

THE COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF the proposed acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation, of substantially all of the assets of Pioneer Petroleums Holding Limited Partnership, Pioneer Energy LP, Pioneer Petroleums Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleums Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd.,

AND IN THE MATTER OF an Application by the Commissioner of Competition for one or more orders pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an Application for an Interim Order pursuant to section 104 of the *Competition Act*.

BETWEEN:

COMMISSIONER OF COMPETITION

Applicant

- and -

PARKLAND INDUSTRIES LTD., PARKLAND FUEL CORPORATION, PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, PIONEER ENERGY LP, PIONEER PETROLEUMS TRANSPORT INC., PIONEER ENERGY INC., PIONEER FUELS INC., PIONEER PETROLEUMS HOLDING INC., PIONEER ENERGY MANAGEMENT INC., 668086 N.B. LIMITED, 3269344 NOVA SCOTIA LIMITED AND 1796745 ONTARIO LTD.

Respondents

RESPONDING APPLICATION RECORD OF THE RESPONDENTS

**PARKLAND INDUSTRIES LTD. AND PARKLAND FUEL CORPORATION
(RETURNABLE MAY 12 , 2015)**

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Respondents

**RESPONSE OF PARKLAND INDUSTRIES LTD.
AND PARKLAND FUEL CORPORATION TO THE
COMMISSIONER'S APPLICATION FOR AN INTERIM ORDER**

1. Parkland Industries Ltd. and Parkland Fuel Corporation (together, "**Parkland**") oppose the Commissioner of Competition's application for an interim order to direct Parkland to hold separate certain assets to be acquired from the Pioneer respondents.

2. Parkland is an independent marketer of fuel and petroleum products. It operates retail gas stations ("**Corporate Stations**") and sells fuel on a wholesale basis to gas stations owned and operated by independent, third-party dealers ("**Independent Dealer Stations**"). While Parkland sets the retail price of fuel at Corporate Stations, the independent third-party dealers set the retail price of fuel at Independent Dealer Stations.

3. Parkland has deep roots in Western Canada with the goal of growing across Canada. It identified Pioneer, which operates Corporate Stations and supplies Independent Dealer Stations in Ontario and Manitoba, as an attractive target with complementary business operations. Parkland agreed to purchase Pioneer's 181 Corporate Stations and its 212 supply agreements with Independent Dealer Stations (the "**Proposed Transaction**").

4. The Proposed Transaction provided Parkland a unique opportunity to, among other things, (i) grow its presence in new regions, including the large Ontario market; (ii) significantly increase its fuel purchases to take advantage of volume discounts offered by refiners; and (iii) achieve supply synergies, efficiencies, and flexibility, driven mainly by improved supply pricing relating to hitting volume thresholds, estimated reductions in overlapping staff, improved convenience store performance due to lower purchasing costs and offering new products, and the elimination of redundant back-office functions.

5. The Proposed Transaction was initially scheduled to close on January 31, 2015 but the outside closing date has been extended four times to provide the Commissioner more time to

evaluate the Proposed Transaction. Although Parkland and Pioneer worked diligently with the Commissioner to assist his review, they cannot wait any longer to extend closing without jeopardizing the value of the Proposed Transaction. On April 27, 2015, pursuant to their commitment to provide the Commissioner 15-days notice of closing, Parkland and Pioneer advised the Commissioner of their intention to close on May 13, 2015.

6. Two days later on April 29, 2015, although it did not believe that the Proposed Transaction was likely to substantially lessen or prevent competition, Parkland advised the Commissioner of its intention following closing to divest four Corporate Stations and six supply agreements with Independent Dealer Stations (the "**Parkland Divestitures**"). As a result of the Parkland Divestitures, in ten local markets, the Proposed Transaction will not change the pre-transaction market share or concentration ratios, or if any change would occur, market share would remain at or below 35%, as follows:

REGION	MARKET SHARE: BEFORE AND AFTER THE PROPOSED TRANSACTION	CONCENTRATION: BEFORE AND AFTER THE PROPOSED TRANSACTION
Warren, MB	Unchanged	Unchanged
Lundar, MB	Unchanged	Unchanged
Neepawa, MB	Unchanged	Unchanged
Kapuskasing, ON	Unchanged	Unchanged
Hanover, ON	Unchanged	Unchanged
Bancroft, ON	Unchanged	Unchanged
Gananoque, ON	Unchanged	Unchanged
Chelmsford/Azilda, ON	Unchanged	Unchanged
Port Perry, ON	Changed but remains at or below 35 per cent	Unchanged
Welland, ON	Changed but remains at or below 35 per cent	Unchanged

7. On April 30, 2015, the Commissioner filed a Notice of Application regarding the ten above local markets as well as four others in Ontario: Allanburg, Tillsonburg, Aberfoyle, and Innisfil (the "**Commissioner's Markets**"). The Commissioner alleged that the Proposed Transaction will substantially lessen competition in the Commissioner's Markets. Also on April 30, 2015, the Commissioner served materials in support of an application under section 104 of the *Competition Act* to require Parkland to hold separate the Pioneer assets in the Commissioner's Markets. The Commissioner did not advise of the terms proposed for the hold separate order.

8. There is no serious issue to be tried with respect to the ten markets to which the Parkland Divestitures apply. Although Parkland does not believe that the Proposed Transaction is likely to substantially lessen or prevent competition, Parkland intends to divest Corporate Stations and supply agreements such that the Proposed Transaction cannot possibly result in a substantial lessening of competition in those ten markets. Likewise, there is no serious issue to be tried with respect to Tillsonburg because Parkland will provide the requisite 30 days notice of termination to the Independent Dealer Station there to terminate the supply agreement.

9. With respect to all of the Commissioner's Markets, including because the geographic scope is improperly defined, the Commissioner has not established that it is highly probable (or even likely) that consumers will pay higher prices during the pendency of his application such that irreparable harm will result absent a hold separate order.

10. The balance of convenience weighs against granting a hold separate order. Each of Parkland and Pioneer may terminate the Proposed Transaction if required to hold separate all or part of the Pioneer assets.

11. A hold separate order is not practical in the circumstances of the Proposed Transaction. Among other things, stations held separate (i) will not have a source of fuel supply, or if they do have a source it will be materially more expensive, and (ii) will face higher fuel delivery costs. As a result, a hold separate order is likely to result in materially higher prices at the retail level.

12. A hold separate order also causes harm to Parkland through lost efficiencies associated with Parkland's inability to integrate the assets to be held separate and increased costs associated with keeping the assets separate during the pendency of the Commissioner's application. A hold separate order that continues for 12 months will result in increased costs to Parkland in the aggregate amount of approximately [REDACTED], which estimate is based on (i) expected lost efficiencies in the 12 months following closing, estimated to be approximately [REDACTED], and (ii) estimated incremental costs to operate the Pioneer assets in the Commissioner's Markets separate from Parkland, estimated to be approximately [REDACTED].

13. Finally, a hold separate order is unnecessary in the circumstances because:

- (a) with respect to 10 of the Commissioner's Markets, as Parkland advised the Commissioner on April 29, 2015, it intends to complete the Parkland Divestitures as soon as possible after closing;
- (b) having been advised of the Commissioner's ongoing concerns with respect to Tillsonburg, Ontario, Parkland will divest to a third party purchaser the wholesale dealer supply agreement with the Tillsonburg dealer or will provide the requisite 30 days notice of termination to the Tillsonburg dealer in accordance with the terms of the supply agreement; and

- (c) with respect to all of the Commissioner's Markets, until they are divested or terminated under (a) or (b) or in the case of Aberfoyle, Allanburg and Innisfil, Ontario until the Commissioner's application is finally disposed of, Parkland will:
- (i) ensure that the rack forward margin Parkland charges to Independent Dealer Stations would be, at most, no greater than it has been under Pioneer's or Parkland's current supply agreements with Independent Dealer Stations, as appropriate, and
 - (ii) maintain Pioneer's pricing strategy at Pioneer Corporate Stations.

14. Parkland will rely on the following materials:

- (a) The affidavit of Robert Espey sworn May 5, 2015; and
- (b) The affidavit of Margaret Sanderson sworn May 5, 2015.

TO: For the Commissioner of Competition:

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Respondents

APPLICATION RESPONSE OF PARKLAND INDUSTRIES LTD. AND PARKLAND FUEL CORPORATION TO THE COMMISSIONER'S APPLICATION FOR AN INTERIM ORDER

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CT-2015-003

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**AFFIDAVIT OF ROBERT ESPEY
(Sworn May 5, 2015)**

I, Robert Espey, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY:**

I. INTRODUCTION

1. I am President and Chief Executive Officer of the respondent Parkland Fuel Corporation ("**Parkland Fuel**"), the parent company of the respondent Parkland Industries Ltd. (together with Parkland Fuel, "**Parkland**"). As such, I have knowledge of the matters contained in this affidavit. Where I rely on information received from others, I state the source of that information and believe it to be true.

2. I joined Parkland in November 2008 as Vice President Retail Markets. I was promoted to Chief Operating Officer in 2010 and then Chief Executive Officer in May 2011. Throughout my career, I have held senior management roles across a diverse group of industry sectors, including manufacturing, international consulting, and also served in the Canadian military. Before joining Parkland, I was the executive in charge of worldwide sales and marketing and then later Chief Executive Officer at FisherCast Global.

II. PARKLAND'S BUSINESS AND OPERATIONS

3. Parkland carries on business as an independent marketer of fuel and petroleum products. It is headquartered in Red Deer, Alberta and its corporate office is in Calgary, Alberta. It delivers gasoline, diesel, propane, lubricants, heating oil, and other petroleum products to motorists, businesses, consumers, and wholesale customers in Canada and the United States.

4. Parkland's business has five operating segments: (i) Retail Fuels; (ii) Commercial Fuels; (iii) SPF Energy business relating to an indirect subsidiary named SPF Energy, Inc. located in North Dakota; (iv) Wholesale, Supply and Distribution; and (v) Corporate.

5. With respect to the sale of retail gasoline, either directly or indirectly, to consumers, Parkland focuses mainly on owning, operating, and supplying retail gas stations outside of urban

markets. Its profitability hinges on its transportation and supply arrangements, low cost of operations, brand, high volume fuel sales, customer service and reputation for value. A copy of Parkland Fuel's Annual Information Form for the fiscal year ended December 31, 2014 ("**AIF**"), is attached as **Exhibit "A"**.

6. As stated in Parkland Fuel's AIF, Parkland supplies and supports a network of approximately 682 retail gas stations in Canada—143 company-owned, retailer-operated (independent contractor) stations ("**Corporate Stations**") and 539 dealer-owned, dealer-operated stations ("**Independent Dealer Stations**") inclusive of two consignment stations—which number fluctuates as wholesale supply agreements with Independent Dealer Stations end and new dealers are added. Parkland has two proprietary brands under which stations operate: Fas Gas Plus and Race Trac. The vast majority of the retail gas stations that Parkland supplies are located in Western Canada. Parkland only has two Corporate Stations and supplies 143 Independent Dealer Stations in Ontario, which collectively account for approximately 2% of retail gasoline sales in Ontario.

7. A Corporate Station is a gas station owned or leased by Parkland and which is operated and managed on its behalf by an independent contractor. Parkland owns the fuel inventory and controls the retail selling price of fuel at the pumps, but the contractor owns the convenience store inventory. Parkland pays the contractor a “cents per litre” commission on the fuel sales and collects from the contractor a fixed rent for the facilities, plus a percentage rent on the convenience store sales.

8. An Independent Dealer Station is not owned or operated by Parkland. Instead, Parkland supplies fuel to stations that are either owned or leased by a third-party dealer. Parkland secures

a long-term wholesale fuel supply agreement with the dealer, usually five years or longer. Over the term of the agreement, Parkland supplies fuel to the dealer at prices based on independent refiner "rack prices" that can fluctuate daily. The dealer owns the fuel inventory and sets the retail selling price at the pumps. Parkland does not have any ability to influence dealers' pricing decisions or have any access to dealers pricing. Independent Dealer Stations compete with Parkland's Corporate Stations at the retail level.

III. PARKLAND'S WHOLESALE DISTRIBUTION BUSINESS

9. Parkland is a branded wholesaler for Esso (across Canada) and Chevron (only in British Columbia). Parkland supplies gasoline to both branded (eg., Esso) and unbranded (eg. town corner gas station) Independent Dealer Stations and its Corporate Stations.

10. As a branded wholesaler, Parkland (retail) buys gasoline from a refiner to supply gasoline to Independent Dealer Stations operating under the refiner's retail brand. For example, Parkland buys gasoline from Imperial Oil Ltd. ("**Imperial**") to supply Esso-branded Independent Dealer Stations. Imperial has many other branded wholesalers in Canada who compete with Parkland to supply Esso-branded Independent Dealer Stations, such as CST (formerly Ultramar), Econo, Global Fuels Inc., McDougall Energy Inc., MacEwen Petroleum and Marsollier, among others. To supply unbranded Independent Dealer Stations, Parkland may buy gasoline from different refiners.

11. Wholesale distribution of gasoline is a low-margin business. Parkland's low margin means that it has to sell a high volume of gasoline to operate profitably as a wholesaler. High volumes are particularly important because refiners offer volume discounts to high-volume purchasers. A purchaser who buys a threshold volume from the refiner will receive a discount

across its entire purchase. That discount may be a fraction of a cent per litre but it produces significant savings for Parkland over millions of litres of gasoline. In 2014, Parkland's total fuel volume was [REDACTED]. For example, a discount of \$0.001 per litre on [REDACTED] [REDACTED] would therefore have an impact of [REDACTED] in terms of lower fuel prices.

12. Partially due to these volume discounts, Parkland's principal objective is to maximize the volume of fuel distributed. It sells fuel not only to retail customers from its Corporate Stations, and on a wholesale basis to Independent Dealer Stations, but through its Wholesale, Supply, and Distribution division to resellers who compete directly against Parkland in the sale of fuel at the retail level. Parkland's top wholesale customers include Les Petroles Therrien, Costco, Federated Co-op, Penner Oil and Drummond. A principal benefit of the proposed transaction is the significant growth to Parkland's total fuel volume and the associated improved supply pricing, including benefits associated with volume discounts from refiners.

IV. PARKLAND'S PRICING TO INDEPENDENT DEALER STATIONS

13. For Corporate Stations, Parkland sets the price of retail gasoline sold to consumers. In contrast, when Parkland supplies Independent Dealer Stations, the independent dealers, not Parkland, set the retail gasoline price, and Parkland does not have any access to such dealers' pricing information.

14. Parkland supplies Esso-branded Independent Dealer Stations under a standard form wholesale fuel supply agreement called the "Motor Fuels Supply Agreement: Esso-Branded Motor Fuels" entered into by Parkland and an Esso-branded independent dealer (the "**Esso Supply Agreements**"). Many of the terms of the Esso Supply Agreements are largely dictated by Imperial. Parkland's other branded wholesale fuel supply agreements are similar to the Esso

Supply Agreements, other than provisions regarding use of the Esso brand. Agreements do not usually materially deviate from the terms of the standard form agreement. A copy of the standard form Esso Supply Agreement is attached as **Exhibit "B"**.

15. Under the wholesale supply agreements, such as the Esso Supply Agreement, Parkland and Independent Dealer Stations make numerous payments, including with respect to: (i) fuel price; (ii) delivery costs; (iii) other amounts payable to dealers; and (iv) miscellaneous payments, as described below.

16. Except in highly unusual situations, the fuel price under wholesale supply agreements is not subject to negotiation. It is equal to (i) Parkland's "designated loading rack" (that is, the daily price at a specified supply point) when the fuel is loaded for delivery to the Independent Dealer Station (which prices change daily), plus (ii) delivery costs and (iii) all applicable taxes. Parkland generally designates the supply point based on the lowest expected price to be paid by an Independent Dealer Station when factoring in logistics (that is, distance from refinery supply points and delivery costs).

17. Parkland's designated loading rack is equal to (i) the "refiner rack price" (that is, the rack price at the supply point from which Parkland picks up the fuel for delivery to an Independent Dealer Station), which price is set by the supplier refiner and not Parkland, plus (ii) the "rack forward margin" which is a fee charged by Parkland based on the price zone in which the Independent Dealer Station is located. Parkland reviews the rack forward margin charged within each price zone twice a year, but such reviews do not typically result in any (or any material) changes to the margin. Parkland has not increased the rack forward margin to Independent

Dealer Stations in Ontario in the past three years. The dealer also pays delivery costs for third parties to deliver fuel (including a small administration fee) and applicable taxes.

18. Parkland's influence on the fuel price charged is limited to a tiny component of the total wholesale fuel price charged to Independent Dealer Stations—the rack forward margin—since the refiner supplier sets the rack price and delivery costs are simply flowed through from Parkland (which includes an administrative charge) to the Independent Dealer Stations under the terms of the supply agreement. Furthermore, the wholesale fuel price does not include other payments between Parkland and Independent Dealer Stations, such as dealer payments based on volume purchased, upfront cash payments ("forgivable loans") for capital improvements, and payments of branding costs.

19. Finally, other payments under supply agreements include fees paid by Independent Dealer Stations associated with the retail credit and debit system prescribed by Imperial for Esso-branded dealers or Parkland for Fas Gas or Race Trac branded dealers, as applicable, as well as payments calculated by Imperial paid by Parkland to Esso-branded Independent Dealer Stations for the Esso loyalty reward program.

