow”.

Risks and Forward Looking Information

Parkland's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in the “Risk Factors” section of the Corporation’s Annual MD&A and the Corporation’s Annual Information Form at www.sedar.com. The Corporation reports on its risk factors annually. In addition, on a quarterly basis, management reviews the risk factors; as at the date of this MD&A, there have been no material changes except as described in the “Risk Factors” section of this MD&A.

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

1. Financial and Operating Summary

	Three months ended March 31,		
(in millions of Canadian dollars and shares)	**2015**	2014	2013
Sales and operating revenues	**1,391.6**	2,017.4	1,212.8
Adjusted gross profit(1)	**155.2**	160.0	126.9
Net earnings	**19.8**	22.3	30.5
Per share - basic	**0.24**	0.30	0.44
Per share - diluted	**0.24**	0.30	0.42
Adjusted EBITDA(1)	**57.1**	61.2	61.0
Dividends	**23.5**	19.2	17.7
Dividends declared per share	**0.28**	0.26	0.26
Distributable cash flow(2)	**36.3**	44.6	44.9
Per share - outstanding(2)	**0.44**	0.61	0.65
Dividend payout ratio(2)	**65%**	43%	39%
Total assets	**1,514.2**	1,461.7	1,143.8
Total long-term liabilities	**549.9**	449.4	385.3
Total Funded Debt(1)	**168.0**	367.9	236.2
Shares outstanding	**82.9**	73.8	69.4

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

(2) Non-GAAP financial measure. See the Distributable Cash Flow section of this MD&A for reconciliation and calculation.

	Three months ended March 31,		
	2015	2014	2013
Fuel volume (millions of litres)	**2,238**	2,272	1,400
Fuel and petroleum product adjusted gross profit[1] (cpl):			
Retail Fuels	**4.87**	4.34	4.53
Commercial Fuels	**13.56**	11.32	11.70
SPF Energy	**3.41**	3.25	-
Operating costs - cpl	**2.97**	2.87	3.04
Marketing, general and administrative (cpl)	**1.55**	1.60	1.78

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

Who We Are

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

Parkland's Strategy

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

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

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

Q1 2015 Highlights

- Sales and operating revenues were $1.4 billion in Q1 2015, compared to $2.0 billion in Q1 2014, primarily due to the global decline of crude oil and petroleum prices. Fuel and petroleum product volumes remained strong at 2.24 billion litres in Q1 2015 as compared to 2.27 billion litres in Q1 2014.
- Parkland's Adjusted EBITDA in Q1 2015 was $57.1 million, compared to $61.2 million in Q1 2014. Net earnings in Q1 2015 were $19.8 million, compared to $22.3 million in Q1 2014. Q1 2014's exceptional propane market conditions in Wholesale, Supply and Distribution did not recur this year. Parkland's Retail Fuels and Commercial Fuels businesses posted solid operating result improvements.
- On September 17, 2014, Parkland entered an agreement to acquire the business (the "**Pioneer Business**") of Pioneer Energy ("**Pioneer Energy**") domiciled in Ontario, Canada (the "**Pioneer Acquisition**"). The acquisition is expected to add 2.2 billion litres in fuel sales, $55 million in annualized Adjusted EBITDA and $0.26 per share in distributable cash flow per year. Parkland and Pioneer Energy continue to diligently pursue obtaining the requisite consents and approvals to close the Pioneer Acquisition. The necessary corporate approvals required to close the Pioneer Acquisition have been received. On April 30, 2015, the Commissioner of Competition (the "**Commissioner**") served Parkland with a notice of application to challenge Parkland's acquisition of the Pioneer Business in 14 communities in Ontario and Manitoba. The Commissioner also served Parkland with an application seeking an interim order from the Competition Tribunal. Parkland estimates that the total volume of fuel for the Pioneer stations in the 14 communities identified by the Commissioner in his applications under the Competition Act is estimated to be no more than 200 million litres of fuel. See "Risk Factors – Competition Act Matters" and "Risk Factors – Closing of the Pioneer Acquisition" for further information regarding the Commissioner's applications.
- Subsequent to Q1 2015, in April 2015, the Corporation completed the acquisition of five retail sites located in North Dakota for a combined base consideration of approximately US$13.7 million. These acquisitions are expected to support Parkland's growing retail presence in North Dakota and extend the Corporation's retail footprint into the Bismarck and Dickinson areas.
- Subsequent to Q1 2015, on April 6, 2015, the Corporation completed the acquisition of eleven Chevron-branded service stations located in British Columbia for the base consideration of approximately $17.1 million. This acquisition is expected to support Parkland's growing retail presence in British Columbia.
- Parkland returned $23.5 million in dividends to shareholders in Q1 2015, an increase of $4.3 million from $19.2 million in dividends in Q1 2014, demonstrating our dedication to returning value to shareholders.

Q1 2015 vs. Q1 2014 Overall Performance

Net Earnings

Parkland's net earnings for the first quarter of 2015 were $19.8 million, compared to $22.3 million in the first quarter of 2014. Items affecting net earnings in the first quarter of 2015 compared to the first quarter of 2014 included:

- Finance costs in the first quarter of 2015 increased by $0.5 million to $6.4 million compared to $5.9 million in the first quarter of 2014. Interest expenses increased $2.2 million primarily due to the issuance of $400.0 million of Senior Unsecured Notes in aggregate (see "Capital Resources" section of this MD&A) in Q2 and Q4 of 2014. This was partially offset by a $1.2 million increase in the fair value of the Senior Unsecured Notes redemption options.
- In the first quarter of 2015, the loss on disposal of property, plant and equipment was $0.4 million, compared to $1.2 million in the same period in 2014.
- Income tax expense decreased in the first quarter of 2015 to $7.7 million, compared to $9.7 million in the first quarter of 2014 due to a decrease in net earnings for the period and a decrease in adjustments in respect of prior years.

- The unrealized loss from changes in fair value of commodities forward contracts, US dollar forward exchange contracts and future contracts in the first quarter of 2015 was $1.0 million, compared to a loss of $2.6 million in the same period in 2014. The loss on these financial contracts is calculated by comparison to their market valuation at end of each reporting period. These contracts form part of Parkland's risk management strategy, as contracts are used to lock-in margins with customers on commodities to be physically delivered in the future.
- In the first quarter of 2015, the unrealized gain on foreign exchange was $0.5 million, compared to $1.0 million in the same period in 2014.
- In the first quarter of 2015, business acquisition related costs increased by $0.5 million to $2.7 million, compared to $2.2 million in the first quarter of 2014 primarily due to acquisition work undertaken for the purchase of Pioneer Energy.
- Depreciation and amortization expense in the first quarter of 2015 was $19.7 million, compared to $18.5 million in the first quarter of 2014. The $1.2 million increase in depreciation of property, plant and equipment was primarily due to the acquisition of Chevron-branded service stations in April 2015.
- Adjusted EBITDA in the first quarter of 2015 was $57.1 million, compared to $61.2 million in the first quarter of 2014.