20. Payments made by Parkland to dealers under the supply agreements (for example, the dealer payment, upfront cash payment, and forgivable loans) are relatively common and determined by negotiation between Parkland and each Independent Dealer Station and influenced by expected volume levels during the term of the supply agreement, the term of the supply agreement the Independent Dealer Station chooses (typically [REDACTED] years, and up to [REDACTED] years), the degree of competition among fuel distributors to sign an Independent Dealer Station, and the preferences of the Independent Dealer Station.

21. These payments cannot be unilaterally amended by Parkland or an Independent Dealer Station during the term of the supply agreement and would require mutual agreement to amend. Moreover, these payments must be factored into the price an Independent Dealer Station pays for fuel, as they effectively reduce the price of fuel paid by an Independent Dealer Station during the term of the supply agreement.

22. Independent Dealer Stations with the same brand generally pay the same rack price within a price zone. A copy of Parkland's current price zone list is attached as **Exhibit "C"**.

23. Raising its rack forward margin to one dealer in a price zone would damage Parkland's wholesale business. Parkland's brand and reputation for value are cornerstones of its profitability. Charging different rack forward margins to different Independent Dealer Stations within the same price zone would damage Parkland's brand and reputation. Parkland would risk losing Independent Dealer Stations to competitors when contracts come up for renewal. Approximately [REDACTED] of Parkland's Ontario and Manitoba supply agreements are up for renewal in 2015 and a further [REDACTED] are up in 2016. In each of 2013 and 2014, excluding stations that closed, Parkland lost approximately 25% of its supply agreements which expired in 2013 and 2014 to competing distributors, which losses were offset by wins.

24. Further information about the retail sale of gasoline in Canada is included in the *National Retail Petroleum Site Census: 2013* dated May 16, 2014 (the "**Kent Report**"), a copy of which is attached as **Exhibit "D"**.

V. THE PROPOSED TRANSACTION

25. Parkland entered into an asset purchase agreement dated September 17, 2014 (the "**Purchase Agreement**"), with the respondents Pioneer Petroleums Holding Limited Partnership,

Pioneer Energy LP, Pioneer Petroleum Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleum Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited, and 1796745 Ontario Ltd. (collectively, "**Pioneer**" and, together with Parkland, the "**Parties**").

26. Parkland agreed to acquire substantially all of the assets and select liabilities of Pioneer, including 181 Pioneer Corporate Stations and 212 Pioneer supply agreements with Independent Dealer Stations across Ontario and Manitoba for a purchase price equal to \$378,315,000.00, subject to adjustment as set out in the Purchase Agreement (the "**Proposed Transaction**"). [REDACTED]

27. On January 22, 2015, the Parties entered into an agreement supplementing and amending the Purchase Agreement. In addition to Pioneer's retail gas business, the Purchase Agreement initially contemplated that Parkland would acquire Pioneer's commercial business. Under this amendment, however, it was agreed that Parkland would not acquire Pioneer's commercial business under the Proposed Transaction. A copy of the Purchase Agreement, as amended and supplemented, is attached as **Exhibit "E"**.

VI. PARKLAND'S RATIONALE FOR THE PROPOSED TRANSACTION

28. The Proposed Transaction gives Parkland the opportunity to grow its business by growing total marketed volume of fuel by approximately [REDACTED] and Earnings Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**") by approximately [REDACTED]

29. With the focus of Pioneer's operations in Ontario, the Proposed Transaction lets Parkland extend its geographic footprint generally in Ontario (in which it only has a 2% market share),

which Parkland views as a critical growth market for Parkland both in its wholesale supply and retail sales businesses. In particular, Parkland only has two Corporate Stations in Ontario. Accordingly, the Proposed Transaction will allow it to expand to participate directly in the retail gasoline business in various markets.

30. The Proposed Transaction also offers significant supply synergies, efficiencies, and flexibility. This aligns with Parkland's overarching supply strategy and better positions Parkland to compete with the integrated refiners (for example, Suncor/Petro Canada, Shell, and Imperial).

31. In September 2014, Parkland expected to achieve net efficiencies with a net present value of approximately \$102 million in connection with the Proposed Transaction (representing approximately \$5.9 million net synergies less dissynergies in the initial 12 months post closing, rising to \$12.6 million in the second 12 months after closing), as set out in slide 16 of the presentation *Parkland Fuel Corporation: Investment Recommendation* dated September 12, 2014, a copy of which is attached as **Exhibit "F"**. The removal of Pioneer's commercial business from the Proposed Transaction would only nominally reduce expected efficiencies to be generated by approximately \$0.5 million.

32. As set out in this investment recommendation, Parkland expected to achieve significant synergies under the Proposed Transaction, driven mainly by improved supply pricing relating to hitting volume thresholds, estimated reductions in overlapping staff, improved convenience store performance due to lower purchasing costs and offering new products, and the elimination of redundant back-office functions. The presentation *"Red Horse" Retail Due Diligence* dated June 10, 2014, a copy of which is attached as **Exhibit "G"**, provides significant detail on potential improvements and efficiencies related to convenience store sales specifically.

33. The synergies anticipated from the Proposed Transaction will allow Parkland to leverage scale to achieve volume discounts, which means driving sales and thus keeping prices low.

34. A key component of the Proposed Transaction is the acquisition by Parkland of the Pioneer brand as an "everyday low price" retailer, as recognized by consumer studies and Parkland (see slide 42 of Exhibit F). Largely as a result of Pioneer's low pricing strategy, Pioneer branded stations have an approximately [REDACTED] higher volume throughput (approximately [REDACTED]) than the market average in Ontario ([REDACTED]). A copy of a slide excerpted from a Parkland presentation dated April 20, 2015 showing Pioneer's volumes is attached as **Exhibit "H"**.

35. Parkland is not motivated to increase the pricing at Pioneer branded sites, as it expects that any change in the pricing strategy would result in significant fuel volume and EBITDA losses as consumers cease to view Pioneer as a low price competitor and switch to competitor stations, causing volumes at Pioneer stores to fall towards the market average. In particular, Parkland estimates that a [REDACTED] per litre price increase at Pioneer branded stations would result in roughly a [REDACTED] decrease in volume (which would result in the throughput approximating the market average of majors such as Shell, Esso and Petro Canada in Ontario).

36. Recognizing the difficulties in estimating the impact of a price increase, Parkland estimates that a [REDACTED] price increase at the 17 Pioneer stations in the Commissioner's Markets (defined below) would result in a reduction of at least [REDACTED] of sales volume and [REDACTED] of EBITDA at these sites. Any such price increase would be inconsistent with Parkland's business objectives. In addition, to the extent Parkland increased prices by one cent per litre at the Pioneer branded stations in the Commissioner's Markets (defined below), the

Pioneer brand position as an "everyday low price" retailer would be damaged, which would result in further reductions in sales volume and EBITDA. For example, in response to such price increase in the Commissioner's Markets, assuming volume fell by [REDACTED] at the remaining 112 Pioneer branded stations, volume could fall by an additional approximately [REDACTED] and EBITDA could fall by approximately [REDACTED].

VII. PARKLAND'S EFFORTS TO SECURE COMPETITION ACT APPROVAL

37. The Purchase Agreement provided a closing date of December 31, 2014, with an outside closing date of January 31, 2015. Receipt of an advance ruling certificate ("**ARC**") or no-action letter ("**Competition Act Approval**") was a condition precedent to closing but, as discussed below, was waived on April 27, 2015.

38. Beth Riley, counsel to Parkland, advises me and I believe that Parkland advised the Competition Bureau (the "**Bureau**") of the Proposed Transaction on September 19, 2015. It provided a copy of Parkland's press release announcing the transaction, a copy of which is attached as **Exhibit "I"**, and requested a call with the Bureau's review team as soon as practicable to help expedite the review process.

39. Ms. Riley further advises me and I believe that:

- (a) On September 31, 2014, counsel to Parkland and Pioneer spoke on the telephone with the Bureau to explain the Proposed Transaction and advise that the Parties intended to work with the Bureau to identify and resolve any competition concerns. Three days later, Parkland and Pioneer filed notifications under Part IX of the *Competition Act* with respect to the Proposed Transaction, and Parkland requested an ARC.

- (b) On October 17, 2014, the Bureau issued Requests for Information to both parties, seeking additional information about the Proposed Transaction.
- (c) On November 5, 2014, the Bureau issued a Supplementary Information Request ("**SIR**"). The next day, the Bureau advised Parkland that it had identified on a preliminary basis 21 retail gas markets in which both Parkland and Pioneer had Corporate Stations or Independent Dealer Stations.
- (d) On December 12, 2014, the Bureau confirmed that the scope of the SIR was limited to the 21 overlapping areas and that the provision of certain documents was limited to Ontario and Manitoba (as opposed to Canada which was the basis of the original scope of the SIR).
- (e) On January 23, 2015, Parkland filed a certificate, as required under the SIR, certifying the completeness of Parkland's response and confirmed certain facts in connection with the Proposed Transaction. Pioneer filed a similar certificate that day with respect to a SIR it had received.

40. Following the SIR responses, the Parties and their counsel continued to discuss with the Bureau review team its stated concerns with the Proposed Transaction. The Parties have worked diligently and cooperated with the Bureau to satisfy its concerns including providing additional information to the Bureau and answering its questions over the course of the past several months. These efforts included a submission dated November 18, 2014 regarding how Parkland prices its wholesale gasoline to Independent Dealer Stations, a copy of which is attached as **Exhibit "J"**, and a report dated February 23, 2015, prepared by Charles River & Associates analyzing the

Proposed Transaction from an economic perspective, a copy of which is attached as **Exhibit "K"**.

41. Although the Purchase Agreement provided an outside closing date of January 31, 2015, the Parties voluntarily amended the Purchase Agreement four times to extend the outside closing date until March 31, April 30, May 11, and, most recently, May 13, 2015 (which is the currently scheduled closing date) to provide more time for the Commissioner to complete his review.

42. On February 18, 2015, the Parties also agreed to give the Commissioner 15 days notice of closing (the "**Timing Agreement**"). A copy of the Parties' letter to the Commissioner is attached as **Exhibit "L"**.

43. By the end of April, several months had passed since the Parties completed their SIR responses, yet Competition Act Approval was not forthcoming. The Parties could wait no longer to complete the Proposed Transaction without further jeopardizing the significant value Parkland expected to realize through the integration of the Pioneer assets. On April 27, 2015, the Parties agreed to waive the Competition Act Approval condition precedent in the Purchase Agreement (the "**Waiver**"). The Waiver provides that Parkland and Pioneer may each terminate the Purchase Agreement if the Competition Tribunal issues a hold separate order in respect of all or part of the Proposed Transaction. A copy of the Waiver is attached as **Exhibit "M"**.

44. On April 27, 2015, under the Timing Agreement, the Parties notified the Commissioner of their intention to close on May 13, 2015. A copy of the Parties' letter to the Commissioner is attached as **Exhibit "N"**.

VIII. PARKLAND ADVISES THE COMMISSIONER OF ITS PROPOSED DIVESTITURES

45. Despite months of discussions and review, the Commissioner had not provided an ARC or a no-action letter to satisfy the Competition Act Approval condition precedent to closing. While, on April 27, 2015, the Parties agreed to waive the Competition Act Approval condition, the risk remained that the Commissioner would challenge the Proposed Transaction before the Competition Tribunal.

46. Although Parkland did not believe that the Proposed Transaction would result in a substantial lessening or prevention of competition under the Competition Act, it wished to avoid litigation with the Commissioner as such litigation would distract from Parkland's business and threaten the viability of the Proposed Transaction. Accordingly, Parkland notified the Commissioner on April 29, 2015, that, after closing the Proposed Transaction, Parkland intended to divest Corporate Stations and wholesale supply agreements with Independent Dealer Stations in 10 local markets in Ontario and Manitoba (the "**Parkland Divestitures**"). A copy of Mr. Rook's letter to Mr. McNabb and Mr. DiDomenico is attached as **Exhibit "O"**.

47. The Parkland Divestitures involve divesting four Corporate Stations (two Pioneer and two Parkland) and six supply agreements with Independent Dealer Stations (one Pioneer and five Parkland). Because Parkland wants to increase its presence in the Ontario retail gasoline business and leverage the efficiencies possible through integration of Pioneer's convenience store network, primarily divesting supply agreements preserves the Proposed Acquisition's value to Parkland and maintains the pre-transaction market structure (apart from the particular owner of the supply agreements). Retaining Corporate Stations also enables Parkland to maintain Pioneer's

low pricing policy to drive high volume gasoline sales and achieve the volume thresholds required to qualify for the refiners' volume discounts.

48. The Parkland Divestitures ensured that the Proposed Transaction will result in either (i) no change to the market share and concentration in those local markets, or (ii) ensure that market share remained at or below 35 per cent.

REGION	MARKET SHARE: BEFORE AND AFTER THE PROPOSED TRANSACTION	CONCENTRATION: BEFORE AND AFTER THE PROPOSED TRANSACTION
Warren, MB	Unchanged	Unchanged
Lundar, MB	Unchanged	Unchanged
Neepawa, MB	Unchanged	Unchanged
Kapuskasing, ON	Unchanged	Unchanged
Hanover, ON	Unchanged	Unchanged
Bancroft, ON	Unchanged	Unchanged
Gananoque, ON	Unchanged	Unchanged
Chelmsford/Azilda, ON	Unchanged	Unchanged
Port Perry, ON	Changed but remains at or below 35 per cent	Unchanged
Welland, ON	Changed but remains at or below 35 per cent	Unchanged

49. Mr. Rook advises me and I believe that the Commissioner did not respond to his April 29, 2015, letter. The Commissioner's application and requested hold separate order (discussed below) have not changed Parkland's intention, which it stated on the record in Mr. Rook's letter rather than on a without prejudice basis. Following closing, Parkland intends to complete the

Parkland Divestitures. It has been engaged in negotiations with potential purchasers and, on March 25, 2015, entered into a confidentiality agreement with one potential purchaser.

50. The Parkland Divestitures do not include a divestiture of Parkland's supply agreement with the Independent Dealer Station in Tillsonburg. Since June 28, 2014, Parkland has been in a position to terminate its Tillsonburg supply agreement on 30 days notice owing to the dealer's failure to meet minimum volume requirements.

IX. THE COMMISSIONER'S APPLICATION AND REQUEST FOR A HOLD SEPARATE ORDER

51. On April 30, 2015, Parkland received the Commissioner's Notice of Application and materials in support of his request for a hold separate order. Both concern 17 stations in 14 local markets identified by the Commissioner (the "**Commissioner's Markets**"). The Commissioner does not take issue with the vast majority of the 181 Corporate Stations and 212 supply agreements with Independent Dealer Stations to be acquired by Parkland. The Commissioner's Markets include all 10 to which the Parkland Divestitures apply.

X. A HOLD SEPARATE ORDER PREJUDICES PARKLAND AND JEOPARDIZES THE ENTIRE PROPOSED TRANSACTION

52. The Commissioner did not provide a draft hold separate order with his materials. Thus, Parkland is not aware of what terms the Commissioner considers necessary to preserve the Pioneer assets in the Commissioner's Markets. Under the Waiver, Parkland and Pioneer can each terminate the Purchase Agreement if the Tribunal issues a hold separate order in respect of all or part of the Pioneer assets.

53. Isolating Corporate Stations and Independent Dealer Stations with supply agreements to be acquired from Pioneer into a stand-alone business, as required under any hold separate order,

would be extremely challenging in theory and practically infeasible, and it would take significant time to implement.

54. The 17 Pioneer stations in the Commissioner's Markets (12 Corporation Stations and supply agreements with 5 Independent Dealer Stations) represent a fraction of the Pioneer assets. As the Proposed Transaction is an asset sale, a separate legal entity would need to be established to hold such assets separate and would need the requisite infrastructure to operate, as Pioneer's current infrastructure is dedicated to its network of stations, as opposed to these 17 gas stations.

55. Infrastructure required to operate these gas stations includes: fuel supply arrangements, transportation and logistics arrangements, convenience store supplier arrangements, insurance, licenses (including for the sale of tobacco), bank accounts, point of sale systems, provincial and federal tax compliance considerations (especially fuel tax considerations which are a major component of fuel prices), regulatory compliance considerations, personnel to manage the various aspects of the business, among many other considerations. Three of the primary operational challenges include the following:

- (a) ***Fuel supply.*** The current fuel supply agreement between Pioneer and Imperial will terminate concurrent with the closing of the Proposed Transaction, as Imperial requires Parkland to enter into new fuel supply agreements governing Parkland's current fuel supplied by Imperial and the Pioneer fuel supplied by Imperial. On closing, each of the 17 stations would require fuel from a supplier (and 7 of the 17 stations would require fuel to be supplied by Imperial, as they are Esso-branded stations). Moreover, the 17 stations would require significantly less fuel than either Parkland or Pioneer and thus would not be entitled to the same

volume discounts from Imperial or other suppliers. These supply agreements are key to providing competitive prices and the cost of fuel for these assets would increase above current costs.

- (b) **Transportation.** The hold separate assets would need to enter into arrangements for the transportation of fuel to the stations. Given that these assets are not part of a larger network and many of these sites are not located in close proximity to one another (for example, stations are located in Warren and Lundar, Manitoba and Allenburg, Ontario near Niagara), transportation costs will be materially higher than the current costs.
- (c) **Imperial consent.** The transfer of 7 of the 17 Pioneer stations (which are Esso-branded stations, whether a Corporate Station or an Independent Dealer Station) requires Imperial's consent.

56. A hold separate order will effectively "orphan" these 17 stations in the Commissioner's Markets from the current Pioneer network pre-closing and the larger Parkland network post-closing. When combined with the challenges of holding the Pioneer assets separate, as noted above, a hold separate order will materially increase the costs associated with doing business and negatively impact the competitiveness of the 17 stations in the Commissioner's Markets post-closing of the Proposed Transaction.