Adjusted EBITDA

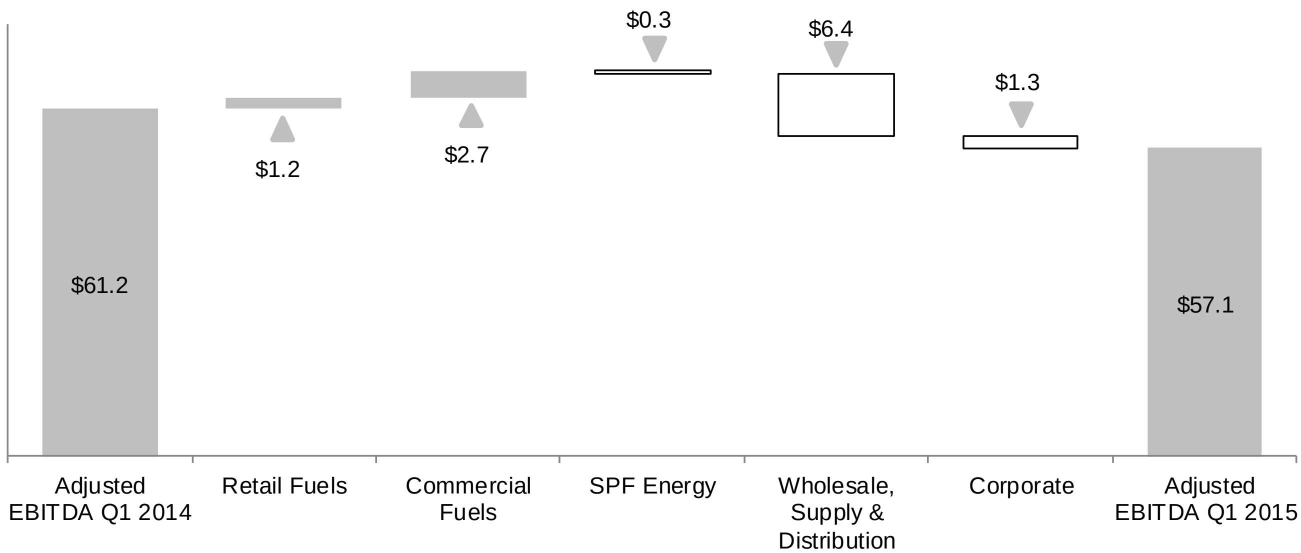
	Three months ended March 31,	
(in 000's of Canadian dollars)	**2015**	2014
Net earnings	**19,778**	22,309
Finance costs[1]	**6,397**	5,850
Loss on disposal of property, plant and equipment	**356**	1,150
Income tax expense	**7,691**	9,678
Unrealized loss from the change in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts	**1,020**	2,556
Unrealized (gain) on foreign exchange	**(478)**	(1,016)
Acquisition related costs	**2,662**	2,212
Depreciation and amortization	**19,707**	18,475
Adjusted EBITDA[2]	**57,133**	61,214

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

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

Parkland achieved $57.1 million in Adjusted EBITDA in the first quarter of 2015, compared to $61.2 million in the first quarter of 2014. The decrease in Adjusted EBITDA is primarily attributable to lower propane gross profit in Wholesale, Supply and Distribution, partially offset by stronger operating results in Retail Fuels and Commercial Fuels.

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



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

Retail Fuels

- Retail Fuels contributed incremental Adjusted EBITDA of $1.2 million in the first quarter of 2015. Retail Fuels achieved strong company fuel margins, partially offset by a decrease in fuel volume. Non-fuel gross profit increased by $0.2 million due to the acquisition of twelve Chevron-branded service stations in Northern British Columbia in April 2014 and higher rents and volume rebates from strong convenience store sales.

Commercial Fuels

- Commercial Fuels increased Adjusted EBITDA $2.7 million in the first quarter of 2015, compared to the first quarter of 2014. The increase in Adjusted EBITDA in 2015 was driven primarily by the strengthening of diesel and propane cent per litre margins.

SPF Energy

- In the first quarter of 2015, SPF Energy saw a decrease in Adjusted EBITDA of $0.3 million compared to the first quarter of 2014. SPF Energy had lower wholesale and retail fuel volumes combined with lower wholesale margins due to lower oilfield activity, partially offset by the strengthening of the US dollar.

Wholesale, Supply and Distribution

- Wholesale, Supply and Distribution Adjusted EBITDA decreased $6.4 million primarily due to decreased propane margins, as the first quarter of 2014 experienced record propane market conditions not repeated this year. The decrease was partially offset by growth in other commodities which includes sales of gasoline, diesel, ethanol, biodiesel, drilling fluids and naphtha.

Corporate

- The Corporate segment, which provides centralized administrative services for Parkland, reported higher growth focused expenses of $1.3 million driven by growth focused expenses including increased staff salaries, training and recruitment expenses to support Parkland's expansion.

2. Segmented Results

Refer to Note 18 of the Interim Condensed Consolidated Financial Statements for segmented financial information.

Retail Fuels Results and Operations

Brands

Parkland Retail Fuels supplies and supports a network of 679 retail gas stations in Canada. It owns two proprietary brands, Fas Gas Plus and Race Trac, and is a branded wholesaler for Esso and Chevron. Parkland's multi-brand strategy, as described below, provides a robust offering to satisfy many fuel market niches:

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

Business Models

Parkland Retail Fuels operates under the following two main business models:

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

Site Counts by Brand and Business Models

The following tables provide site counts by brand and business models within the Retail Fuels segment:

	Fas Gas Plus	Race Trac	Esso	Chevron	Other	Total
Retailer Operated	**97**	**3**	**27**	**18**	**1**	**146**
Dealer Operated	**87**	**84**	**328**	**6**	**28**	**533**
Total sites, at March 31, 2015	**184**	**87**	**355**	**24**	**29**	**679**
Retailer Operated	97	3	25	17	1	143
Dealer Operated	89	86	331	4	29	539
Total sites, at December 31, 2014	186	89	356	21	30	682

Retail Fuels Performance Highlights

Retail Fuels Adjusted EBITDA for the first quarter of 2015 was $13.7 million, compared to $12.5 million for the first quarter of 2014. The 9.6% increase in Adjusted EBITDA in the first quarter of 2015 was driven by strong company fuel margins and the contribution from the twelve additional Chevron-branded service stations that were acquired in the second quarter of 2014, partially offset by a decline in the fuel volumes.

	Three months ended March 31,	
(in 000's of Canadian dollars)	**2015**	2014
Fuel and petroleum product volume(1) (000's of litres)	**380,420**	395,256
Sales and operating revenue	**270,520**	385,583
Fuel and petroleum product adjusted gross profit(2)	**18,509**	17,172
Non-fuel adjusted gross profit(2)	**4,767**	4,533
Adjusted gross profit(2)	**23,276**	21,705
Operating costs	**6,090**	6,032
Marketing, general and administrative	**3,459**	3,167
Adjusted EBITDA(2)	**13,728**	12,506
Per litre analysis (cpl):		
Fuel and petroleum product adjusted gross profit	**4.87**	4.34
Operating costs	**1.60**	1.53
Marketing, general and administration	**0.91**	0.80
Adjusted EBITDA	**3.61**	3.16

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

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

Q1 2015 vs. Q1 2014

In the first quarter of 2015, fuel volume decreased by 4% or 15 million litres compared to the same period in 2014, primarily driven by a general softening of volumes in Western Canada, reflective of the slowdown in oil field activity due to the decline in oil prices. The reduction in volumes in Western Canada was partially offset by increased volumes in Eastern Canada.

Sales and operating revenue decreased by 30% or $115.1 million to $270.5 million in the first quarter of 2015 compared to $385.6 million in the same period in 2014. The decrease in sales and operating revenue was driven by a reduction in prices at the pumps as a result of the decline of global crude oil and petroleum prices.

In the first quarter of 2015, the adjusted gross profit increased by 7% or $1.6 million to $23.3 million compared to $21.7 million in the first quarter of 2014, primarily due to stronger company fuel margins and the contribution from the twelve additional Chevron-branded service stations that were acquired in the second quarter of 2014. Continued development and enhancement of Parkland's convenience store offering helped increase convenience store sales volume on a same store basis.

Operating costs are expenses incurred primarily at Company Owned, Retailer Operated sites. Operating costs include retailer fuel commissions, bonuses and costs associated with owning and maintaining the property, building and equipment, such as rents, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating costs increased by 1% or $0.1 million in the first quarter of 2015 compared to the same period in 2014 due primarily to the additional costs of operating twelve additional Chevron-branded service stations. These costs were partially offset by lower fuel volume based variable costs including retailer commissions and litre log transaction fees and lower-sales based expenses such as credit card fees.

Marketing, general and administrative expenses in Retail Fuels are typically fixed in nature and do not vary with volume. Departments included in this category are marketing, real estate, finance, operations, credit, network development and infrastructure. Marketing, general and administrative expenses for the first quarter of 2015 increased by 9% or $0.3 million compared to the same period in 2014 due to a planned increase in labour costs associated with building operational capacity to focus on organic growth and the successful integration of acquisitions.

Metrics

Adjusted fuel gross profit on a cpl basis increased 12% or 0.53 cpl as compared to the same quarter in the prior year, mainly due to higher company fuel margins.

Operating costs were flat as compared to the same quarter in the prior year, but on a cpl basis, operating costs increased by 5% or 0.07 cpl, mainly due to lower overall fuel volumes.

Marketing, general and administrative expenses on a cpl basis increased by 14% or 0.11 cpl as compared to the same quarter in the prior year, mainly due to higher expenses and lower overall fuel volumes.

Commercial Fuels Results and Operations

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

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

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

Commercial Fuels Segment Performance Highlights

The Commercial Fuels Adjusted EBITDA was $31.6 million in the first quarter of 2015, compared to $28.9 million in the first quarter of 2014. The 9% increase in Adjusted EBITDA in 2015 was driven primarily by the strengthening of diesel and propane cent per liter margins.

	Three months ended March 31,	
(in 000's of Canadian dollars)	**2015**	2014
Fuel and petroleum product volume[1] (000's of litres)	**456,542**	516,958
Sales and operating revenue	**381,562**	581,534
Fuel and petroleum product adjusted gross profit[2]	**61,901**	58,544
Non-fuel adjusted gross profit[2]	**13,187**	15,456
Adjusted gross profit[2]	**75,088**	74,000
Operating costs	**37,802**	39,094
Marketing, general and administrative	**6,020**	6,620
Adjusted EBITDA[2]	**31,610**	28,886
Per litre analysis (cpl):		
Fuel and petroleum product adjusted gross profit	**13.56**	11.32
Operating costs	**8.28**	7.56
Marketing, general and administration	**1.32**	1.28
Adjusted EBITDA	**6.92**	5.59

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

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

Q1 2015 vs. Q1 2014

Commercial Fuels' fuel volume decreased by 12% or 60 million litres to 457 million litres in the first quarter of 2015 compared to 517 million litres in the first quarter of 2014. The decline in fuel volume is mainly attributable to decreased fuel volume in Western Canada as a result of reduced oilfield activity in the first quarter of 2015.

Sales and operating revenue decreased by 34% or $199.9 million to $381.6 million in the first quarter of 2015 compared to $581.5 million in the same period in 2014 due primarily to the reduced volumes and declining sale prices resulting from lower oil prices in the first quarter of 2015.

Despite the decreases in fuel volume and sales and operating revenue in the first quarter of 2015, adjusted gross profit increased by 1% or $1.1 million to $75.1 million in the first quarter of 2015 compared to $74.0 million in the same period in 2014 due to strong residential fuel and propane margins in the first quarter of 2015, partially offset by decreased cartage revenues driven by a lower oilfield activity in Western Canada, combined with lower lubricant volumes and margins.

Operating costs include driver and administrative labour, fleet maintenance and operating costs, third party delivery expense as well as the costs associated with owning and maintaining land, building and equipment such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating costs decreased by 3% or $1.3 million in the first quarter of 2015 compared to the same period in 2014 due primarily to savings due to lower activity in Western Canada.

Marketing, general and administrative expenses in the Commercial Fuels business are typically fixed in nature and do not vary with volume. Departments included in this category are sales, marketing, real estate, finance, operations, credit, network development and infrastructure.

Metrics

Adjusted fuel gross profit on a cpl basis increased 20% or 2.24 cpl as compared to the same quarter in 2014. The increase is mainly due to a strengthening of residential fuel and propane cpl margins.

Operating costs on a cpl basis increased by 10% or 0.72 cpl as compared to the same quarter in 2014, primarily due to a greater decrease in fuel volumes relative to the decrease in operating costs.

Marketing, general and administrative expenses on a cpl basis increased by 3% or 0.04 cpl as compared to the same quarter in 2014, primarily due to a greater decrease in fuel volumes.