57. A hold separate order that continues for 12 months will result in increased costs to Parkland in the aggregate amount of approximately [REDACTED], which estimate is based on (i) expected lost efficiencies in the 12 months following closing, estimated to be approximately [REDACTED]

██████████, and (ii) estimated incremental costs to operate the Pioneer assets in the Commissioner's Markets separate from Parkland, estimated to be approximately ██████████, all as follows:

- (a) the estimate of lost efficiencies expected in the 12 months following closing, estimated to be approximately ██████████, including:
 - (i) the loss of supply efficiencies in respect of fuel purchases (the difference between the price that Parkland pays for fuel and the price that Pioneer pays for fuel) (estimated at ██████████);
 - (ii) the loss of efficiencies associated with convenience store integration at stations (estimated at ██████████); and
 - (iii) the potential loss associated with not achieving the next tier for a volume discount from Parkland's supplier (estimated at ██████████).

- (b) the cost to operate the Pioneer assets in the Commissioner's Markets separate from Parkland for 12 months following closing, estimated to be approximately ██████████, including:
 - (i) additional costs resulting from the fact that hold separate assets would have a lower supply discount than available to either Pioneer or Parkland, which is based on an estimated difference of one cent per litre between Pioneer's existing supply discount and the discount available to a start-up independent from a refiner with roughly ██████████ of fuel (estimated at ██████████);

- (ii) additional costs resulting from the fact that the hold separate assets would have lower density in their supply routes than either Pioneer or Parkland. For example, it typically costs Parkland approximately one cent per litre to deliver fuel in a dense market (eg. Red Deer) where Parkland has a number of stations. The hold separate assets do not have such density and fuel delivery costs would be significantly higher. For example, delivering fuel to Pioneer's Kapuskasing station would be expected to cost approximately five cents per litre. An incremental one cent per litre cost would increase delivery costs of [REDACTED] of fuel (estimated at [REDACTED]); and
- (iii) additional costs associated with the requirement to hire two employee managers to operate the hold separate (estimated at [REDACTED]).

58. Integrating the Pioneer assets with the assets of Parkland would not reduce the competitiveness of Pioneer gas stations. Parkland is committed and motivated to preserving the value of the Pioneer stations. In particular, it is committed to maintaining Parkland's low pricing policy to maintain high sales volumes at the stations and resulting EBITDA.

59. Although Parkland does not believe that the Proposed Transaction will result in a substantial lessening or prevention of competition:

- (a) with respect to 10 of the Commissioner's Markets, as Parkland advised the Commissioner on April 29, 2015, it intends to complete the Parkland Divestitures as soon as possible after closing;

- (b) having been advised of the Commissioner's ongoing concerns with respect to Tillsonburg, Ontario, Parkland will divest to a third party purchaser the wholesale dealer supply agreement with the Tillsonburg dealer or will provide the requisite 30 days notice of termination to the Tillsonburg dealer in accordance with the terms of the supply agreement; and
- (c) with respect to all of the Commissioner's Markets, until they are divested or terminated under (a) or (b) or in the case of Aberfoyle, Allanburg and Innisfil, Ontario until the Commissioner's application is finally disposed of, Parkland will:
 - (i) ensure that the rack forward margin Parkland charges to Independent Dealer Stations would be, at most, no greater than it has been under Pioneer's or Parkland's current supply agreements with Independent Dealer Stations, as appropriate, and
 - (ii) maintain Pioneer's pricing strategy at Pioneer Corporate Stations.

XI. RESPONSE TO COORDINATION ALLEGATIONS

60. Parkland is committed to complying with the Act and has developed a Competition Act Compliance Policy, including comprehensive education programs for all staff. Parkland has never been charged with an offence—or even investigated—for collusion or any other coordinated conduct in the retail sale of gasoline or any other market. Moreover, other than Corporate Stations in Kapuskasing and Bolton, Ontario, Parkland is not engaged in the retail sale of gasoline in Ontario.

61. I have reviewed exhibits P to T to the Affidavit of Alexander N. McNabb affirmed April 30, 2015, which are Parkland documents. Although I did not author or receive many of these

emails, they relate to Parkland's competition for wholesale supply to Independent Dealer Stations, not to the retail sale of gasoline. None relate to the Independent Dealer Stations in the Commissioner's Markets.

62. The Bureau previously alerted Parkland to the existence of these documents as raising potential competition concerns. Because on their face the documents are not consistent with Parkland's business approach or compliance policy, Parkland investigated the documents the Bureau had provided. It discovered the following information:

- (a) The chart summarizing distributors' supply agreements is based on information gathered from independent dealers as part of negotiations with dealers for wholesale fuel supply agreements. Parkland has no way to verify if this information is accurate as it is anecdotal information from dealers only.
- (b) The internal emails mainly relate to Parkland's confusion about conduct Imperial permits or does not permit its Esso-branded wholesalers to engage in, largely as a result of the removal of geographic limitations on wholesalers. For example, the email dated September 5, 2014, at Exhibit S, relates to an internal belief that Imperial's head of retail visited an Esso dealer with the branded wholesaler Global Fuels, contrary to Parkland's understanding of conduct Imperial would engage in on behalf of or alongside its Esso-branded wholesalers. Parkland was also concerned about conduct which might be inducing breach of contract with its Independent Dealer Stations. Notwithstanding the email, Peter Kilty advises me and I believe that he did not subsequently contact Pioneer or any other competitor regarding this matter.

**THIS IS EXHIBIT "A" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**





Parkland Fuel Corporation

Annual Information Form

For the Fiscal Year Ended December 31, 2014

March 24, 2015

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GLOSSARY OF TERMS

The following terms when used in this Annual Information Form have the meanings set forth below, unless otherwise indicated.

"Arrangement" means the arrangement completed on December 31, 2010 whereby Parkland Income Fund reorganized from a trust structure to a corporation, Parkland Fuel Corporation;

"Bluewave" means Bluewave Energy Ltd., a corporation amalgamated under the Business Corporations Act, which carries on the business acquired by Parkland from Bluewave Energy LP;

"Board of Directors" or **"Board"** means the board of directors of Parkland;

"Business" means the marketing, logistics and transportation of fuels and related petroleum products and services to commercial, industrial, retail and residential customers in Canada and the United States as currently carried on by Parkland and affiliated companies, including the predecessor businesses historically carried on by Parkland Industries Ltd., Bluewave, Elbow River, and SPF Energy, and their subsidiaries;

"Business Corporations Act" means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the City of Calgary, Alberta;

"Common Shares" means the common shares in the capital of Parkland;

"Competition Act Approval" has the meaning attributed thereto under the heading "Risk Factors – Pioneer Acquisition – Competition Act Approval";

"Corporation" or "Parkland" means Parkland Fuel Corporation, a corporation incorporated under the Business Corporations Act and includes, where the context dictates, its subsidiaries and affiliates;

"Credit Agreement" means the third amended and restated credit agreement among between Parkland Industries Ltd., Elbow River and Parkland (U.S.) Financing Corp., as borrowers, The Bank of Nova Scotia, as agent, and The Bank of Nova Scotia, Royal Bank of Canada, Wells Fargo Bank, N.A., Canadian Imperial Bank of Commerce, The Toronto-Dominion Bank, Bank of Montreal, National Bank of Canada, Alberta Treasury Branches, Canadian Western Bank, and such other persons as become parties thereto as lenders, dated as of June 30, 2014;

"Credit Facility" means, collectively, Parkland's C\$320 million revolving extendible credit facility and USD\$30 million revolving extendible credit facility;

"Elbow River" means Elbow River Marketing Ltd., a corporation incorporated under the Business Corporations Act;

"Environmental Laws" has the meaning attributed thereto under the heading "Risk Factors – Safety and Environment";

"Indenture" has the meaning attributed thereto under the heading "Risk Factors – Nature of the Series 2 Debentures";

"Pioneer" means Pioneer Energy LP, a limited partnership formed under the laws of the Province of Ontario;

"**Pioneer Acquisition**" means the acquisition of the Pioneer Energy Business;

"**Pioneer Acquisition Agreement**" means the definitive agreement between Parkland and the Vendors to acquire the Pioneer Energy Business entered into on September 17, 2014, as amended or supplemented from time to time;

"**Pioneer Energy Business**" means the assets of the Vendors;

"**Senior Indebtedness**" means the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness, liabilities and obligations of the Corporation (whether outstanding as at the date of the Indenture or thereafter created, incurred, assumed or guaranteed), other than (i) indebtedness evidenced by the Series 2 Debentures, and (ii) all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be pari passu with, or subordinate in right of payment to, the Series 2 Debentures;

"**Senior Note Indentures**" means, collectively, the trust indenture dated May 29, 2014 governing the terms of the 5.50% Senior Notes and the trust indenture dated November 21, 2014 governing the terms of the 6.00% Senior Notes;

"**Senior Notes**" meaning, collectively, the 5.50% Senior Notes and the 6.00% Senior Notes;

"**Series 1 Debentures**" means the \$97.75 million aggregate principal amount of 6.50% series 1 convertible unsecured subordinated debentures of the Corporation which matured on November 30, 2014;

"**Series 2 Debentures**" means the outstanding \$45 million aggregate principal amount of 5.75% series 2 convertible unsecured subordinated debentures of the Corporation;

"**Shareholders**" means the holders of Common Shares;

"**Shell**" means Shell Canada Products, a partnership formed under the laws of Alberta;

"**Sparling's**" means Sparling's Propane Co. Limited, a corporation incorporated under the laws of the Province of Ontario;

"**SPF Energy**" means SPF Energy, Inc., a corporation incorporated under the laws of North Dakota;

"**Trustee**" means the trustee for the Series 2 Debentures appointed from time to time under the terms of the Indenture;

"**TSX**" means the Toronto Stock Exchange; and

"**Vendors**" means Pioneer Petroleum Holding Limited Partnership, Pioneer, Pioneer Petroleum Transport Inc., Pioneer Fuels Inc., Pioneer Energy Management Inc., Pioneer Petroleum Holding Inc., 668086 N.B. Limited and 3269344 Nova Scotia Limited.

CAUTIONARY STATEMENT REGARDING FORWARD – LOOKING INFORMATION

Certain information contained 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 Annual Information Form include, without limitation, statements with respect to Parkland's:

- 2015 fiscal year;
- information technology;
- corporate goals and future endeavors;
- social and environmental initiatives;
- growth of its business and operations;
- completion of various projects;
- integration of acquired assets; and
- demand for its products and services.

The forward-looking information contained herein is based upon certain assumptions and factors such as historical trends, current conditions and expected future developments, which the Corporation believes are reasonably accurate at the time of preparing this Annual Information Form. However, the forward-looking information contained herein involves numerous assumptions and known and unknown factors and risks, both general and specific, that could cause actual results to vary materially from those anticipated, including, without limitation:

- factors and risks associated with retail pricing and margins;
- availability and pricing of petroleum product supply;
- volatility of crude oil prices;
- marketing competition;
- environmental impact;
- credit granting
- interest rate fluctuation; and
- availability of capital and operating funds.

Readers are cautioned that the foregoing list of factors is not exhaustive and that additional information on these and other factors that could affect the Corporation's operations or financial results is discussed in this Annual Information Form and the Corporation's management discussion and analysis on file with Canadian securities regulatory authorities and available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com or the Corporation's website at www.parkland.ca.

Consequently, all of the forward-looking information in this Annual Information Form and any document referred to herein, is expressly qualified by this cautionary statement. There is no representation by Parkland and there can be no assurance that actual results achieved will be the same in whole or in part as those set out in the forward-looking information contained herein. Readers are therefore cautioned not to place undue reliance on such forward-looking information. The forward-looking information contained herein is made as of the date hereof and, unless otherwise required by law, Parkland does not undertake any obligation to update publicly or to revise any of such forward-looking information, whether as a result of new information, future events or otherwise.

CORPORATE STRUCTURE

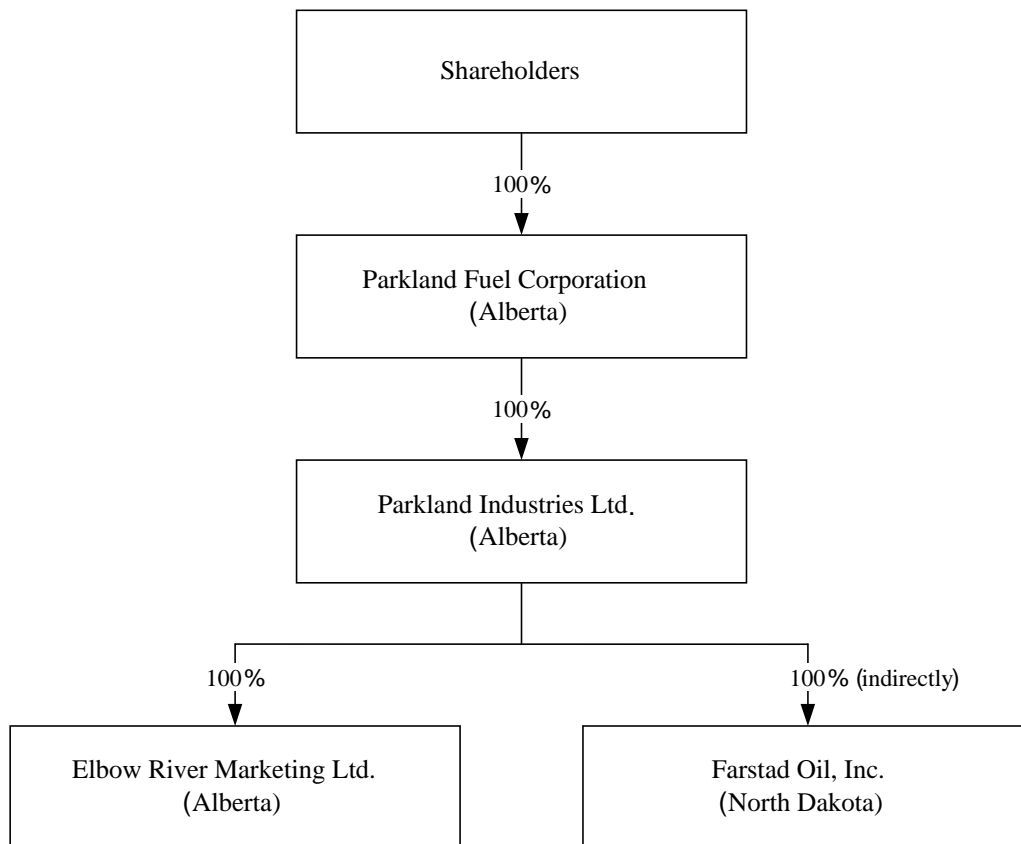
Parkland Fuel Corporation

The Corporation was incorporated on March 9, 2010 under the Business Corporations Act for the purpose of participating in a corporate reorganization implemented effective December 31, 2010 under Section 193 of the Business Corporations Act, wherein the predecessor public entity to the Corporation, reorganized from an income fund into a corporate structure. The Common Shares commenced trading on the TSX on January 7, 2011, under the trading symbol "PKI".

The Corporation is authorized to issue an unlimited number of Common Shares and preferred shares in series. The registered office of the Corporation is located at Suite 4500, Bankers Hall East, 855-2nd Street SW, Calgary, AB T2P 4K7, and the head office of the Corporation is located at Suite 100, Riverside Office Plaza, 4919-59th Street, Red Deer, Alberta, T4N 6C9. Currently, the Corporation has three material subsidiaries: (i) its operating entity Parkland Industries Ltd., which is a wholly-owned subsidiary of the Corporation; (ii) Elbow River, which is a wholly-owned subsidiary of Parkland Industries Ltd.; and (iii) Farstad Oil, Inc., a North Dakota corporation, which is a wholly-owned subsidiary of SPF Energy, which is an indirect wholly-owned subsidiary of Parkland Industries Ltd. Both Parkland Industries Ltd. and Elbow River are incorporated under the Business Corporations Act.

Organizational Structure of the Corporation

The following diagram sets forth the organizational structure of the Corporation and its material subsidiaries as of the date hereof:



GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation itself and through its subsidiary entities carries on the Business. The Corporation maintains a number of different business units to track the various areas of the Business. This segregation enables the various operating managers to focus on particular business areas for which they are responsible and provides unique offerings to customers under the various brand names.

Three Year History

2014

On January 8, 2014, Parkland closed the transaction to acquire SPF Energy, the parent company of Farstad Oil Inc. and Superpumper Inc. The acquisition of SPF Energy added approximately 1.2 billion litres of refined petroleum product annually to Parkland's capacity, and expanded Parkland's operations to North Dakota, Montana, Minnesota, South Dakota and Wyoming. SPF Energy services more than 200 independent gasoline stations, 60 of which are branded sites. SPF Energy also has trans-loading facilities and approximately 40,000 barrels of bulk storage in Minot, North Dakota.

On April 2, 2014, Parkland closed its acquisition of 12 Chevron-branded service stations in northern British Columbia. The acquisition strengthened Parkland's brand portfolio and allowed Parkland the opportunity to grow through the Chevron brand.

On May 29, 2014, Parkland closed its private placement of the 5.50% Senior Notes. The net proceeds of the offering were used to repay a portion of Parkland's indebtedness under the Credit Facility and for general corporate purposes. See "Description of Capital Structure – Indebtedness – 5.50% Senior Notes".