SPF Energy Results and Operations

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

SPF Energy operates and generates profits from the following divisions:

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

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

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

SPF Energy Performance Highlights

SPF Energy's Adjusted EBITDA was $4.7 million in the first quarter of 2015, as compared to $5.0 million in the first quarter of 2014. The decrease of 6% or $0.3 million is primarily due to lower wholesale and retail fuel volumes combined with lower wholesale margins due to lower oilfield activity, partially offset by the strong US dollar.

(in 000's of Canadian dollars)	Three months ended March 31, **2015**	2014
Fuel and petroleum product volume[1] (000's of litres)	**266,418**	277,252
Sales and operating revenue	**182,123**	269,988
Fuel and petroleum product adjusted gross profit[2]	**9,073**	9,002
Non-fuel adjusted gross profit[2]	**6,977**	6,326
Adjusted gross profit[2]	**16,050**	15,328
Operating costs	**9,499**	8,667
Marketing, general and administrative	**1,903**	1,720
Adjusted EBITDA[2]	**4,695**	5,012
Per litre analysis (cpl):		
Fuel and petroleum product adjusted gross profit	**3.41**	3.25
Operating costs	**3.57**	3.13
Marketing, general and administration	**0.71**	0.62
Adjusted EBITDA	**1.76**	1.81

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

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

Q1 2015 vs. Q1 2014

SPF Energy's fuel volume decreased by 4% or 11 million litres to 266 million litres in the first quarter of 2015 compared to 277 million litres in the first quarter of 2014. The decline in fuel volume is mainly attributable to softened wholesale demand as a result of unseasonably warmer weather and reduced oilfield activity from the decline in oil prices.

Sales and operating revenue decreased by 33% or $87.9 million to $182.1 million in the first quarter of 2015 compared to $270.0 million in the same period in 2014 primarily due to decrease in global crude oil prices and decreased oilfield activity.

SPF Energy maintained a strong adjusted gross profit, which increased by 5% or $0.8 million to $16.1 million in the first quarter of 2015 compared to $15.3 million in the same period in 2014. The increase in adjusted gross profit is mainly attributable to stronger non-fuel gross profit results, driven by the increased lubricants volumes and margins.

Operating costs are incurred at company owned wholesale/lubricant branches and the 16 Superpumper retail sites. Expenses in this category include wages and benefits for employees, along with the costs associated with owning and maintaining the land, building and equipment such as rents, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating costs increased by 10% or $0.8 million in the first quarter of 2015 compared to the same period in 2014 primarily due to the strengthening of the US dollar.

Marketing, general and administrative expenses are typically fixed in nature and do not vary with volume. Departments included in this category are marketing, real estate, finance, operations, credit, network development and infrastructure. Marketing, general and administrative expenses for the first quarter of 2015 increased by 11% or $0.2 million compared to the same period in 2014 primarily due to the strengthening of the US dollar.

Wholesale, Supply and Distribution Results and Operations

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

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

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

Storage – Parkland has approximately 227,000 barrels of storage capacity in its Bowden, Alberta refinery. Parkland also has approximately 282,000 barrels of storage capacity in Quebec and approximately 610,000 barrels of additional storage capacity throughout North America.

Wholesale, Supply and Distribution Performance Highlights

Wholesale, Supply and Distribution Adjusted EBITDA was $18.1 million in the first quarter of 2015, compared to $24.5 million in the first quarter of 2014. The decrease of $6.4 million in Adjusted EBITDA was primarily due to decreased propane margins in the first quarter of 2015. Exceptional propane market conditions in the first quarter of 2014 were not repeated this year.

	Three months ended March 31,	
(in 000's of Canadian dollars)	**2015**	2014
Fuel and petroleum product volume[1] (000's of litres)	**1,134,601**	1,082,777
Sales and operating revenue	**557,327**	780,145
Fuel and petroleum product adjusted gross profit[2]	**38,676**	44,881
Non-fuel adjusted gross profit[2]	**2,275**	4,041
Adjusted gross profit[2]	**40,951**	48,922
Operating costs	**13,103**	11,445
Marketing, general and administrative	**9,786**	12,908
Adjusted EBITDA	**18,099**	24,527

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

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

Q1 2015 vs. Q1 2014

Fuel volume increased by 5% or 52 million litres to 1,135 million litres (net of inter-segment sales) in the first quarter of 2015 compared to 1,083 million litres in the same period in 2014, primarily from a 64 million litre increase in liquid petroleum gas volumes, primarily in butane and condensate. New products in the first quarter of 2015 included natural gas liquid mix, drilling fluids, and naphtha.

Sales and operating revenue decreased by 29% or $222.8 million to $557.3 million in the first quarter of 2015 compared to $780.1 million in the same period in 2014, primarily due to lower commodity prices.

Adjusted gross profit decreased by 16% or $7.9 million to $41.0 million in the first quarter of 2015 compared to $48.9 million in the first quarter of 2014 was primarily due to decreased propane margins in the first quarter of 2015. Exceptional propane market conditions in the first quarter of 2014 were not repeated this year.

Operating costs in the first quarter of 2015 increased by 15% or $1.7 million to $13.1 million compared to $11.4 million in the first quarter of 2014, primarily due to increased rail and terminal leasing costs.

Marketing, general and administrative expenses in the first quarter of 2015 decreased by 24% or $3.1 million to $9.8 million compared to $12.9 million in the first quarter of 2014 due primarily to lower variable compensation expenses as a result of decreased year-over-year operating results.

Corporate

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

	Three months ended March 31,	
(in 000's of Canadian dollars)	**2015**	2014
Adjusted EBITDA [1]	**(10,999)**	(9,717)

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

Q1 2015 vs. Q1 2014

The Corporate segment reported $1.3 million of higher corporate expenses to $11.0 million in the first quarter of 2015 compared to $9.7 million in the same period in 2014. Higher corporate expenses to accommodate business expansion were primarily due to increased training, recruitment and employee costs.