On September 17, 2014, Parkland announced that it entered into the Pioneer Acquisition Agreement to acquire the Pioneer Energy Business. The Pioneer Acquisition provides an opportunity for Parkland to grow in the Ontario and Manitoba retail market place and aligns with Parkland's overarching supply strategy. Parkland and Pioneer have been, and presently are in the process of, obtaining the requisite consents and approvals as contemplated by the Pioneer Acquisition Agreement to close the Pioneer Acquisition, most of which have been obtained or are expected to be received during the first half of 2015. See "Risk Factors – Pioneer Acquisition".

On November 21, 2014, Parkland announced the closing of its private placement of the 6.00% Senior Notes. The net proceeds of the offering are expected to be used by Parkland to fund a portion of the purchase price for the Pioneer Energy Business. In the unlikely event that the Pioneer Acquisition is not completed, the net proceeds of the 6.00% Senior Notes are expected to be used by Parkland to repay amounts drawn on the Credit Facility and for general corporate purposes, including, without limitation, to fund its working capital requirements and potential future acquisitions. See "Description of Capital Structure – Indebtedness – 6.00% Senior Notes".

2013

Parkland acquired the assets of Elbow River Limited Partnership from AvenEx Energy Corporation on February 15, 2013. Elbow River is a North American transporter, supplier and marketer of petroleum products including liquefied petroleum gases (butane, propane, and condensate), crude oil, heavy fuel oil, and a growing portfolio of refined fuel and bio-fuel products. Elbow River also has rail car logistics capabilities, managing a fleet in excess of 2,000 rail cars as at December 31, 2014 (approximately 1,300 rail cars at the time of acquisition). Elbow River leverages a network of relationships to match purchase and sales contracts, employing a risk adverse approach to marketing while implementing their strategy of geographic arbitrage.

Operating in the petroleum products marketing sector for 30 years has provided Elbow River with the expertise and logistical capabilities to respond to emerging opportunities.

Within Elbow River, there are three business segments: the Liquefied Petroleum Gasoline business, which includes the marketing, transportation and supply of propane, butane and natural gas liquids ("NGLs"); the fuel oil business which includes, the marketing, transportation and supply of crude oil, heavy fuel oils, diesel and asphalt; and the renewable fuels business, which primarily includes the marketing, transportation and supply of ethanol.

Suppliers to Elbow River are generally major oil and gas companies in Canada and the United States. Elbow River pays for and takes title of the product, and arranges and pays for transportation and delivery, mainly by rail tank cars. The product prices are normally determined by the spot market price. Elbow River typically has low product risk as the delivery price is generally fixed at the time Elbow River takes title.

On April 2, 2013, Parkland acquired Sparling's which delivers more than 120 million litres of propane annually to approximately 25,000 Ontario customers, and has contributed to the ongoing development of Parkland's propane distribution opportunities nation-wide.

On May 2, 2013, Parkland acquired the assets of Québec based Transmontaigne Marketing Canada Inc. ("TMCI"), providing Parkland the ability to lease terminal storage through Can Term Canadian Terminals Inc. in Montreal and Québec City. TMCI brings more than 500 million litres annually of low margin wholesale fuel volumes in Ontario and Québec to the Parkland family, and provides a supply platform to support growth in Québec. TMCI also introduced a new supply partner to Parkland, which enhances Parkland's supply options in Eastern Canada. TMCI now operates under the name Les Pétroles Parkland.

In the second quarter of 2013, Parkland launched an on-site fleet refueling and fuel management service which delivers fuel directly to customer equipment, provides online access to fuel reports and supplies customers with fuel volume and cost information flow to each vehicle or piece of equipment. This service saves our customers time and money by eliminating fuel storage need at their site and avoiding travel time to fuel stations. It is also anticipated to enhance our customers' fuel management information resulting in better cost control.

Also in the second quarter of 2013, Parkland signed a branded retail marketer agreement with Chevron Canada Limited with respect to British Columbia, bringing an ability to offer to retailers a major refiner brand in regions of British Columbia previously lacking this brand.

2012

On September 30, 2012, Parkland completed its conversion of its refinery storage in Bowden, Alberta into a rail and highway transportation terminal with a 220,000 barrel fuel storage capacity. The terminal has enhanced Parkland's supply options.

On November 2, 2012, Parkland purchased Magnum Oil, a Shell lubricants distributor based in Manitoba, adding approximately 2 million litres annually in direct sales volumes, and 4 million litres annually in Shell delivered business.

Changes expected in 2015

Parkland expects that the remaining approvals and consents required in order to close the Pioneer Acquisition will be obtained in the first half of 2015. Once this transaction has closed, Parkland will begin the process of integrating Pioneer's network of 393 gas stations into the Parkland network. See "Risk Factors – Pioneer

Acquisition". Parkland also expects to close its acquisition of 11 Chevron-branded serviced stations in British Columbia in the second quarter of 2015, following this acquisition, Parkland will have a total of 33 Chevron branded service stations in its network.

DESCRIPTION OF THE BUSINESS OF THE CORPORATION

Introduction

Parkland is one of North America's fastest growing independent marketers of fuel and petroleum products and its vision is to become the largest independent petroleum marketer in the markets it serves. Parkland delivers 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. Parkland's mission is to be the partner of choice for its customers and suppliers, and it does this by building lasting relationships through outstanding service, reliability, safety and professionalism. Parkland is unique in its ability to provide customers with dependable access to fuel and petroleum products, utilizing a portfolio of supply relationships, storage infrastructure and third party rail and highway carriers to protect our customers from supply disruptions.

Parkland endeavours to realize its vision and mission every day by:

- fueling 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 communities and customers by striving to ensure they have dependable access to high quality fuel and petroleum products at a fair price. This is important for communities that depend on fuels for their heat and their everyday lives.

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 promoting their brands.

Parkland endeavors to capture value in each step of the value chain, connecting refiners to communities, and communities to the petroleum products they need to heat their homes, fuel their industries and drive their economies.

Core Capabilities

While Parkland's reach extends across Canada and the Northern tier of the United States, its service is local. Parkland has evolved over more than 50 years to become a company dedicated to downstream fuel marketing.

Parkland's core capabilities include:

- a North American supply and distribution reach and scope that allows it to identify opportunities between markets that other independents may not recognize or be able to capitalize on;

- 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, which allows Parkland to secure economic benefit from its supply portfolio;
- supply security through a portfolio of contracts with eight established refiners; and
- distribution channels that provide a balanced sales portfolio of gasoline, diesel and propane that affords Parkland with a competitive supply advantage.

Operating Segments

Parkland's business is split into five segments for the purpose of reporting: Retail Fuels, Commercial Fuels, SPF Energy, Wholesale, Supply and Distribution and Corporate.

Retail Fuels Segment

Parkland Retail Fuels supplies and supports a network of 682 retail gas stations in Canada. It owns two proprietary brands; Fas Gas Plus and Race Trac, and is a branded wholesaler for Esso and Chevron. Parkland's multi-brand strategy is intended to service a number of fuel market niches.

- **Chevron** – The Chevron branded wholesaler agreement provides Parkland with the opportunity to offer Chevron's premium brand to Parkland's owned 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 owned 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's standards.
- **Race Trac** – Race Trac is designed for the dealer entrepreneur who wants to operate independently in the marketplace but not be restricted by the standards of Parkland's other brand offerings. Parkland has focused on enhancing the brand value of Race Trac. This brand is positioned for locations or markets where the Fas Gas Plus, Chevron or Esso brands are not suited and is a complementary offering within Parkland's brand portfolio.
- **Other** – In most cases, "Other" represents brands that are being migrated to Parkland's primary brand offerings over time.

Business Models

Parkland Retail Fuels operates under the following business models:

- **Company Owned Retailer Operated** – These sites are either owned or leased by Parkland and operated and managed on its behalf by independent entrepreneurs (retailers). Parkland owns the fuel inventory and maintains control of the retail selling price at the pumps; the retailer owns the convenience store inventory. Parkland pays the retailer a "cents per litre" commission on the fuel

sales and collects from the retailer a fixed rent for the facilities plus a percentage rent on the convenience store sales.

- **Dealer Owned Dealer Operated** – These sites are either owned or leased by a dealer. Parkland secures a long-term fuel supply contract with the dealer, usually five years or longer. Over the term of the agreement, Parkland supplies fuel to the dealer based on independently published rack prices that can fluctuate daily. The dealer owns the fuel inventory and maintains control of the retail selling price at the pumps.

Canadian Site Counts by Brand, Business Model and Geography

Operating Model	Fas Gas Plus	Race Trac	Esso	Chevron	Other	Total
Dealer operated	89	86	331	4	29	539
Retailer operated	97	3	25	17	1	143
Total	186	89	356	21	30	682

Province	Retailer Operated	Dealer Operated	Total
Alberta	70	194	264
British Columbia	28	86	114
Manitoba	12	9	21
New Brunswick		3	3
Nova Scotia		2	2
Northwest Territories		3	3
Ontario	2	143	145
Prince Edward Island		4	4
Saskatchewan	31	90	121
Yukon Territories		5	5
Total	143	539	682

This segment accounted for approximately 23.4% of fuel and petroleum product revenue for the year ended December 31, 2014 compared with 31.0% in the same period of 2013 and approximately 19.6% of gross profit in 2014 compared with 20.0% in 2013.

Fuel volume decreased by 0.8% or 13 million litres in 2014 compared to 2013. The addition of the new service stations, primarily Chevron-branded, in the second quarter added 26 million litres in 2014. This was offset by dealer volume shortfalls, primarily in Eastern Canada, reflective of competitive market conditions. Parkland's retail business is seasonal, reflecting increased travel during the summer months. In general, the second and third quarters are the busiest periods for Parkland Retail Fuels.

Commercial Fuels Segment

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; Sparling's Propane; and Island Petroleum.

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

This segment accounted for approximately 20.3% and 62.3% of fuel and petroleum product revenue and non-fuel revenue, respectively, for the year ended December 31, 2014 compared with 26.3% and 78.6%, respectively, in the same period of 2013.

The business of Parkland Commercial Fuels is seasonal, reflecting fluctuations in heating requirements through the year and industry activity that can be more active in the winter than in the summer. In general, the first and fourth quarters are the busiest periods for Parkland Commercial Fuels. Because collection is not immediate in most commercial transactions, during the first and fourth quarters (periods of higher commercial fuel sales) receivables in Parkland Commercial Fuels tend to build up and then diminish in the second and third quarters as the accounts are collected.

Canadian Site Counts by Business Offering and Geography

Province	Cardlock	Branch	Branch & Cardlock	Lube Distribution Centre	Total
Alberta	9	7	12	2	30
British Columbia	16	10	11	1	38
Manitoba				1	1
New Brunswick			1		1
Nova Scotia	3	8	4	1	16
Northwest Territories			2		2
Ontario	1	12	7		20
Prince Edward Island	10	2			12
Saskatchewan		1	1		2
Yukon			1		1
Total	39	40	39	5	123

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

SPF Energy Segment

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 operations are conducted from the following divisions:

- **Wholesale** – responsible for managing SPF Energy's fuel supply contracts, purchasing fuel from suppliers, distribution through third party rail and highway carriers as well as serving wholesale customers. SPF Energy has 40,000 barrels of terminal storage capacity in Minot, North Dakota and supplies fuel to retailers, small resellers and commercial operators. SPF Energy owns a fleet of 75 trucks which deliver wholesale fuels and commercial lubricants to its customers.
- **Retail** – operates and services a network of retail service stations. SPF Energy owns and operates a proprietary brand: "Superpumper". SPF Energy is also a branded wholesaler for: Cenex; Conoco; Exxon; Shell; Sinclair; and Tesoro within the United States. SPF Energy operates service stations under the following business models:
 - Dealer Owned/Operated: Dealers own or lease their own sites and enter into a contract with SPF Energy for fuel supply, the rights to a brand offering and a point-of-sale system. These relationships are normally long-term wholesale agreements with relatively stable margins. This division supplies a number of multi-site dealer chains and approximately 60 direct customers under the dealer operated model.
 - SPF Energy Owned/Operated – SPF Energy owns 16 Superpumper sites and operates these sites directly by SPF Energy employees, often co-branded with a major refinery brand in the forecourt.
- **Lubricants** – SPF Energy delivers lubricants to commercial, industrial and wholesale customers through an extensive delivery network.

This segment accounted for approximately 14.4% and 19.4% of fuel and petroleum product revenue and non-fuel revenue, respectively, for the year ended December 31, 2014.

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

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

Wholesale, Supply and Distribution Segment

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

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

Purchases – Parkland Supply sources fuel from third party suppliers and sells to Parkland's selling segments, Retail, Commercial, Wholesale and SPF Energy, at an arm's length transfer price. Distribution provides transportation services to the Retail and Commercial divisions at an arm's length transfer price. Parkland utilizes its rail car fleet of more than 2,000 rail cars as at December 31, 2014 (including Elbow River) and leverages its network of North American relationships with a view to match purchase and sales contracts and execute on its strategy of geographic arbitrage.

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

This segment accounted for approximately 41.9% and 13.6% of fuel and petroleum product revenue and non-fuel revenue, respectively, for the year ended December 31, 2014 compared with 42.7% and 16.3%, respectively, in the same period of 2013.

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

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

Corporate Segment

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

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

Social and Environmental Policies

Being active in local communities differentiates Parkland from its competition. Parkland's corporate responsibility focus is supporting the communities where we operate by increasing access to essential services. In 2014, Parkland made donations of approximately \$900,000 to local causes.

In 2014, Parkland piloted a program that aims to support employee led initiatives within the communities they live and work. Parkland will donate to charities and not-for-profit organizations on behalf of employees to a predefined maximum.

The most effective way for Parkland to make donations is in the form of fuel. For example, Fas Gas Plus supports the Alberta Cancer Foundation's Digital Mammography Screening Program as its Official Fuel Supplier. The service is delivered through two mobile screening trailers equipped with high quality mammography screening devices that provide services to women in over 100 rural communities across Alberta to aid in the early detection of breast cancer.

Parkland is also a long-term supporter of the Ronald McDonald House Central Alberta (the "**House**"). Fas Gas Plus is the Presenting Sponsor of the Freeze the House Charity Bonspiel. The bonspiel provides support to the annual operating costs of the House and the 11,000 central Alberta families visiting the Red Deer Regional Hospital each year that require care.

Parkland is continuously working towards reducing the impact of its fuel operations on the environment. To this end, Parkland is working to reduce accidents, injuries, and environmental mishaps. When mishaps do occur, Parkland is committed to doing the right thing, and restoring the environment to the state it was in prior to the event. See "Supplemental Operational Information – Environmental Initiatives."

Supplemental Operational Information

Capital Expenditures

During 2014, the Corporation expended \$50.1 million in capital investments, of which \$18.5 million was classified maintenance capital and \$31.6 million was classified as growth capital and intangibles.

Employees

As at December 31, 2014, Parkland had approximately 1,700 active full and part-time employees.

Environmental Initiatives

Parkland is committed to ensuring a safe working environment that protects employees, customers and the environment. Parkland complies with all applicable federal, provincial and local health, safety and environmental requirements in communities in which we operate. The Parkland Environmental Management System ("**EMS**") includes programs that enable Parkland in reducing environmental impacts while increasing operating and cost efficiency. The EMS also assists Parkland to address its regulatory obligations in a systematic and cost-effective manner. EMS goals include the following: improve environmental performance, enhance compliance, reduce pollution, conserve resources, increase efficiency/reduce costs, enhance employee morale, enhance image with customers, markets, the general public, regulators, lenders and investors, and enhance employee awareness of environmental issues and responsibilities. The cost of Parkland's EMS programs for 2014 was approximately \$4.5 million, and is expected to increase proportionate to Parkland expected growth in future years. As Parkland's EMS programs continue to develop and become

integrated into operations, it is expected they will have a positive impact on Parkland's competitive condition. Parkland's EMS programs include the following:

- Regulatory Compliance – Operations are routinely reviewed to ensure compliance with industry standards and regulations. Parkland receives an annual Certificate of Recognition ("COR") for employers who develop health, safety and environmental programs that meet established standards. The COR is issued by Alberta Jobs, Skills, Training and Labor and is co-signed by Certifying Partners.
- Emergency Response & Preparedness – Emergency response plans are in force at Parkland facilities. This program involves coordination with facilities to secure emergency supplies and equipment and to ensure scheduling and completion of drills and training exercises. Overall goals of this program are to ensure that Parkland facilities and personnel are prepared and trained to address emergency situations and to maintain compliance with COR audit requirements.
- Chemical Release Management – This program serves to track, analyze, prepare for and minimize severity associated with spill incidents. It involves spill incident tracking and severity ranking, as well as employee training. Training methods consist of onsite classroom and field exercises, tabletop mock incident exercises and online training. A regimen of ongoing monitoring is in place at all Parkland locations. This includes daily reconciliation of inventory balances and installation of on-site test wells at all retail stations. The overall goal of this initiative is to foster a preventative approach to spill incidents and to ensure all Parkland employees have adequate training to respond confidently to minimize impacts where possible in the event of a release.
- Property Stewardship – This program involves documentation of the formal corporate processes and procedures associated with physical condition assessment, risk ranking and reduction, management, and determination and reporting of Asset Retirement Obligation information relating to environmental aspects of Parkland properties. The overall goals of this program are to clarify roles and responsibilities and monitor ongoing regulatory compliance activities relating to environmental aspects of acquisition, maintenance and divestiture of Parkland properties. The program includes key performance metrics for overall network condition. A remediation program is managed by experienced Parkland professional technical personnel and involves retention of professional environmental consultants that satisfy Parkland's comprehensive procurement pre-qualification protocols. Parkland has a long-term tank replacement program in place that follows a schedule of replacement of aging equipment with new industry-standard technology.
- Transportation – Parkland maintains an Idle Smart initiative primarily focussed on reduction of airborne emissions from Parkland fleet vehicles. The initiative involves specification and communication of the requirements for managing vehicle idling, roles, and responsibilities. Success with this endeavour shall reduce overall fueling and maintenance operating costs related to engine idling.
- Waste Management – The impact of the use and disposal of resources on our local and global environment is recognized by Parkland and Parkland is committed to reducing this impact through the waste management program. This program is a systematic approach to understanding our waste and identifying and prioritizing viable opportunities to reduce waste outputs and resource inputs. The program strives for continuous improvement and staff engagement to support company-wide initiatives. Specific initiatives include paper use reduction practices and community-supported recycling programs.

- Water Management – Parkland’s effluent management initiative involves compiling a comprehensive list of all oil/water separators and improvement of the process and procedures to ensure infrastructure is satisfactorily maintained and documented accordingly. The overall goals of this initiative are to ensure corporate records are complete relating to the location and condition of all oil/water separator-related infrastructure, and to collaborate with facility Managers to ensure compliance with related regulation.

Rail Risk Mitigation

Parkland has focused its attention on mitigating its exposure to various business risks in connection with its rail operations. Parkland's Enterprise Risk Management ("**ERM**") program targets strategic risk areas to determine additional prevention or mitigation plans that can be undertaken to either reduce risk or enable opportunities to be realized. The rail portion of the ERM program focuses on several areas in order to achieve these results, these areas include, but are not limited to: maintaining an suitable insurance program, classifying products and testing procedures, developing and communicating emergency response plans, monitoring regulatory developments and required fleet upgrades, contract administration and legal support. In 2014, Parkland made significant progress in updating emergency response plans and insurance programs. In 2015, Parkland will be focused on fleet upgrades pursuant to regulatory requirements and testing its product classification and documentation procedures. In addition to the foregoing, Parkland is a plan participant with Emergency Response Assistance Canada ("**ERAC**"), a non-profit corporation created by industry stakeholders to provide emergency response for liquefied petroleum gas and flammable liquid related incidents; emergency response services are provided by LPG Emergency Response Corp pursuant to the ERAC plan.

Technology and Integration

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

- introduce best business practices, consistency and uniformity to its core business operations, controls and accounting processes including, for example, inventory management; and
- complete the integration of the acquired companies by merging systems where appropriate, implementing and enhancing processes, controls and operations.

Competitive Conditions Overview

In Canada, the retail and wholesale marketing of gasoline is dominated by major national and international integrated oil companies (the "**majors**"). These companies are also involved in the exploration for and production of oil and gas and the refining business. During the 1990's the majors consolidated and rationalized their retail operations in western Canada, focusing on larger sites with convenience stores in urban markets. Competition in these markets is strong between the majors and some independents and successful retail operations are often matched by competitors located at adjacent corners of the same intersections. Conversely, the Corporation prefers operations outside of urban markets where the competition generally has a lesser presence. Sales volumes per site in these markets are typically lower than in larger centres, however, sites outside of urban markets typically yield higher average "per litre" margins and can be profitable with lower sales volumes than are required in urban markets.

The transportation fuels marketing industry is susceptible to pricing pressures related to the balance of available supply and consumer demand. The western Canadian market, which is Parkland's largest market area, is relatively inaccessible to product supply from outside the region due to its geography, and

transportation fuels are therefore refined in western Canada. This generally provides for more balanced market conditions.

Significant participants in the market occupied by the Corporation include co-operative associations, smaller chains and independent operators. Major grocery chains and "big box" retailers have also entered the retail fuels business in an attempt to increase their in-store traffic; however, they are primarily in urban centres.

Strategy and Competitive Advantages

The Parkland Retail Fuels division focuses primarily on owning, operating and supplying stations outside of urban markets. The Corporation focuses on being a low cost operator, and its brand, reputation for value and its transportation and supply arrangements have provided a base for profitability.

The Parkland Commercial Fuels division serves customers in a variety of industries. This business, which has grown substantially through acquisitions, provides market diversification and counter-seasonal earnings to our original base retail business.

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 Québec City. Wholesale, Supply and Distribution manages the storage infrastructure portfolio to enhance both the supply security of Parkland's operations, and the operations of its customers.

Parkland also markets fuel, petroleum products and refined product. Elbow River is a North American transporter, supplier and marketer of petroleum products including liquefied petroleum gases (butane, propane, and condensate), crude oil, heavy fuel oil, and a growing portfolio of refined fuel and bio-fuel products. Elbow River has differentiated itself in this space through their rail car logistics capabilities, managing a fleet of more than 2,000 rail cars as at December 31, 2014. Its strategy of geographic arbitrage leverages a strong network of relationships to match purchase and sales contracts. Elbow River's risk adverse approach to marketing, which combines expertise and logistical capabilities to rapidly respond to emerging opportunities, has allowed them to establish a record of profitability.

Through SPF Energy, Parkland supplies and distributes approximately 1.2 billion litres of gasoline and distillates through a set of wholesale, commercial and retail business channels that are very similar to Parkland's Canadian operations. SPF Energy's retail network includes more than 200 independent gasoline stations in the northern tier of the United States, 60 of which are branded stations that include nationally recognized names such as Cenex, Conoco, Exxon, Shell, Tesoro and Sinclair. SPF also owns and operates 16 Superpumper convenience stores in three U.S. states and rail trans-loading facilities and approximately 40,000 barrels of refined product storage in Minot, North Dakota.

RISK FACTORS

The following is a summary of certain factors affecting Parkland's business. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and Parkland's management's discussion and analysis for the most recently completed annual and interim periods which can be accessed at www.sedar.com. The holders from time to time of Common Shares and potential holders of Common Shares should carefully consider the information contained herein and, in particular, the following risk factors.

Retail Pricing and Margin Erosion

Retail pricing for motor fuels is very competitive, with major oil companies and newer entrants such as grocery chains and large retailers active in the marketplace. From time to time, factors such as competitive pricing, seasonal over supply, and lack of responsiveness of retail pricing to changes in crude oil costs can lead to lower margins in Parkland's business. This is normally limited to seasonal time frames or limited market areas but could occur more extensively.

Difficult market conditions for commercial fuel services may also adversely affect Parkland's major customers and create increased credit risk. These risks are partially mitigated by Parkland's other sources of revenue, conservative credit policies, geographic diversification and the wholesale business, which typically would only share in a portion of any market erosion. However, there can be no assurances that such mitigation efforts will be adequate, in whole or in part and such market conditions may materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Competition

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

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

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

Parkland's fuel and petroleum product revenue are a significant component of total revenue. Domestic wholesale petroleum, crude oil, NGL markets display significant volatility. Parkland is susceptible to interruptions in supply and changes in relative market pricing of crude oil and NGLs that drive customer demand. General political conditions and instability in oil producing regions, particularly in the Middle East,

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

Credit

The Corporation grants credit to customers ranging from small independent service station operators to larger reseller and commercial/industrial accounts. In the event such entities fail to meet their contractual obligations to the Corporation, such failures may materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Safety and Environmental

Parkland is subject to hazards and risks inherent in its operations and the industries that we service. Such risks include, but are not limited to, equipment failures, vehicle accidents, human error, accidental release of harmful substances, explosions, fires and natural disasters. These risks expose Parkland to potential liability for personal injury, loss of life, business interruption, property damage or destruction and pollution and other environmental damages under applicable Canadian federal, provincial, territorial and municipal safety and environmental laws and regulations (collectively, "**Environmental Laws**"). Applicable Environmental Laws may also require that Parkland's operations, and certain properties associated with Parkland's operations, be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such Environmental Laws may require significant expenditures by Parkland, including expenditures to ensure compliance with new Environmental Laws.

Parkland has safety policies, which include training and monitoring programs, in place to mitigate certain of these risks and to be prepared in the event Parkland experiences any such occurrences. Parkland has also obtained insurance in accordance with industry practice in an effort to address and mitigate such risks and also have operational and emergency response procedures, and safety and environmental programs in place to reduce potential loss exposure. Although the Corporation has a comprehensive insurance program in effect, there can be no assurance that the potential liabilities will not exceed the applicable coverage limits under its insurance policies. Consistent with industry practice, not all hazards and risks 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. Liability for uninsured risks could significantly increase expenses and the occurrence of a significant event for which

Parkland is not fully insured could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

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

In 2014, Parkland launched its "Drive to Zero" program with the objective to achieve zero injuries and zero serious incidents. As part of this program, Parkland recently completed enhanced safety leadership training for senior leaders across the organization. On February 19, 2015 Parkland recorded a safety milestone whereby the Corporation went a full year without a lost time injury.

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. Such a disruption may have a material negative impact on Parkland's revenue, dividends and its reputation. Additionally, Parkland cannot ensure that it will be able to renegotiate such agreements or negotiate new agreements on terms favourable to Parkland.

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

Economic Conditions

Parkland's business is subject to a number of general economic factors, many of which are out of the Corporation's control, which may materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition. These include recessionary economic cycles and downturns in the business cycles of the industries in which our customers conduct business, as well as downturns in the principal regional economies where operations are located.

Demand for transportation fuels 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 can adversely affect the Corporation's revenue, profitability and ability to pay dividends.

Parkland services a number of different industries and its business, financial condition and results of operations are directly and indirectly affected by the economic conditions which affect such sectors. In particular:

- The Corporation serves the farm trade and this sector is subject to weather variation and commodity price fluctuation, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.

- The oil and gas exploration sector is subject to changes in commodity prices and access to capital which impacts the drilling budgets of the Corporation's customers. This largely affects oilfield fluids, propane and bulk fuel sales directly as well as impacting communities in primary exploration regions in Alberta and northern British Columbia, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector. Any decline in exploration activity in the oil production sector reduces the demand for propane and related products, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.
- Forestry has been a volatile industry in recent years and is susceptible to international pricing and demand for the product, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.
- Mining is susceptible to variations in commodity prices. The Corporation's fuel customers include several mines producing different metals and their demand for fuel may decline, which consequently can impact Parkland's business, financial condition and results of operations and the demand for Parkland's products by customers operating within this sector.

Regional Economic Conditions

The Corporation'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 and over which the Corporation 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 the Corporation's market areas. Some of the Corporation's sites are located in markets which are more severely affected by weak economic conditions.

Weather

The Corporation's sales volume and profitability are subject to weather influences, especially winter temperatures. The Corporation's sales volumes and profitability can see increased volatility due to abnormal weather patterns. The Corporation's heating oil and propane sales are greatest in the winter months but can decline if winter temperatures are warmer than normal. The Corporation 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 fertilizer sales in the Corporation's commercial business group.

Dependence on Key Personnel

The Corporation's success is substantially dependent on the ability, expertise, judgment, discretion, integrity and continued service of senior management. The loss of the services of one or more members of senior management could adversely affect the Corporation's operating results. In addition, the Corporation's continued growth depends on the ability of the Corporation and its subsidiaries to attract and retain skilled operating managers and employees and the ability of its key personnel to manage the Corporation's growth and to consolidate and integrate its operations. There can be no assurance that the Corporation will be successful in attracting and retaining such managers, employees and other personnel.

Climate Change

The Corporation 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, which may negatively affect the financial condition of the Corporation.

Effective Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports, manage the Corporation's risk exposure and to help prevent fraud. Although the Corporation undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could impact the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and reduce the trading price of the Common Shares.

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 certainty that such mitigation efforts will be successful, in whole or in part, in any or all circumstances. The conversion and upgrade of electronic systems could also result in lost or corrupt data which could impact the accuracy of financial reporting and management information.

Debt Service

Amounts paid in respect of interest on long-term debt will reduce Parkland's net income. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service. Parkland is exposed to fluctuations in short-term Canadian interest rates as a result of the use of a floating debt rate under its Credit Agreement. Although management believes the Credit Facility will be sufficient to meet our immediate requirements, there can be no assurance that the amount will be adequate to satisfy future financial obligations or that additional funds will be able to be obtained.

Parkland's lenders have been provided with security over all or substantially all of the Corporation's assets. Additionally, if the Corporation becomes unable to pay its debt service or otherwise commits an event of default under the Credit Agreement, a lender may foreclose on or sell the Corporation's assets or enforce or realize upon any guarantee or share pledge. Similarly, upon the occurrence of an event of default under the Indenture or the Senior Note Indentures, the outstanding principal and accrued interest on the Debentures and Senior Notes may become immediately due and payable. If amounts outstanding under the Credit Agreement, the Indenture or the Senior Note Indentures were to be accelerated, or if Parkland was unable to borrow under the Credit Agreement, Parkland could become insolvent or be forced into insolvency proceedings.

Debt Agreements

The Credit Agreement and the Senior Note Indentures limit, among other things, Parkland's ability and the ability to:

- incur or guarantee additional debt or other obligations, issue certain equity securities or enter into sale and leaseback transactions;
- pay dividends on shares or repurchase shares, redeem subordinated debt or make other restricted payments;
- incur dividend or other payment restrictions affecting certain subsidiaries;
- issue equity securities of subsidiaries;
- change the nature of Parkland's business or operations in any material respect;
- make certain investments or acquisitions;
- create liens on Parkland's assets;
- enter into transactions with affiliates;
- consolidate, merge or transfer all or substantially all of Parkland's assets; and
- transfer or sell assets, including shares of subsidiaries.

The Credit Agreement also requires Parkland, and future credit agreements may require Parkland, to maintain specified financial ratios and satisfy specified financial tests. Parkland's ability to meet these financial ratios and tests can be affected by events beyond Parkland's control, and Parkland may be unable to meet those tests.

As a result of these covenants, Parkland's ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and the Corporation may be prevented from engaging in transactions that might otherwise be considered beneficial to Parkland. The breach of any of these covenants could result in an event of default under the Credit Agreement, the Indenture or the Senior Note Indentures or any future credit agreements. Under the Credit Agreement, Parkland's failure to pay certain amounts when due to other creditors, or the acceleration of such other indebtedness, would also result in an event of default. Upon the occurrence of an event of default under the Credit Agreement or future credit agreements, the lenders could elect to stop lending to Parkland or declare all amounts outstanding under such credit facilities to be immediately due and payable. Similarly, upon the occurrence of an event of default under the Senior Note Indentures, the outstanding principal and accrued interest on the Senior Notes may become immediately due and payable. If amounts outstanding under such credit agreements and the Senior Note Indentures were to be accelerated, or if we were not able to borrow under the Credit Agreement, we could become insolvent or be forced into insolvency proceedings.

Risk of Pending and Future Legal Proceedings

Alleged failure by Parkland to comply with laws and regulations may lead to the imposition of fines, penalties, or the denial, revocation or delay of the renewal of permits and licenses by governmental authorities. In addition, governmental authorities as well as third parties may claim that Parkland is liable for

environmental damages. In addition, Parkland may be the subject of litigation by customers, suppliers and other third parties. A significant judgment against Parkland, the loss of a significant permit or other approval or the imposition of a significant fine or penalty may materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition. Litigation is expensive, time consuming and may divert management's attention away from the operation of the Business.

Government Legislation

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

Bowden Terminal Operating Permit

Parkland's terminal at Bowden, Alberta has operated as a toll-based petrochemical processing site and fuel storage site. The Corporation obtained a new permit in 2007 to allow for continued use or for alternative uses of the facility. The new permit expires in 2017. If the Corporation loses its permit to operate the facility, or if the terms and conditions of the permit are significantly amended by an applicable regulatory authority during the term of the permit, such event may materially and adversely affect Parkland's business, prospects, and results of operations and/or financial condition.

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

Future Capital Needs

Parkland may find it necessary in the future to obtain additional debt or equity financing to support Parkland's ongoing operations, undertake capital expenditures, finance expansion, develop new services, respond to competitive pressures, acquire complementary businesses, repay existing or future indebtedness or take advantage of unanticipated opportunities. There can be no assurance that such additional funding, if needed, will be available on terms acceptable to Parkland, or at all, and any volatility or uncertainty in the credit markets in the future may increase costs associated with issuing debt. If adequate funds are not available on acceptable terms, Parkland may be unable to develop or enhance its business, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on its business, financial conditions and operating results. In addition, in the event that Parkland's activities are financed partially or wholly with debt, such debt levels may exceed industry standards and the level of Parkland's indebtedness from time to time could impair Parkland's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Credit Ratings

Credit ratings affect Parkland's financing costs, liquidity and operations over the long term and are intended as an independent measure of the credit quality of long-term debt. Credit ratings affect Parkland's ability to obtain short and long-term financing and the cost of this financing, and Parkland's ability to engage in certain business activities cost-effectively.

Credit ratings may not reflect all risks associated with an investment in any of Parkland's securities. The credit ratings applied to the Senior Notes are an assessment by the relevant ratings agency of Parkland's ability to pay its obligations as of the respective dates the ratings are assigned. The credit ratings may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the notes. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to the Senior Notes are not a recommendation to purchase, hold or sell any of the Senior Notes, because ratings do not comment as to market price or suitability for a particular investor. There cannot be any assurance that any credit rating assigned to any of the Senior Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Senior Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which Parkland can access public or private debt markets.

Credit Markets and Ability to Pay

The ability of Parkland to make scheduled payments on or refinance its debt obligations or access financing depends on Parkland's financial condition and operating performance, which are subject to a number of factors beyond Parkland's control. Volatility in the credit markets in the future may increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks or affect Parkland's ability, or the ability of third parties it seeks to do business with, to access those markets. In addition, should there be volatility or uncertainty in the capital markets in the future, access to financing may be uncertain, which may have an adverse effect on the industry in which Parkland operates and its business, including future operating results. Parkland may be unable to maintain a level of cash flows from operating activities sufficient to permit Parkland to pay the principal, premium, if any, and interest on its indebtedness.