3. Quarterly Financial Data

Financial Summary

	2015	2014				2013		
(in 000's of Canadian dollars) For the three months ended,	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Sales and operating revenues	**1,391,626**	1,738,479	1,898,690	1,873,109	2,017,360	1,598,861	1,509,040	1,342,697
Adjusted gross profit[(1)]	**155,165**	141,507	117,819	121,442	159,995	141,906	105,403	125,751
Net earnings	**19,778**	10,222	10,420	6,924	22,309	22,037	19,061	20,334
Per share - basic	**0.24**	0.13	0.14	0.09	0.30	0.31	0.27	0.29
Per share - diluted	**0.24**	0.13	0.14	0.09	0.30	0.30	0.27	0.28
Adjusted EBITDA[(1)]	**57,133**	51,065	35,236	35,692	61,214	50,562	37,753	58,114
Dividends	**23,478**	26,948	19,974	19,710	19,233	18,603	18,396	18,200
Dividends declared per share	**0.28**	0.26	0.26	0.26	0.26	0.26	0.26	0.26
Distributable cash flow[(2)]	**36,293**	23,107	17,035	22,651	44,649	26,100	23,157	42,278
Per share - outstanding[(2)]	**0.44**	0.28	0.22	0.30	0.61	0.36	0.33	0.60
Dividend payout ratio[(2)]	**65%**	117%	117%	87%	43%	71%	79%	43%
Total assets	**1,514,174**	1,531,791	1,426,792	1,418,130	1,461,718	1,255,224	1,125,013	1,090,405
Total long-term liabilities	**549,919**	551,065	463,986	451,917	449,448	339,007	360,278	310,433
Total Funded Debt[(1)]	**167,953**	245,519	278,270	311,357	367,907	259,766	230,590	166,867
Shares Outstanding (000's of shares)	**82,913**	82,114	76,057	74,765	73,759	71,795	71,020	70,227

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

(2) Non-GAAP financial measure. See the Distributable Cash Flow section of this MD&A for reconciliation and calculation.

Operating Summary

	2015	2014				2013		
For the three months ended,	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Fuel volume (millions of litres)	**2,238**	2,328	2,333	1,922	2,272	1,917	1,762	1,580
Fuel and petroleum product adjusted gross profit[(1)]								
Retail Fuels (cpl)	**4.87**	5.37	5.28	4.94	4.34	4.63	4.98	4.73
Commercial Fuels (cpl)	**13.56**	11.63	8.57	9.60	11.32	10.18	7.94	9.33
SPF Energy (cpl)	**3.41**	3.72	3.13	2.78	3.25	-	-	-
Operating costs (cpl)	**2.97**	2.58	2.46	3.13	2.87	3.15	2.50	2.74
Marketing, general and administrative (cpl)	**1.55**	1.65	1.24	1.50	1.60	1.80	1.41	1.72

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

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

- Commercial Fuels generally experiences higher volume throughout winter months, during the first and fourth quarters, due to higher demand for heating oil and propane. Retail Fuels generally experiences higher volume in the second and third quarters, during the summer driving season.
- Acquisitions have contributed to increased fuel volume over the last eight quarters. Parkland acquired Sparlings Propane on April 2, 2013, the assets from TransMontaigne Canada Inc. on May 13, 2013, SPF Energy on January 8, 2014 and twelve Chevron-branded service stations on April 2, 2014. The largest increase in fuel volume has come from the acquisitions of SPF Energy.
- Operating costs over the last eight quarters have generally increased due to increased volume from the acquired businesses.
- Marketing, general and administrative expenses over the last eight quarters have generally increased due to increased volume from the acquired businesses except for the second and third quarter of 2014 which decreased due to lower activity in Wholesale, Supply and Distribution.

4. Distributable Cash Flow

Distributable cash flow means cash flows from operating activities that are adjusted for, but are not limited to, the impact of the seasonality of Parkland's business by removing non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Parkland's revenue and expenses, which can differ significantly from quarter to quarter. Parkland's calculation also distinguishes between capital expenditures that are maintenance related and those that are growth related including expenditures on intangible assets, in addition to allowing for the proceeds received from the sale of capital items. The distributable cash flow measure is provided to assist management and investors in determining the amount of cash available to be distributed to shareholders as dividends. Distributable cash flow is a non-GAAP measure which is not a standard measure under IFRS and, therefore, may not be comparable to similar measures reported by other entities.

	Three months ended March 31,	
(in 000's of Canadian dollars and shares, except per share amounts)	**2015**	2014
Adjusted EBITDA [1]	**57,133**	61,214
Finance costs [2]	**(6,397)**	(5,850)
Unrealized gain on foreign exchange	**478**	1,016
Unrealized (loss) from the change in fair value of commodities forward contracts, US dollar forward exchange contracts and future contracts	**(1,020)**	(2,556)
Change in risk management activities	**1,020**	2,414
Current income tax expense	**(7,691)**	(9,678)
Acquisition costs	**(2,662)**	(2,212)
Share incentive compensation	**2,122**	2,027
Refinery and terminal remediation accrual	**126**	113
Accretion expense on asset retirement obligation	**479**	422
Accretion on convertible debentures	**96**	570
Amortization of deferred financing costs and debt premium	**113**	418
Change in fair value Redemption Option	**(1,220)**	-
Deferred taxes	**(2,171)**	(1,377)
Cash expenditures on asset retirement obligation	**(167)**	(221)
Change in other long term liabilities [3]	**1,467**	1,224
Net changes in non-cash working capital [3]	**53,126**	(54,200)
Cash flow from operating activities	**94,832**	(6,676)
Maintenance capital expenditures	**(4,146)**	(1,907)
Proceeds on sale of property, plant, and equipment and intangible assets	**200**	256
Change in other long-term liabilities [3]	**(1,467)**	(1,224)
Net changes in non-cash working capital [3]	**(53,126)**	54,200
Distributable cash flow	**36,293**	44,649
Distributable cash flow per share - on shares outstanding	**0.44**	0.61
Dividends	**23,478**	19,233
Dividend payout ratio [4]	**65%**	43%
Shares outstanding	**82,913**	73,759

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

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

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

[4] Calculated by dividing dividends by distributable cash flow.

Distributable cash flow

Q1 2015 vs. Q1 2014

Distributable cash flow decreased $8.3 million from $44.6 million in the first quarter of 2014 to $36.3 million in the first quarter of 2015 primarily due to lower Adjusted EBITDA and higher maintenance capital expenditures, partially offset by lower income taxes.

Dividend Payout Ratio

Q1 2015 vs. Q1 2014

In the first quarter of 2015, the dividend payout ratio was 65%, an increase from 43% in the first quarter of 2014. The dividend payout ratio increased due to a $4.2 million increase in dividends and an $8.4 million decrease in distributable cash flow as compared to the first quarter of 2014. Dividends increased primarily due to the 9.1 million increase in the number of shares outstanding from 73.8 million shares as at March 31, 2014 to 82.9 million shares as at March 31, 2015. In the twelve months ended March 31, 2015, Parkland has issued 5.8 million shares upon the conversion of convertible debentures and 2.8 million shares under the Premium Dividend and Dividend Reinvestment plans.