If Parkland's cash flows and capital resources are insufficient to fund its debt service obligations, Parkland could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness, including the Senior Notes. Parkland may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow Parkland to meet its scheduled debt service obligations. The Credit Agreement and the Senior Note Indentures will restrict Parkland's ability to dispose of assets and use the proceeds from those dispositions and may also restrict Parkland's ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Parkland may not be able to consummate any such dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Parkland's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, would materially and adversely affect Parkland's business, results of operations, financial condition and its ability to satisfy its obligations under its indebtedness.

Growth

Parkland's growth strategy may place significant demands on its financial, operational and management resources. Parkland has been active in growth oriented activities in the past and in order to continue growth in the future, Parkland will need to add administrative, management and other personnel, and make additional investments in operations and systems. Parkland may not be able to find and train qualified personnel, or do so on a timely basis or expand operations and systems to the extent, and in the time, required. The success of expansion and growth generally is dependent upon timing, the size and quality of opportunities, the ability to integrate complementary businesses, available debt capacity and market conditions. There can be no guarantee that Parkland will be successful in its plans or the method chosen to expand its operations, or that such expansion will be a financial success.

Reputation

There is the potential for negative impacts that could result in the deterioration of the Corporation's reputation with key customers and suppliers. Reputational risk is inherent in every business decision and any decision that reduces the Corporation's reputation could have a material adverse effect on the Corporation's business, financial condition and future prospects.

Acquisition Strategy

Parkland's growth strategy will depend, in part, on acquiring other fuel distributors or complementary businesses which it may be unable to do profitably or at all. The success of this acquisition strategy will depend, in part, on Parkland's ability to:

- identify suitable businesses;
- negotiate the purchase of those businesses (or investment in the businesses) on acceptable terms;
- complete the transactions within the expected time frame;
- fund the transaction;
- obtain necessary regulatory, other approvals or required consents of third parties within the expected time frame;
- improve the results of operations of the businesses that it buys and successfully integrate the operations with Parkland; and
- avoid or overcome any concerns expressed by regulators, including competition law concerns.

Parkland may fail to properly complete any or all of these steps and may also experience other impediments to its strategy. Parkland may not be able to find appropriate acquisition candidates, acquire those candidates, obtain necessary permits, obtain required third party consents or integrate the acquired businesses effectively or profitably.

Other companies may also be seeking to acquire similar businesses, including companies that may have greater financial resources than Parkland. Increased competition may reduce the number of acquisition targets available and may lead to unfavourable terms as part of any acquisition, including high purchase prices. If acquisition candidates are unavailable or too costly, Parkland may need to change its business strategy as it relates to acquisitions.

Parkland's increased size means that government regulators, such as competition law regulators in Canada, may examine its acquisitions more closely. These regulators may object to certain purchases or place conditions on them that would limit their benefit to Parkland.

If Parkland is unsuccessful in implementing its acquisition strategy for the reasons discussed above or otherwise, its financial condition and results of operations could be materially adversely affected. Even if Parkland is able to make acquisitions on advantageous terms and is able to integrate them successfully into its operations and organization, some acquisitions may not fulfill Parkland's strategy in a given market due to factors that Parkland cannot control, such as market position or customer base. As a result, potential benefits or synergies associated with any acquisition could be negatively impacted.

Integration of Businesses into Parkland's Operations

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

Potential Liabilities from Acquisitions

In pursuing acquisitions, Parkland conducts due diligence on the business or assets being acquired and seeks detailed representations and warranties respecting the business or assets being acquired. Despite such efforts, there can be no assurance that Parkland will not become subject to undisclosed liabilities as a result of acquisitions. In addition, liabilities may exist which were not discovered during the due diligence process prior to completing the acquisition. This failure to discover potential liabilities may be due to various factors, such as failure to accurately assess all of the pre-existing liabilities of the operations acquired or vendors failing to comply with laws. If this occurs, Parkland may be responsible for such liabilities which could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Possible Volatility of Market Price for the Corporation's Securities

The market price of Parkland's securities may be subject to significant fluctuations in response to variations in results of operations and other factors. Developments affecting Parkland's customers, including national and international economic conditions, could also have a significant impact on the market price of Parkland's securities. In addition, the stock market can experience price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies including Parkland. Therefore, as a result of these fluctuations, which are beyond Parkland's control, the price of the Common Shares or the Debentures could be affected which may have indirect consequences, such as a possible take-over or other business combination.

Sales of Additional Common Shares

Parkland may issue additional Common Shares in the future to finance certain capital expenditures, including acquisitions. Parkland is permitted to issue an unlimited number of additional Common Shares without the approval of the Shareholders. Any issuance of Common Shares may have a dilutive effect on the Shareholders. Parkland may also issue preferred shares in one or more series for which the Board of Directors has the sole discretion to determine the number issued and the rights, privileges, restrictions and conditions attached to such shares.

Nature of the Series 2 Debentures

Parkland has listed for trading on the TSX the Series 2 Debentures. There can be no assurance that an active trading market will develop or be sustained. The Series 2 Debentures are subordinate to Senior Indebtedness and to any indebtedness of creditors of Parkland. The Debentures are also effectively subordinate to claims of creditors of Parkland's subsidiaries except to the extent Parkland is a creditor of such subsidiaries ranking at least pari passu with such other creditors. The indenture governing the terms of the Series 2 Debentures

(the "**Indenture**") does not limit the ability of Parkland to incur additional debt or liabilities (including Senior Indebtedness) or to make payments of dividends, except in certain circumstances and does not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving Parkland.

Parkland may redeem outstanding Debentures for Common Shares or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Common Shares and the Debentures are convertible into Common Shares at any time at the option of the holder of the Debentures. Accordingly, holders of Common Shares may suffer dilution.

Nature of Senior Notes

The Senior Notes are direct senior unsecured obligations of Parkland and rank pari passu with all other existing and future Senior Indebtedness of Parkland and senior in right of payment to any future subordinated Indebtedness of Parkland. The Senior Notes are effectively subordinated to all secured indebtedness of Parkland, to the extent of the value of the assets securing such secured indebtedness and structurally subordinated in right to payment of all indebtedness and other liabilities, including trade payables, of Parkland's non-Guarantor Subsidiaries. Accordingly, if Parkland is involved in any bankruptcy, dissolution, liquidation, reorganization or other insolvency proceeding, the secured indebtedness holders would be paid before the holders of Senior Notes receive any amounts due under the notes to the extent of the value of the assets securing the secured indebtedness. In such an event, a holder of Senior Notes may not be able to recover any principal or interest due to it under the Senior Notes.

Lack of Market for Senior Notes

The Senior Notes are not listed on any exchange and Parkland does not intend to apply for a listing of either the 5.50% Senior Notes or the 6.00% Senior Notes. Accordingly, holders of Senior Notes may not be able to resell the Senior Notes. This may affect the pricing of the Senior Notes in any secondary market, the transparency and availability of trading prices and the liquidity of the Senior Notes. There can be no assurance that a secondary market for the Senior Notes will develop or, if a secondary market does develop, that it will provide holders of the Senior Notes with liquidity for their investment or that it will continue until the maturity date of the Senior Notes. The market price and value of the Senior Notes may be affected by changes in general market conditions, fluctuations in the market for equity and debt securities, and numerous other factors beyond Parkland's control. Prevailing interest rates will affect the market price or value of the Senior Notes. Generally, the market price or value of the Senior Notes will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline. Fluctuations in interest rates may also impact Parkland's borrowing costs, which may adversely affect Parkland's creditworthiness.

Calamitous Events

Calamitous events, such as terrorist attacks, technological attacks, escalation of military activity, or domestic and global trade disruption may have significant effects on general economic conditions, consumer confidence, consumer spending, travel, and tourism, all of which could have a material adverse effect on the Corporation. Strategic targets, such as energy-related assets, may be at greater risk of possible future attacks than other targets within the geographic area that the Corporation operates. It is possible that any of these events could occur and have a material adverse effect on the Corporation's business, financial condition and future prospects.

Transportation

Parkland's products are transported and supplied using a variety of methods and Parkland may be subject to any interruptions or restrictions to such transportation which may limit Parkland's ability to deliver Parkland's products and could have a material adverse effect on the Corporation's business, results of operations or prospects. In addition, the delivery of Parkland's products by railcar through Elbow River may be impacted by service delays, inclement weather or derailment. Parkland's products or railcars may be involved in a derailment or incident that results in legal liability or reputational harm. In addition, recent amendments to the *Transportation of Dangerous Goods Regulations*, SOR/2001-286, by the Canadian government impose new safety standards, and update certain existing safety standards, relating to the transportation of dangerous goods by rail car including, but not limited to, upgraded safety standards for rail tank cars, new emergency response assistance plans and more rigorous classification testing requirements for certain products including petroleum crude oil. These amendments may increase Parkland's overall cost of business and the economics associated with rail transportation. Further, the introduction of new laws or regulations related to the transportation of products by rail may also adversely affect Parkland's ability to deliver Parkland's products by rail or the economics associated with rail transportation.

Any such interruptions, restrictions, delays, adverse weather, derailment, incident or the impact, or coming into force, of new regulations affecting any of the methods of transportation utilized by Parkland could adversely affect Parkland's ability to deliver its products, the economics associated with certain methods of transportation (including by rail) and/or materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Pioneer Acquisition

Competition Act Approval

The Pioneer Acquisition is subject to certain conditions that may be outside the control of Parkland, including, without limitation, the receipt of an advance ruling certificate or a "no action letter" from the Commissioner of Competition under the *Competition Act* (the "**Competition Act Approval**"). As a condition of obtaining the Competition Act Approval, Parkland may be required to agree to dispose of certain of its assets or assets that comprise a portion of the Pioneer Energy Business or agree to another remedy (including a behavioral remedy), which remedies may adversely affect Parkland's ability to achieve the anticipated benefits of the Pioneer Acquisition and financial projections related thereto and timing of closing of the Pioneer Acquisition. There can also be no assurance that the Competition Bureau will not seek to challenge the Pioneer Acquisition under the *Competition Act*.

Parkland may, as a condition of obtaining the Competition Act Approval, be required to agree to divest certain of its assets or the assets that comprise a portion of the Pioneer Energy Business or agree to another remedy (including a behavioral remedy) which may exceed remedies contemplated in the Pioneer Acquisition Agreement.

Parkland and the Vendors have agreed to certain steps in furtherance of obtaining the Competition Act Approval however, there can be no assurance that these conditions will be satisfied, or that the Pioneer Acquisition will be completed on the proposed terms, within the expected timeframe, or at all.

Closing of the Pioneer Acquisition

The Pioneer Acquisition is subject 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 all required approvals (including the Competition Act Approval. See "Competition Act Approval") and those of third parties required in order for certain of the assets that comprise the Pioneer Energy Business (including, without limitation, the commercial business of Pioneer) to be transferred to Parkland and the absence of a material adverse effect with respect to the Pioneer Energy Business. The Pioneer Acquisition Agreement does not contain a financing condition in favour of the Corporation. If the Pioneer Acquisition is not completed, the Corporation will have incurred significant costs associated therewith.

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 the operating expense reductions. The integration of the Pioneer Energy 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 Competition Act Approval. See "Competition Act Approval". These factors may adversely affect Parkland's ability to achieve the anticipated benefits of the Pioneer Acquisition and financial projections related thereto.

Elbow River

General

With respect to Elbow River, energy marketing operations expose the Corporation to the risk of trading losses and liquidity constraints, such losses or liquidity constraints may materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Products

With respect to Elbow River, historically, overall demand from non-automotive end use applications has been stable. However, weather conditions and general economic conditions affect market volumes. Weather influences the demand for product primarily for heating uses. Inventory is accumulated during the summer months for delivery to customers during the winter heating season. The cost of inventory may be higher or lower than market prices at the time of sale and can impact profitability. Over the long term, Elbow River's business will depend, in part, on the level of demand for NGLs and natural gas in the geographic areas in which deliveries are made by pipelines and the ability and willingness of shippers having access or rights to utilize the pipelines to supply such demand. The Corporation cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for natural gas and NGLs.

Reliance on Principal Customers and Operators

In connection with Elbow River, the Corporation relies on several significant customers to carry on business within its Elbow River marketing business. If for any reason these parties are unable to perform their obligations under the various agreements with Elbow River, Parkland's business, prospects, results of operations and/or financial condition could be materially and adversely affected.

Third Party Credit Risk

In connection with Elbow River, poor credit conditions in the industry and of joint venture partners may impact a partner's willingness to participate and potentially delay results until the Corporation finds a suitable alternative partner.

Hedging

Elbow River uses hedging transactions in order to mitigate the risk associated with its marketing transactions. In many circumstances, purchase and sale contracts are not perfectly matched as they are entered into at different times and at different values. In all Elbow River's businesses, margins can vary significantly from period to period and volatility in the markets for these products may cause distortions in financial results from period to period that are not replicable. There is no guarantee that hedging and other efforts to manage the marketing and inventory risks will generate profits or mitigate all the market and inventory risk associated with these activities. As well, by Elbow River hedging its commodity price exposure, it may forego the benefits that may otherwise be experienced if commodity prices were to increase.

Variations in Foreign Exchange Rates

Elbow River takes on foreign exchange risk with respect to its purchase and sale of commodities and with respect to its U.S. investments. Commodity prices are often quoted in U.S. dollars and the price paid and received by it for these commodities is therefore affected by the Canadian – U.S. exchange rate which may fluctuate over time and such fluctuations could have an adverse effect on Elbow River's financial condition.

To the extent that the Corporation engages in risk management activities related to foreign exchange rates, there remains a credit risk associated with counterparties with which the Corporation partners or contracts with.

Regulatory

Elbow River 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.

Foreign Operations

Elbow River is actively involved in U.S. markets, in which it makes a significant percentage of its sales and purchases. Elbow River's significant reliance on these markets means that it is subject to downturns in the U.S. economy, weather patterns in the U.S., protectionist actions by U.S. legislators and other political developments, all of which could have an adverse impact on Elbow River's financial results.

Seasonality

The level of activity in Elbow River's NGLs trading business is influenced by seasonal weather patterns of the industry. Inventory is accumulated during the summer months for delivery to customers during the winter heating season. The fourth quarters and first quarters are typically higher volume months with the second and third quarters typically being lower volume/revenue quarters.

SPF Energy

Cost of Compliance with U.S. Laws and Regulations

SPF Energy is subject to numerous United States federal, state and local provisions regulating Parkland's business and operations and it incurs and expects to incur significant capital and operating expenses to comply with these laws and regulations. SPF Energy may be unable to pass on those expenses to customers without experiencing volume and margin losses.

SPF Energy has established reserves for the future cost of known compliance obligations, such as remediation of identified environmental impacts. However, these reserves may prove inadequate to meet its actual liability. Moreover, amended, new or more stringent requirements, stricter interpretations of existing requirements or the future discovery of currently unknown compliance issues may require it to make material expenditures or subject it to liabilities that it currently does not anticipate. Furthermore, SPF Energy's failure to comply with applicable laws and regulations could subject it to administrative penalties and injunctive relief, civil remedies, including fines and injunctions, and recalls of its products.

SPF Energy currently maintains, and may in the future maintain, hedges to manage the price risks associated with its commercial operations. These transactions typically take place on the New York Mercantile Exchange, Inc. ("CME"). Parkland's hedging transactions and activities are subject to the rules and regulations of the CME and the Commodity Futures Trading Commission ("CFTC"). Both the CME and the CFTC have broad powers to review required records, investigate and enforce compliance and to punish noncompliance by entities subject to its jurisdiction. The failure to comply with such rules and regulations could lead to restrictions on SPF Energy's trading activities or subject it to enforcement action by the CFTC or a disciplinary action by the CME, which could lead to substantial sanctions.

Increasing Environmental Laws and Regulations

SPF Energy's operations are subject to U.S. federal, state and local laws and regulations regulating product quality specifications and other environmental matters. The trend in environmental regulation is towards more restrictions and limitations on activities that may affect the environment over time. SPF Energy's business may be adversely affected by increased costs and liabilities resulting from such stricter laws and regulations.

Regulations Impacting Retail Operations Business

SPF Energy's retail operations are subject to extensive federal and state laws and regulations, including those relating to the protection of the environment, waste management, discharge of hazardous materials, pollution prevention, as well as laws and regulations relating to public safety and health. Certain of these laws and regulations may require assessment or remediation efforts. Retail operations with underground storage tanks are subject to federal and state regulations and legislation. Compliance with existing and future environmental laws regulating underground storage tanks may require significant capital expenditures and increased operating and maintenance costs. The operation of underground storage tanks also poses certain other risks, including damages associated with soil and groundwater contamination. Leaks from underground storage tanks which may occur at one or more of Parkland's gas stations may impact soil or groundwater and could result in fines or civil liability for SPF Energy. SPF Energy may be required to make material expenditures to modify operations, perform site cleanups or curtail operations.

Brand Erosion

SPF Energy services more than 200 independent gasoline stations, 60 of which carry a major's brand. Erosion of the value of these brands could have a negative impact on Parkland's gasoline sales, which may cause SPF Energy to be less profitable.

Regulations Impacting Terminal Operations

The risk of substantial environmental costs and liabilities is inherent in terminal operations, and SPF Energy may incur substantial environmental costs and liabilities. SPF Energy's terminal operations involving the receipt, storage and redelivery of petroleum products are subject to stringent federal, state and local laws and regulations governing the discharge of materials into the environment, or otherwise relating to the protection of the environment, operational safety and related matters. Compliance with these laws and regulations increases SPF Energy's overall cost of business, including its capital costs to maintain and upgrade equipment and facilities.

Various governmental authorities, including the U.S. Environmental Protection Agency, have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including fines, injunctions or both. Joint and several liability may be incurred, without regard to fault or the legality of the original conduct, under federal and state environmental laws for the remediation of contaminated areas at SPF Energy's facilities and those where SPF Energy does business. Private parties, including the owners of properties located near SPF Energy's terminal facilities and those with whom SPF Energy does business, also may have the right to pursue legal actions against it to enforce compliance with environmental laws, as well as seek damages for personal injury or property damage.

Regulations Governing Product Specifications

Various federal, state and local government agencies have the authority to prescribe specific product quality specifications to the sale of commodities. SPF Energy's business includes such commodities. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce its ability to procure product and its sales volume, require it to incur additional handling costs and/or require the expenditure of capital. For instance, different product specifications for different markets could require additional storage. If SPF Energy is unable to procure product or recover these costs through increased sales, it may not be able to meet its contractual obligations. Failure to comply with these regulations could result in substantial penalties.

Convenience Store Merchandise Inventory Suppliers

SPF Energy purchases convenience store merchandise inventory from a small number of suppliers for its owned and operated convenience stores. A change of merchandise suppliers, a disruption in supply or a significant change in SPF Energy's relationships with its principal merchandise suppliers could have an adverse effect on SPF Energy's financial condition and results of operations.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The mandate of the Audit Committee (the "**Audit Committee Mandate**") of the Corporation is set forth in Appendix 1 of this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is a standing committee appointed by the Board of Directors to assist the Board of Directors in fulfilling its oversight responsibilities with respect to financial reporting by the Corporation. The Audit Committee of the Corporation currently consists of three members, all of whom are independent and financially literate in accordance with the definitions in National Instrument 52-110 *Audit Committees*. The relevant education and experience of each Audit Committee member is outlined below.

Ron Rogers

Mr. Rogers has over 35 years of experience in various financial and operating positions with Ernst & Young LLP, Warrington Inc., the Crown Management Board of Saskatchewan, Moore Corporation and Shaw Communications Inc. He received his Bachelor of Commerce degree from St. Mary's University with concentrations on philosophy, economics and accounting and subsequently earned his Chartered Accountancy with Ernst & Young LLP. He has also attended post graduate seminars at North Western and Harvard Universities. Mr. Rogers is currently a member of the board of each of Corus Entertainment (Chairman of Audit Committee and member of the Executive Committee) and Transforce Inc. (Chairman of Audit Committee). Mr. Rogers previously served on the boards of the Brick Furniture Company and Pizza Pizza Royalty Fund. His community involvement has included such organizations as the Mississauga General Hospital Board, the Calgary division of the United Way Executive Board, the Festival of Trees Executive Committee for the Alberta Children's Hospital, the Juvenile Diabetes Research Foundation and the Calgary Stampede Compensation and Pension Committee. Mr. Rogers has served on the Board of Directors since September 15, 2006 and is Chairman of the Audit Committee.

Jim Pantelidis

Mr. Pantelidis has over 30 years of experience in the petroleum industry. Mr. Pantelidis has been chairman and director of EnerCare Inc. since 2002. He also serves on the board of each of Rona Inc. (Chairman of the Human Resources and Compensation Committee and member of the Development Committee); Industrial Alliance Insurance and Financial Services Inc. (Chairman of the Investment Committee and member of the Human Resources and Compensation Committee); and Intertape Polymer Group Inc. (member of the Audit Committee). From 2002 to 2006 Mr. Pantelidis was on the Board of FisherCast Global Corporation and served as Chairman and Chief Executive Officer from 2004 to 2006. Mr. Pantelidis also previously served on the board of Equinox Minerals Limited (Chairman of the Human Resources and Compensation Committee and member of the Audit Committee). Mr. Pantelidis has a Bachelor of Science degree and a Master of Business Administration degree, both from McGill University. Mr. Pantelidis has served on the Board of Directors since September 7, 1999 and he is Chairman of the Board of Directors and a member of the Audit Committee. He also serves as Chair of the Supply and Business Development Advisory Committee

Domenic Pilla

Mr. Pilla served as the President of Shoppers Drug Mart Corporation, a subsidiary of Loblaw Companies Limited, and served as a Director of Loblaw Companies Limited from April 1, 2014 until January 9, 2015. Mr. Pilla served as Chief Executive Officer and sat on the Board of Directors of Shoppers Drug Mart Corporation from November 1, 2011 until March 31, 2014. He also serves on the board of Domtar Corporation (member of the Human Resources and Compensation Committee). Mr. Pilla brings nearly 30 years of leadership experience in the health care and retailing sectors to the Corporation. Prior to his current roles, from January 2001 to October 2011, Mr. Pilla led McKesson Canada (a wholly-owned subsidiary of McKesson Corporation), serving as Executive Vice-President and Chief Operating Officer, before being appointed President in January 2007. Mr. Pilla has also served as President of Canadian Operations of RNG Group Inc., a privately owned Toronto-based company. As well, during an 18-year tenure with Petro-Canada, Mr. Pilla held a number of senior positions in distribution, sales, and retail, including Vice-President of the Central Region. Mr. Pilla graduated from McGill University with a Bachelor of Engineering in Chemical Engineering.

Mr. Pilla was appointed to the Audit Committee on January 5, 2015 and replaced Mr. Dinning who served as a member of the Audit Committee prior to the annual general meeting of the Corporation held on May 6, 2014. Prior to the date of Mr. Dinning's departure from the Board to the date of Mr. Pilla's appointment to the Audit Committee, the Corporation undertook an extensive external search to identify an additional Board member having the requisite education, experience and financial literacy to act not only as a member of the Board but also as a member of the Audit Committee. During the period commencing on May 6, 2014 and ending on the date that Mr. Pilla was appointed to the Audit Committee, the Audit Committee was comprised of Msrs. Rogers and Pantelidis.

Pre-approval Policies and Procedures

Under the Audit Committee Mandate, the Audit Committee is required to approve the terms of the engagement and the compensation to be paid to the external auditor of the Corporation. In addition, the Audit Committee is required to review and pre-approve non-audit services provided by the external auditor as required by National Instrument 52-110 *Audit Committees*.

Audit Fees

PricewaterhouseCoopers LLP were first appointed auditors of a predecessor to the Corporation in 2004. PricewaterhouseCoopers LLP billed the Corporation for audit services rendered for the year ended December 31, 2014 an aggregate amount of \$586,980 and an aggregate amount of \$691,000 for the year ended December 31, 2013.

Audit Related Fees

PricewaterhouseCoopers LLP billed the Corporation for reviews of the Corporation's quarterly reports an aggregate amount of \$232,230 for 2014 and an aggregate amount of \$186,000 for 2013.

Tax Fees

PricewaterhouseCoopers LLP billed the Corporation for reviews and advice on the income tax provisions in the Corporation's quarterly and year end reports and advice relating to the acquisitions an aggregate amount of \$423,356 for 2014 and \$498,000 for 2013.

All Other Fees

In 2014, PricewaterhouseCoopers LLP billed the Corporation \$88,069 for assistance with National Instrument 52-109F1 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109F1**") testing, \$131,988 for involvement with issuance of senior unsecured notes, \$160,968 for advice related to the acquisition of Pioneer Energy, \$192,154 for IT project management support, \$17,560 for Canadian Public Accountability Board fees and \$15,902 for a variety of other services.

In 2013, PricewaterhouseCoopers LLP billed the Corporation \$82,000 for assistance with NI 52-109F1 testing and Canadian Securities Administrator' advice, \$86,000 for advice relating to the acquisition of Elbow River, \$129,000 for advice relating to the acquisition of Sparling's, \$10,000 for Canadian Public Accountability Board fees, and \$143,000 for a variety of other services.

DIVIDENDS

Dividends Paid by the Corporation and Dividend Policy

In December 2010, the Corporation announced its intention to pay a monthly dividend of \$0.085 per Common Share, equivalent to \$1.02 per Common Share annually. Since such time, commencing in January 2011 through February 2013; the Corporation declared and paid a monthly dividend of \$0.085 per Common Share. The Corporation increased its monthly dividend to \$0.0867 per Common Share equivalent to \$1.04 per Common Share annually and declared and paid dividends of such amount from March 2013 through February 2014. The Corporation increased its monthly dividend to \$0.0883 per Common Share equivalent to \$1.06 per Common Share annually and declared and paid dividends of such amount from March 2014 through December 2014.

The declaration of dividends is at the sole discretion of the Board of Directors and the amount of dividends declared by the Corporation 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 Agreement, the Senior Note Indentures and the Indenture) and the satisfaction of the liquidity and solvency tests imposed by the Business Corporations Act for the declaration and payment of dividends.

Dividend Reinvestment Plan

In 2011, the Corporation established a Premium Dividend™ and Dividend Reinvestment Plan (the "**Plan**"). Shareholders who wish to participate in the Plan have access to the following options:

- The Premium Dividend™ – Paid in cash, this provides eligible Shareholders with a 2% cash premium on top of their regular cash dividend; or
- Dividend Reinvestment – Shareholders receive a 5% discount on Common Shares purchased through the Plan.

Shareholders interested in participating in either of these options can find out more at Parkland's website: www.parkland.ca. A copy of the enrolment form is available from Computershare Trust Company of Canada ("**Computershare**") through their website at www.computershare.com or by calling 1-800-564-6253, or from Parkland through its website at www.parkland.ca or by calling 403-357-6400.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized capital of the Corporation consists of an unlimited number of Common Shares and preferred shares issuable in series. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation which comprise the share capital of the Corporation.

Common Shares

As at March 20, 2015, there were 82,910,687 Common Shares issued and outstanding.

Each Common Share entitles the holder to receive notice of and to attend all meetings of the Shareholders and to one vote at such meetings. The holders of Common Shares will be, at the discretion of the Board of Directors and subject to applicable legal restrictions, entitled to receive any dividends declared by the Board of Directors on the Common Shares. The holders of Common Shares will be entitled to share equally in any distribution of the assets of the Corporation upon the liquidation, dissolution, bankruptcy or winding-up of the Corporation or other distribution of its assets among its shareholders for the purpose of winding-up its affairs.

Shareholder Rights Plan

At the annual general meeting held in 2014, Shareholders approved an ordinary resolution confirming the adoption of a shareholder rights plan (the "**Rights Plan**") dated as of March 18, 2014 between Parkland and Computershare, as rights agent. The objectives of the Rights Plan are to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire Common Shares. The Rights Plan provides the Board of Directors and the Shareholders with more time to fully consider any unsolicited take-over bid for Parkland without undue pressure, to allow the Board of Directors to pursue, if appropriate, other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge.

The Rights Plan is not intended to prevent a take-over of Parkland, to secure continuance of current management or the directors in office, or to deter fair offers for the Common Shares. The Rights Plan may, however, increase the price paid by a potential offeror to obtain control of Parkland and may discourage certain transactions.

The Rights Plan does not affect in any way Parkland's financial condition. The initial issuance of the rights will not dilute the Common Shares and will not affect reported earnings or cash flow per share until the rights separate from the underlying Common Shares and become exercisable. The Rights Plan will not lessen or affect the duty of the Board of Directors to give due and proper consideration to any offer that is made and to act honestly, in good faith, and in the best interests of Parkland and its Shareholders. The Rights Plan is designed to provide the directors with the means to negotiate with an offeror and with sufficient time to seek out and identify alternative transactions on behalf of the Shareholders.

A copy of the agreement between the Corporation and Computershare, as rights agent, establishing the Shareholder Rights Plan is available on SEDAR at www.sedar.com.

Preferred Shares

As at March 20, 2015, there were no preferred shares of the Corporation issued and outstanding.

The preferred shares of the Corporation are issuable in one or more series. The Board of Directors is empowered to fix the number of preferred shares and the rights, privileges, restrictions and conditions to be attached to the preferred shares of each series. In connection with the Arrangement, as a result of Parkland's discussions with certain proxy advisory firms, Parkland agreed to limit the number of preferred shares that may be authorized for issuance at any given time to a maximum of 5,000,000.

Indebtedness

Series 1 Debentures

The Series 1 Debentures were originally issued on December 1, 2009 with an aggregate principal amount of \$97.8 million. During the year ended December 31, 2014, \$85.0 million aggregate principal amount of Series 1 Debentures were tendered by the holders thereof for conversion, at the option of the holder thereof, into Common Shares at a price of \$14.60 per Common Share or cash in accordance with their terms. During 2014, Parkland issued 5.8 million Common Shares and paid \$0.6 million in cash pursuant to such conversions. On November 30, 2014, the Series 1 Debentures matured in accordance with their terms and, in aggregate, Parkland issued 6,655,594 Common Shares as a result of conversions of the Series 1 Debentures; fractional shares were paid out in cash equivalents.

Series 2 Debentures

General

The Series 2 Debentures were originally issued in the aggregate principal amount of \$45,000,000 and bear interest at 5.75% per annum, which is payable, subject to any applicable withholding tax, semi-annually in arrears on November 30 and May 31 in each year. The maturity date is December 31, 2015.

Conversion Privilege

The Series 2 Debentures are convertible at the holder's option into fully paid, non-assessable and freely tradable Common Shares at any time prior to the close of business on the earlier of December 31, 2015 and the business day immediately preceding the date specified by the Corporation for redemption of the Series 2 Debentures, at the conversion price of \$18.00 per Common Share, being a conversion rate of approximately 54.7945 Common Shares for each \$1,000 principal amount of Series 2 Debentures.

During 2014, \$872,000 in Series 2 Debentures were converted and fractional Common Shares were paid in cash. In aggregate, 50,266 Common Shares have been issued as a result of the conversion of Series 2 Debentures. As at December 31, 2014, \$44.1 million principal amount of Series 2 Debentures remains outstanding.

Redemption and Purchase

The Series 2 Debentures were not redeemable before December 31, 2013, except in certain limited circumstances as set forth in the Indenture. The Series 2 Debentures were redeemable on or after December 31, 2013 and prior to December 31, 2014, but only if the current market price of the Common Shares on the date on which the notice of redemption was given is not less than 125% of the conversion price, and may be redeemed on or after December 31, 2014, and before maturity, in each case at a redemption price of \$1,000

per Series 2 Debenture plus accrued and unpaid interest thereon, if any, in whole or in part from time to time at the option of the Corporation on not more than 60 days and not less than 30 days prior notice.

Payment upon Redemption or Maturity

On redemption or at maturity, the Corporation will repay the indebtedness represented by the Series 2 Debentures by paying to the Trustee an amount equal to the aggregate redemption price of the outstanding Series 2 Debentures which are to be redeemed or the principal amount of the outstanding Series 2 Debentures which have matured, as the case may be, together with accrued and unpaid interest thereon. The Corporation may, at its option, provided certain conditions are satisfied, elect to satisfy its obligation to pay the redemption price of the Series 2 Debentures which are to be redeemed or the principal amount of the Series 2 Debentures which have matured, as the case may be, by issuing freely tradable Common Shares to the holders of Series 2 Debentures. Any accrued and unpaid interest thereon will be paid in cash.

Subordination

The payment of the principal of, premium (if any) and interest on, the Series 2 Debentures will be subordinated and postponed in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Corporation including indebtedness to trade and other creditors of the Corporation. The Series 2 Debentures will also be effectively subordinate to claims of creditors of the Corporation's subsidiaries except to the extent the Corporation is a creditor of such subsidiaries ranking at least pari passu with such other creditors. In particular, the Series 2 Debentures will be subordinate in right of payment to the prior payment of the Corporation's indebtedness pursuant to its Credit Facility.

Interest Payment Option

Provided that there is no event of default, the Corporation may elect, subject to regulatory approval, from time to time to satisfy its obligation to pay all or any part of the interest on the Series 2 Debentures by delivering sufficient Common Shares to the Trustee to satisfy all or any part, as the case may be, of such interest accordance with the Indenture. If such an election is made, the sole right of a holder of Series 2 Debentures in respect of interest will be to receive cash from the Computershare, in its capacity as trustee, out of the proceeds of the sale of Common Shares (plus any amount received by the Trustee from the Corporation attributable to any fractional Common Shares) in full satisfaction of the interest, and the holder of Series 2 Debentures will have no further recourse to the Corporation in respect of the interest.

Events of Default

The Indenture provides that an event of default in respect of the Series 2 Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Series 2 Debentures: (a) failure for 10 days to pay interest on such Series 2 Debentures when due; (b) failure to pay principal of such Series 2 Debentures when due, whether at maturity, upon redemption, by declaration or otherwise; (c) default in the observance or performance of any material covenant or condition of the Indenture and continuance of such default for a period of 30 days after notice in writing has been given specifying such default and requiring the Corporation to rectify the same; or (d) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy and insolvency laws. If an event of default has occurred and is continuing, the Trustee may, in its discretion, and shall upon request of holders of not less than 25% of the principal amount of the Series 2 Debentures then outstanding, declare the principal of and interest on all outstanding Series 2 Debentures to be immediately due and payable. In certain cases, the holder of more than 50% of the principal amount of such Series Debentures then outstanding may, on behalf of the holders of all such Series 2 Debentures, waive any event of default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

*5.50% Senior Notes*General

On May 29, 2014, the Corporation issued \$200,000,000 aggregate principal amount of 5.50% senior notes (the "**5.50% Senior Notes**") with a final maturity date of May 28, 2021. The 5.50% Senior Notes are direct senior unsecured obligations of the Corporation and rank pari passu in right of payment with all other existing and future senior indebtedness of the Corporation. The 5.50% Senior Notes bear interest at the rate of 5.50% per annum, payable semi-annually in arrears on May 28 and November 28 of each year.