5. Liquidity

	Three months ended March 31,		
(in 000's of Canadian dollars)	**2015**	2014	2013
Net cash generated from (used In)			
Operating activities	94,832	(6,676)	56,373
Investing activities	(9,555)	(91,806)	(92,418)
Net cash generated (used) before financing activities	85,277	(98,482)	(36,045)
Financing activities	(6,122)	69,553	43,840
Foreign exchange gain (loss) on net cash held in foreign currency	1,537	(170)	-
Increase (decrease) in net cash	80,692	(29,099)	7,795

Operating Activities

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

Q1 2015 vs. Q1 2014

Cash from operating activities was $101.5 million higher in the three months ended March 31, 2015 mainly due to the impact of lower commodity prices and the change in non-cash working capital moving from a net decrease in cash of $54.2 million in the three months ended March 31, 2014 to a net increase in cash of $53.1 million in the three months ended March 31, 2015. Improved accounts receivable collection efforts generated approximately $30.0 million of additional cash from operating activities year-over-year.

Investing Activities

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

Q1 2015 vs. Q1 2014

During the three months ended March 31, 2015, investing activities used $9.5 million of cash primarily due to additions of property, plant and equipment and intangible assets. There were no acquisitions during the quarter. During the three months ended March 31, 2014, investing activities used $91.8 million of cash primarily due to

$84.5 million used for the acquisition of SPF Energy Inc. and additions of property, plant and equipment and intangible assets.

Financing Activities

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

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

Distributable cash is not assured, and the actual amount received by shareholders will depend on, among other things, the Corporation's financial performance, debt covenants and obligations, working capital requirements, future capital requirements and the deductibility of items for income tax purposes, all of which are susceptible to a number of risks. See "Premium Dividend™ and Dividend Reinvestment Plan".

Q1 2015 vs. Q1 2014

During the three months ended March 31, 2015 Parkland paid a dividend ranging from $0.088 to $0.090 per share (2014 - $0.087 to $0.088 per share). Total dividend payments, net of dividend reinvestment plan for the period were $6.0 million (2013 - $5.6 million).

During the three months ended March 31, 2015, cash generated from financing activities in 2015 decreased $75.7 million from 2014 primarily due to the reduction of long-term debt repayments of $217.4 million and the decrease in proceeds from long-term debt of $293.0 million.

Available Sources of Liquidity

Parkland's sources of liquidity as at March 31, 2015 are cash and cash equivalents and available funds under its revolving credit facility ("**Credit Facility**"). Management believes that cash flow from operations will be adequate to fund maintenance capital, interest, income taxes and targeted dividends. Growth capital expenditures in the next twelve months will be funded by cash flow from operations, proceeds from the Premium Dividend and Enhanced Dividend Reinvestment Plan and by the Credit Facility. Any future acquisitions will be funded by cash from operations and issuance of new debt or shares. Any additional debt incurred will be serviced by the anticipated increases in cash flow and will only be borrowed within Parkland's debt covenant limits.

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

Parkland has contracted obligations under various debt agreements, capital expenditures relating to property, plant and equipment, as well as under operating and capital leases. Parkland has included these items in the "Liquidity" section of its Annual MD&A. During the three months ended March 31, 2015, the Corporation decreased its commitments by $43.0 million primarily related to the reduction of accounts payable and accrued liabilities and long term debt, including capital lease obligation, offset by an increase in obligations under operating leases.

The following table provides a summary of available cash and unused credit facilities:

(in 000's of Canadian dollars)	**March 31, 2015**	December 31, 2014
Cash and cash equivalents	**281,869**	203,264
Bank indebtedness	**(3,882)**	(5,969)
Unused credit facilities	**318,049**	317,935
	596,036	515,230

6. Capital Resources

Credit Facility

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

The Credit Facility is for a maximum amount of $320 million and US$30 million with interest only payable at the banks' Canadian and US prime lending rates plus 0.50% to 2.75% per annum. The Credit Facility includes the value of letters of credit issued to a maximum facility of $100 million and US$10 million. The Credit Facility also includes a $200 million accordion feature that could potentially increase the total lending capacity to $520 million and US$30 million. Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900 million, thus creating a first floating charge over all of the undertaking, property and assets of Parkland.

Senior Unsecured Notes

On May 29, 2014 and November 21, 2014, the Corporation completed private placements of senior unsecured notes due May 28, 2021 and November 21, 2022, respectively, each with an aggregate principal amount of $200 million (the "**Senior Unsecured Notes**"). Refer to Note 11 of the Interim Condensed Consolidated Financial Statements for additional information on the Senior Unsecured Notes.

Premium Dividend™ and Dividend Reinvestment Plan

Parkland's Premium Dividend and Dividend Reinvestment plans are a means to incrementally raise equity capital for growth and other corporate purposes at a low cost.

In addition to the option of receiving a monthly cash dividend of $0.0900 per share, the Premium Dividend and Dividend Reinvestment plans provide Canadian shareholders with the following options:

- The Premium Dividend – this provides eligible shareholders with a 2% cash premium in addition to their regular cash dividend. Participants in this option will receive $0.0918 per share on the dividend payment date.

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

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

Maintenance Capital Expenditures and Growth Capital Expenditures

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

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

Q1 2015 vs. Q1 2014

During the three months ended March 31, 2015, the Corporation's total additions of property, plant and equipment and intangible assets excluding additions due to acquisitions, consisting of maintenance capital and growth capital, were $9.6 million compared with $7.3 million for the same period in 2014. Maintenance capital for the three months ended March 31, 2015 was $4.1 million, compared with $1.9 million for the same period in 2014. Growth capital for the three months ended March 31, 2015 was $5.5 million, compared with $5.0 million for the same period in 2014.

Committed Capital Expenditures

At March 31, 2015, Parkland had $5,550 (December 31, 2014 - $8,361) of committed capital expenditures relating to property, plant and equipment. These commitments will be funded through cash and cash equivalents, cash flow from operations, proceeds from the Premium Dividend, Dividend Reinvestment Plan and by the Credit Facility.

Financial Covenants and Metrics

At March 31, 2015, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on trailing four quarter EBITDA ("**Credit Facility EBITDA**").

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

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

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

7. Accounting Policies and Critical Accounting Estimates

Changes In Accounting Policies and Standards Issued But Not Yet Effective

Refer to Note 4 and Note 5 of the Interim Condensed Consolidated Financial Statements for information pertaining to accounting changes effective in 2015 and information on standards issued but not yet effective, respectively.

Critical Accounting Estimates

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

8. Risk Factors

Parkland is exposed to a number of risks through the pursuit of our strategic objectives. Some of these risks impact the industry as a whole and others are unique to our operations. Actively managing these risks improves our ability to effectively execute our business strategy. Our exposure to the risks identified in the risk factors described in the Annual MD&A and Annual Information Form has not changed substantially since December 31, 2014, except for as set forth below in respect of the Pioneer Acquisition:

(1) Competition Act Matters

Parkland has been assisting, and has been engaged in discussions with, the Competition Bureau to facilitate the completion of a review of the Pioneer Acquisition under the *Competition Act*. On April 30, 2015, the Commissioner served Parkland with a notice of application to challenge Parkland's acquisition of the Pioneer Business in 14 communities in Ontario and Manitoba under section 92 of the *Competition Act*. The Commissioner also served Parkland with an application under Section 104 of the Competition Act, which seeks an interim order from the Competition Tribunal. As part of the discussions to mitigate anti-competitive impacts perceived by the Competition Bureau, Parkland had previously proposed to the Competition Bureau that it would sell certain of the assets that are the subject of the applications. Parkland intends to vigorously contest the Commissioner's applications (collectively, the "**Applications**") and believes that the Pioneer Acquisition will be beneficial to consumers and result in additional efficiencies in the marketplace. It is expected that the application in respect of section 104 of the *Competition Act* will be heard before the Competition Tribunal on or about May 12, 2015. It is not known at this time when the Competition Tribunal will render its decision in respect of the application under section 104 of the *Competition Act* or the date that the principal application will be heard before the Competition Tribunal.

Parkland and Pioneer Energy have waived the condition to the Pioneer Acquisition that an advance ruling certificate or a "no action letter" under the *Competition Act* (the "Competition Act Approval") be obtained prior to closing, provided that Parkland is not required to close the Pioneer Acquisition if the Competition Tribunal has issued an order under sections 100 or 104 of the Competition Act that enjoins the transactions contemplated by the Pioneer Acquisition in whole or in part or that holds separate all or part of the assets of the Pioneer Business.

In connection with, or as a result of, a challenge by the Commissioner of the Pioneer Acquisition under the *Competition Act*, including the Applications, Parkland may be required to divest certain of its assets or assets that comprise a portion of the Pioneer Business or be subject to another remedy (including a behavioral remedy) which in any case may adversely affect Parkland's ability to achieve the anticipated benefits of the Pioneer Acquisition and financial projections related thereto and/or also the timing of closing of the Pioneer Acquisition. Parkland may incur significant costs in connection with its defense of the Applications and any additional challenge by the Commissioner to the Pioneer Acquisition.

There can be no assurance that the Pioneer Acquisition will be completed on the proposed terms, within the expected timeframe, or at all.

(2) Closing of the Pioneer Acquisition

The Pioneer Acquisition is subject to certain conditions that may be outside the control of Parkland and to other commercial risks that it may not close on the terms negotiated or at all. Conditions to closing include, among others, the following: delivery by the parties of certificates in respect of the accuracy of representations and warranties and performance of covenants, the receipt of certain required approvals (other than the Competition Act Approval, which has been waived by each of Parkland and Pioneer Energy. See "Competition Act Matters") and those of third parties required in order for certain of the assets that comprise the Pioneer Business (including, without limitation, the commercial business of Pioneer Energy) to be transferred and the absence of a material adverse effect with respect to the Pioneer Business.

Furthermore, as mentioned above, the Pioneer Acquisition is subject to a challenge by the Commissioner, which may result in an obligation to divest certain of Parkland's assets or assets of the Pioneer Business or Parkland being subject to another remedy. Closing of the Pioneer Acquisition may not take place until a decision of the Competition Tribunal is rendered and each of Parkland and Pioneer Energy have the opportunity to assess the impact of such decision, if any, on the Pioneer Acquisition.

(3) Failure to Realize the Anticipated Benefits of the Pioneer Acquisition

Achieving the benefits of the Pioneer Acquisition depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the ability to realize the anticipated growth opportunities and synergies, including operating expense reductions. The integration of the Pioneer Business requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may also result in the loss of key employees and the disruption of ongoing business, supplier, customer and employee relationships. Furthermore, as mentioned above, the Pioneer Acquisition is subject to a challenge by the Commissioner, which may result in an obligation to divest certain of Parkland's assets or assets of the Pioneer Business or Parkland being subject to another remedy. See "Competition Act Matters" and "Closing of the Pioneer Acquisition". These factors may adversely affect Parkland's ability or decision to close the Pioneer Acquisition, to achieve the anticipated benefits of the Pioneer Acquisition and financial projections related thereto.

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

9. Other

Controls Environment

There have been no changes to the Corporation's internal control over financial reporting ("**ICFR**") in the three months ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, ICFR.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute assurance, that financial information is accurate and complete. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Financial Instruments

Information on Parkland's financial instruments can be found in Note 7 of the Interim Condensed Consolidated Financial Statements and Note 10 of the Annual Consolidated Financial Statements.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The fees expensed for the three months ended March 31, 2015 were $0.6 million (year ended December 31, 2014 – $4.2 million), and no amount was payable as at March 31, 2015 (December 31, 2014 – $1.8 million).

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

Shares Outstanding

As of May 5, 2015, Parkland had approximately 83 million shares, 2.2 million share options and 0.9 million restricted share units outstanding. The share options consist of 0.6 million share options that are currently exercisable into shares.

10. Non-GAAP Financial Measures, Reconciliations and Advisories

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

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

Parkland believes the presentation of Adjusted EBITDA provides useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses Adjusted EBITDA to set targets and assess performance of the Corporation. Adjusted EBITDA is one metric that can be used to determine Parkland's ability to service its debt, finance capital expenditures and provide for the payment of dividends to shareholders. Adjusted EBITDA excludes acquisition costs as these costs are considered to be non-reoccurring in nature. Acquisition costs include direct and indirect costs related to the acquisition targets.

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

The following table reconciles Net Earnings to Adjusted EBITDA for the period:

	Three months ended March 31,	
(in 000's of Canadian dollars)	**2015**	2014
Net earnings	**19,778**	22,309
Finance costs[(1)]	**6,397**	5,850
Loss on disposal of property, plant and equipment	**356**	1,150
Income tax expense	**7,691**	9,678
Unrealized loss from the change in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts	**1,020**	2,556
Unrealized gain on foreign exchange	**(478)**	(1,016)
Acquisition related costs	**2,662**	2,212
Depreciation and amortization	**19,707**	18,475
Adjusted EBITDA[(2)]	**57,133**	61,214

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

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

The following table provides the calculation of Credit Facility EBITDA for the trailing twelve months:

	Three months ended				**Trailing twelve months ended**
	June 30, 2014	**September 30, 2014**	**December 31, 2014**	**March 31, 2015**	**March 31, 2015**
Adjusted EBITDA	35,692	35,236	51,065	57,133	**179,126**
Share incentive compensation	1,144	645	918	2,122	**4,829**
Acquisition related costs	(2,424)	(3,261)	(7,802)	(2,662)	**(16,149)**
Credit Facility EBITDA	34,412	32,620	44,181	56,593	**167,806**

	Three months ended				Trailing twelve months ended
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
Adjusted EBITDA	61,214	35,692	35,236	51,065	183,207
Share incentive compensation	2,027	1,144	645	918	4,734
Acquisition related costs	(2,212)	(2,424)	(3,261)	(7,802)	(15,699)
Credit Facility EBITDA	61,029	34,412	32,620	44,181	172,242

Gross Profit and Adjusted Gross Profit

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

	Three months ended March 31,	
(in 000's of Canadian dollars)	**2015**	2014
Sales and operating revenue	**1,391,626**	2,017,360
Cost of sales	**1,237,649**	1,852,383
Gross profit	**153,977**	164,977
Realized loss on risk management activities	**(1,505)**	(6,878)
Realized gain on foreign exchange	**2,693**	1,896
Adjusted gross profit	**155,165**	159,995
Fuel and petroleum product adjusted gross profit	**127,736**	129,556
Non-fuel adjusted gross profit	**27,429**	30,439
Adjusted gross profit	**155,165**	159,995

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

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

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

(in 000's of Canadian dollars)	**March 31, 2015**	December 31, 2014
Senior Funded Debt:		
Long-term debt - current portion	**2,503**	2,448
Bank indebtedness	**3,882**	5,969
Long-term debt - non-current portion (excluding Senior Unsecured Notes)	**39,430**	36,198
Letters of credit and surety bonds	**6,960**	7,145
Cash and cash equivalents and restricted cash	**(283,702)**	(205,097)
Senior Funded Debt	**(230,927)**	(153,337)
Senior Unsecured Notes	**398,880**	398,856
Total Funded Debt	**167,953**	245,519
Credit Facility EBITDA - previous four quarters	**167,806**	172,242
Senior Funded Debt to Credit Facility EBITDA Ratio	**-**	-
Total Funded Debt to Credit Facility EBITDA Ratio	**1.00**	1.43

Credit Facility Fixed Charge Coverage Ratio

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

	Trailing twelve months ended	
(in 000's of Canadian dollars)	**March 31, 2015**	December 31, 2014
Credit Facility EBITDA	**167,806**	172,242
Less:		
Maintenance capital expenditures	**20,349**	18,530
Taxes paid	**19,922**	25,011
Adjusted Credit Facility EBITDA	**127,535**	128,701
Fixed Charges		
Interest	**18,586**	20,615
Distributions	**24,920**	24,473
Total Fixed Charges	**43,506**	45,088
Credit Facility Fixed Charge Coverage Ratio	**2.93**	2.85

At March 31, 2015, Parkland was in compliance with all debt covenants. The financial covenants under the Credit Facility are as follows:

1. Ratio of Senior Funded Debt to Credit Facility EBITDA shall not exceed 3.00 to 1.00 during the second and third quarters and shall not exceed 3.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year;
2. Ratio of Total Funded Debt to Credit Facility EBITDA shall not exceed 4.00 to 1.00 during the second and third quarters and shall not exceed 4.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year; and
3. Credit Facility Fixed Charge Coverage Ratio at each quarter shall not be less than 1.15 to 1.00;

Forward-Looking Information

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

- commitment to delivering competitive and sustainable returns to shareholders by being the partner of choice for our customers and suppliers, and how we plan to accomplish this mission;
- goal of to purchase large volumes of "balanced barrel" products and sell them using its various marketing channels
- goal of being a leader in consolidating North America's fragmented fuel distribution market through its potential synergies on acquisitions and experience across all fuel marketing channels;
- strategies to continue to maximize penetration of its brands by acquiring new sites and modernizing and maintaining existing sites;
- expectations regarding the accretive effects of the acquisition of Pioneer Energy and the anticipated benefits and synergies of such acquisition, including the addition to the Corporation's fuel sales, Adjusted EBITDA and distributable cash flow;

- expectations regarding the anticipated closing date of the Pioneer Acquisition;
- business and growth strategies, including the manner in which such strategies will be implemented;
- platform for growth in the Northwest United States and Western Canada;
- expectations regarding the effects of seasonality on demand for products offered by its Commercial Fuels and Retail Fuels business segments;
- ability to meet payment obligations as they come due;
- capital investment philosophy;
- intention in respect of dividend payments;
- anticipated sources of liquidity to fund maintenance capital, interest, income taxes, targeted dividends and other committed capital expenditures;
- expected sources for growth capital expenditures, future acquisitions and debt servicing payments;
- ability to adjust capital spending and adjusting dividends paid to shareholders;
- expectations for the timing in which the Applications will be heard by the Competition Tribunal and the final outcome of the Applications;
- expectations for the assets impacted by the Applications or any order or remedy in respect thereof;
- intention to defend the Applications;
- expectations of the impact on Parkland of any order issued or remedy imposed by the Competition Tribunal in respect of the Applications or otherwise;
- expectations of the nature of any order issued or remedy imposed by the Competition Tribunal in respect of the Applications or otherwise; and
- expectations regarding the benefits, including benefits to consumers and marketplace efficiencies, and financial projections of the Acquisition and the timing of closing of the Acquisition.

Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The forward-looking statements contained in this MD&A are based upon a number of material factors and assumptions which include, without limitation:

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

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

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in the Annual Information Form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause Parkland's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to risks associated with:

- the integration of businesses into Parkland's operations;
- retail pricing and margin erosion;
- volatility in crude oil prices and in wholesale petroleum pricing and supply;
- competitive action by other companies;
- actions by governmental authorities including increases in taxes and changes in environmental and other regulations;
- information technology management;
- the ability of suppliers to meet commitments;
- safety and environmental incidents;
- failure to meet financial, operational and strategic objectives and plans;
- general economic, market and business conditions;
- industry capacity;
- the impacts or nature of any order or remedy imposed by the Competition Bureau in respect of the Applications or otherwise;
- failure to successfully defend, in whole or in part, the Applications;
- failure to complete the Pioneer Acquisition in accordance with Parkland's present expectations or at all;
- Parkland's ability to close the Pioneer Acquisition on terms and conditions acceptable to it;
- failure to achieve the anticipated benefits (including benefits to consumers and marketplace efficiencies) of the Pioneer Acquisition;
- actions by governmental authorities, including the Commissioner and the Competition Tribunal and other regulators;

and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and Parkland does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.

Parkland wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Readers should also refer to the "Risk Factors" section included in the Corporation's Annual MD&A and in the 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.