Redemption

At any time prior to May 28, 2017, the Corporation may on any one or more occasions redeem up to an aggregate of 35% of the aggregate principal amount of 5.50% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at a redemption price of 105.50% of the aggregate principal amount of 5.50% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of one or more equity offerings; provided that: (i) at least 65% of the aggregate principal amount of 5.50% Senior Notes remains outstanding immediately after the occurrence of such redemption; and (ii) each such redemption occurs within 90 days of the date of the closing of the related equity offering.

At any time prior to May 28, 2017, the Corporation may on any one or more occasions redeem all or a part of the 5.50% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at the make-whole price which is equal to the greater of (a) the Canada yield price (as defined in the indenture governing the 5.50% Senior Notes) and (b) 101% of the aggregate principal amount of the 5.50% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Except pursuant to the preceding paragraphs, the 5.50% Senior Notes are not redeemable at the Corporation's option prior to May 28, 2017.

On or after May 28, 2017, the Corporation may, on any one or more occasions, redeem all or a part of the 5.50% Senior Notes upon not less than 30 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the 5.50% Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 28, of the years indicated below:

Redemption Year	Redemption Price
2017	104.125%
2018	102.750%
2019	101.375%
2020 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control (as defined in the indenture governing the 5.50% Senior Notes), the holders may require the Corporation to repurchase such holder's notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

*6.00% Senior Notes*General

On November 21, 2014, the Corporation issued \$200,000,000 aggregate principal amount of 6.00% senior notes (the "**6.00% Senior Notes**") with a final maturity date of November 21, 2022. The 6.00% Senior Notes are direct senior unsecured obligations of the Corporation and rank pari passu in right of payment with all

other existing and future senior indebtedness of the Corporation. The 6.00% Senior Notes bear interest at the rate of 6.00% per annum, payable semi-annually in arrears on May 21 and November 21 of each year.

Redemption

At any time prior to November 21, 2017, the Corporation may on any one or more occasions redeem up to an aggregate of 35% of the aggregate principal amount of 6.00% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at a redemption price of 106.00% of the aggregate principal amount of 6.00% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of one or more equity offerings; provided that: (i) at least 65% of the aggregate principal amount of 6.00% Senior Notes remains outstanding immediately after the occurrence of such redemption; and (ii) each such redemption occurs within 90 days of the date of the closing of the related equity offering.

At any time prior to November 21, 2017, the Corporation may on any one or more occasions redeem all or a part of the 6.00% Senior Notes, upon not less than 30 days' nor more than 60 days' notice, at the make-whole price which is equal to the greater of (a) the Canada yield price (as defined in the indenture governing the 6.00% Senior Notes) and (b) 101% of the aggregate principal amount of the 6.00% Senior Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Except pursuant to the preceding paragraphs, the 6.00% Senior Notes are not redeemable at the Corporation's option prior to November 21, 2017.

On or after November 21, 2017, the Corporation may, on any one or more occasions, redeem all or a part of the 6.00% Senior Notes upon not less than 30 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the 6.00% Senior Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on November 21, of the years indicated below:

Redemption Year	Redemption Price
2017	104.500%
2018	103.000%
2019	101.500%
2020 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control (as defined in the indenture governing the 6.00% Senior Notes), the holders may require the Corporation to repurchase such holder's notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

Credit Agreement

The following is a summary of the material terms of the credit facilities available pursuant to the Credit Agreement:

Amount and Term

The credit facilities are made up of a maximum amount of C\$320,000,000 credit facility with a provision for an increase in the facility of up to C\$200,000,000 and a maximum amount of USD\$30,000,000 credit facility. The maturity date of the credit facilities is June 30, 2018, with an option on the part of Parkland Industries Ltd. ("**Parkland Industries**") to request that the lenders extend, at their discretion, the facilities to a new maturity date not to exceed four years from the date of the extension request.

Letters of Credit

Letters of credit are available in Canadian or U.S. dollars under the credit facilities in an aggregate amount not to exceed C\$100,000,000 and USD\$10,000,000.

Interest Rates and Fees

The interest rate on loans that are denominated in U.S. dollars will, at Parkland Industries', Elbow River's or Parkland (U.S.) Financing Corp.'s option, be either a margin over a U.S. base rate or a margin over LIBOR. The interest rate on loans denominated in Canadian dollars will, at Parkland Industries', Elbow River's or Parkland (U.S.) Financing Corp.'s option, be either a margin over the Canadian prime rate or a margin over the bankers' acceptance rate; such margins will be based on the then applicable ratio of total funded debt to EBITDA (the "**Margin Ratio**").

The credit facilities also provide for (a) a standby fee for each lender calculated on the unused amount of its commitment at a percentage based on the applicable Margin Ratio; (b) an issuance fee on the outstanding amount of the letters of credit equal to the margin applicable to LIBOR loans (subject to reduction in fees for non-financial letters of credit); and (c) an acceptance fee to be paid upon the acceptance of a lender of a bankers' acceptance at a percentage based on the applicable Margin Ratio.

Repayment

The credit facilities contain a requirement that they be repaid in full on June 30, 2018, subject to the optional extension referenced above.

Guarantees and Security

Parkland Industries, Elbow River, Parkland (U.S.) Financing Corp., the Corporation and the material subsidiaries of the Corporation have each pledged substantially all of their respective assets, secured by a perfected first priority lien, subject to certain encumbrances, as security for their obligations to the agent and the lenders under the Credit Facility. In addition, the Corporation and its material subsidiaries have each guaranteed the obligations of Parkland Industries, Elbow River and Parkland (U.S.) Financing Corp. to the agent and lenders under the Credit Facility.

Certain Covenants and Events of Default

Subject to certain exceptions, the Credit Agreement contains a number of covenants that, among other things, restrict Parkland Industries', Elbow River's and Parkland (U.S.) Financing Corp.'s (and, in certain cases, the Corporation's, Parkland Industries', Elbow River's and Parkland (U.S.) Financing Corp.'s subsidiaries' and the Corporation's material subsidiaries') ability to: change the nature of their business or operations in any material respect; create liens on their assets; liquidate, dissolve or wind up; transfer or sell assets, including shares of subsidiaries; incur debt other than in limited circumstances; make certain investments over a certain limit; grant certain guarantees or other forms of financial assistance; pay dividends on shares, repurchase shares, repay debt or make other restricted payments; enter into hedges other than in limited circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; make certain acquisitions over a certain limit; change their fiscal year; amend the Series 2 Debentures or the Senior Notes; and use drawdowns to repay principal under the Series 2 Debentures or the Senior Notes.

The Credit Agreement contains customary affirmative covenants and events of default.

The Credit Agreement also requires Parkland Industries, Elbow River and Parkland (U.S.) Financing Corp. to maintain specified financial ratios and satisfy specified financial tests.

Credit Ratings

The Senior Notes are rated BB- from Standard & Poor's Rating Services, a division of McGraw-Hill Companies ("**S&P**") and BB from DBRS Limited ("**DBRS**").

S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BB- is the fifth highest of ten major categories. According to the S&P rating system, an obligor with debt securities rated BB- is less vulnerable to nonpayment than other speculative issues, however, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

DBRS rates long-term debt instruments by rating categories ranging from "AAA" to "D", which represents the range from highest to lowest quality of such securities rated. All rating categories other than "AAA" and "D" also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. A rating of BB is characterized by DBRS to be speculative and non-investment grade credit quality, where the capacity for the payment of financial obligations is uncertain and vulnerable to future events. The BB category is the fifth highest of ten available rating categories.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. The credit ratings accorded to the notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. A revision or withdrawal of a credit rating could have a material adverse effect on the pricing or liquidity of the notes in the secondary markets, should such markets develop. Parkland undertakes no obligation to maintain the ratings or to advise holders of the Senior Notes of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating. See "Risk Factors".

MARKET FOR SECURITIES

Trading Price and Volume of Common Shares

The Common Shares are listed for trading on the TSX and trade under the symbol "**PKI**". The following table sets forth the price range and trading volumes for the Common Shares that traded on the TSX, as reported by TSX Historical Data Access, on a monthly basis for each month of the most recently completed financial year:

Month	High	Low	Volume Traded
January	\$18.60	\$17.40	4,504,693
February	\$19.66	\$17.67	3,823,314
March	\$21.99	\$19.44	7,538,173
April	\$21.79	\$20.05	4,694,936
May	\$21.61	\$19.92	5,976,352
June	\$21.81	\$20.44	3,297,645
July	\$21.04	\$20.12	3,219,224
August	\$20.71	\$18.31	3,912,416
September	\$23.46	\$19.91	6,032,082
October	\$22.05	\$19.29	5,319,262
November	\$22.65	\$20.55	4,471,964
December	\$22.20	\$19.51	6,274,199

Prior to their maturity on November 30, 2014, the Series 1 Debentures were listed on the TSX and traded under the symbol "**PKLDB**". Please note that the debentures were denominated in \$1,000 while the prices and volumes below reflect par values (per \$100). The following table sets forth the price range and trading volumes for the Series 1 Debentures that traded on the TSX, as reported by TSX Historical Data Access, on a monthly basis for each month of the most recently completed financial year:

Date	High	Low	Volume Traded
January	\$124.75	\$120.00	94,000
February	\$135.00	\$124.50	427,000
March	\$150.00	\$135.00	1,216,000
April	\$148.00	\$137.99	3,618,000
May	\$147.70	\$136.02	613,000
June	\$148.58	\$146.00	158,000
July	\$143.00	\$139.50	1,356,000
August	\$142.00	\$135.00	316,000
September	\$160.15	\$137.74	531,000
October	\$151.50	\$138.70	985,000
November	\$154.29	\$140.00	3,834,000

The Series 2 Debentures are listed on the TSX and trade under the symbol "**PKLDB.A**". Please note that the Series 2 Debentures are denominated in \$1,000 while the prices and volumes below reflect par values (per \$100). The following table sets forth the price range and trading volume for the Series 2 Debentures that traded on the TSX, as reported by TSX Historical Data Access, on a monthly basis for each month of the most recently completed financial year:

Date	High	Low	Volume Traded
January	\$109.02	\$106.50	304,000
February	\$113.00	\$107.00	505,000
March	\$123.00	\$112.90	2,066,000
April	\$122.00	\$114.50	1,029,000
May	\$120.12	\$113.50	468,000
June	\$121.00	\$117.00	467,000
July	\$117.50	\$115.00	264,000
August	\$116.00	\$113.00	272,000
September	\$130.20	\$112.03	1,331,000
October	\$119.75	\$112.00	985,000
November	\$124.00	\$115.39	427,000
December	\$123.92	\$116.99	498,000

PRIOR SALES

On May 29, 2014, the Corporation issued \$200,000,000 aggregate principal amount of 5.50% Senior Notes. On November 21, 2014, the Corporation issued \$200,000,000 aggregate principal amount of 6.00% Senior Notes. See "Description of Capital Structure – Indebtedness – 5.50% Senior Notes" and "Description of Capital Structure – Indebtedness – 6.00% Senior Notes".

DIRECTORS AND OFFICERS

Directors

The following table sets forth the name, jurisdiction of residence, committee memberships, principal occupations or employment for the preceding five years and the date of first being appointed as a director of Parkland for each of the directors of the Corporation as at January 5, 2015. The term of each director will expire at the end of the next annual meeting of Shareholders or when their successors are duly elected or appointed.

Name and Jurisdiction of Residence	Principal Occupation During the Five Preceding Years	Director of Parkland Since
John F. Bechtold ⁽¹⁾⁽²⁾ Montreal, Québec, Canada	Retired. Vice President of Western Canada Oil and Gas for Petro-Canada prior to retirement in 2000.	August 10, 2006
Lisa Colnett ⁽¹⁾ Toronto, Ontario, Canada	Retired. Interim Human Resources Executive of Silver Standard Resources Inc. from April, 2014 – August, 2014. Senior Vice President, Human Resources and Corporate Services of Kinross Gold from November, 2008 to October 2013.	May 8, 2014
Robert B. Espey ⁽⁵⁾⁽⁶⁾ Calgary, Alberta, Canada	President and Chief Executive Officer of Parkland since May 1, 2011. President and Chief Operating Officer of Parkland from March 15, 2011 to April 30, 2011. Chief Operating Officer of Parkland from January, 2010 to March, 2011. Vice President of Retail Markets of Parkland from November, 2008 to December, 2009. President and Chief Executive Officer of FisherCast Global Corporation from June 2008 to August 2008. Mr. Espey was Executive Vice President of FisherCast Global Corporation prior thereto.	May 12, 2011
Alain Ferland ⁽¹⁾⁽²⁾⁽⁷⁾ Montreal, Québec, Canada	Retired. President of EFFA Management Inc. and President and Chief Executive Officer of TORR Canada Inc. prior thereto.	June 22, 1999
James Pantelidis ⁽²⁾⁽³⁾⁽⁸⁾ Toronto, Ontario, Canada	Retired. President of JP & Associates, and Chief Executive Officer of FisherCast Global Corporation prior thereto.	September 7, 1999
Domenic Pilla ⁽³⁾ Toronto, Ontario, Canada	Retired. President of Shoppers Drug Mart Corporation, a subsidiary of Loblaw Companies Limited from April 1, 2014 to January 9, 2015. Chief Executive Officer of Shoppers Drug Mart Corporation from November 1, 2011 until March 31, 2014.	January 5, 2015
Ron Rogers ⁽³⁾ Calgary, Alberta, Canada	Retired. Senior Vice President and Chief Financial Officer of Shaw Communications prior to retirement in 2004.	September 15, 2006
David A. Spencer ⁽¹⁾⁽¹⁰⁾ Calgary, Alberta,	Partner with Bennett Jones LLP	May 5, 2005

Canada**Notes:**

- (1) Member of the Compensation and Corporate Governance Committee. Chair of the Compensation and Corporate Governance Committee is Mr. Ferland.
- (2) Member of the Supply and Business Development Advisory Committee. Chair of the Supply and Business Development Advisory Committee is Mr. Pantelidis.
- (3) Member of the Audit Committee. Chair of the Audit Committee is Mr. Rogers. Parkland is required under applicable securities regulations to have an Audit Committee. Domenic Pilla was added to the Audit Committee after his appointment to Parkland's board on January 5th, 2015.
- (4) The members of the Audit Committee have been determined to be financially literate. The education and experience of each Audit Committee member is detailed at page 23 herein under the heading Audit Committee Information.
- (5) Mr. Espey is President and Chief Executive Officer of each Parkland entity.
- (6) Mr. Espey, prior to November 10, 2008 was President and CEO of FisherCast Global Corporation. Mr. Espey was an officer of FisherCast when it filed for protection on June 4, 2008 under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") and became President and Chief Executive Officer during the period of protection. Pursuant to a CCAA order issued on August 20, 2008, the assets of FisherCast were sold and the proceeds of such sale were distributed. Mr. Espey resigned as President and Chief Executive Officer of FisherCast on August 27, 2008. FisherCast Global Corporation became bankrupt on August 28, 2010.
- (7) Mr. Ferland has resigned from the Board of Directors effective March 19, 2015.
- (8) Mr. Pantelidis is Chairman of the Board of Directors.
- (9) Mr. Spencer is a partner with Bennett Jones LLP, Parkland's legal counsel.

Officers and Senior Management

Name and Jurisdiction of Residence	Principal Occupation During the Five Preceding Years
Robert B. Espey ⁽¹⁾ Calgary, Alberta, Canada	President and Chief Executive Officer since May 2011. President and Chief Operating Officer of Parkland from March 15, 2011 to April 30, 2011. Chief Operating Officer of Parkland from January 2010 to March 2011. Vice President of Retail Markets of Parkland from November 2008 to December 2009. President and Chief Executive Officer of FisherCast Global Corporation from June 2008 to August 20, 2008. Mr. Espey was Executive Vice President of FisherCast Global Corporation prior thereto.
Michael S. H. McMillan Toronto, Ontario, Canada	Chief Financial Officer since February 11, 2015. Vice President and Treasurer of Parkland from December 2011 to February 2015. Director, Business Development of Parkland from June 2011 to December 2011. Controller, Retail Markets, Parkland, December 2009 to June 2011. Vice President, Professional Services, for a private consulting firm prior thereto.
Donna J. Strating Red Deer, Alberta, Canada	Vice President, IT and Chief Information Officer since April 2010. Chief Operating Officer for Acrodex Inc. prior thereto. Chief Information Officer for Alberta Health Services prior thereto.
Andrew Cruickshank Calgary, Alberta, Canada	Vice President, Finance since June 2010. Vice President, Finance for UFA Cooperative Limited prior thereto.
Jane E. Savage Calgary, Alberta, Canada	Vice President, Wholesale, Supply and Distribution since April 4, 2011. President of Savage Consulting and President and CEO of the Canadian Independent Petroleum Marketers Association prior thereto.
Kendall W. Waiting Cochrane, Alberta, Canada	General Counsel and Corporate Secretary since February 11, 2015. Director, Legal and Corporate Services from July 2011 to February 2015. General Counsel and Corporate Secretary of Value Creation Inc. prior thereto.
C. Peter Kilty Sylvan Lake, Alberta, Canada	Vice President, Retail of Parkland since April 2012. Senior Vice President, Dealer Relations, Canadian Tire Corporation from July 2006 to April 2012. President, Canadian Tire Petroleum from November 2000 to June 2006.
Irfhan A. Rawji Calgary, Alberta, Canada	Vice President, Strategy and Corporate Development since March 2013. Director, Onex Corporation from May 2011 to March 2013. Principal, Birch Hill Equity Partners Management Inc. from July 2009 to March 2011. Vice President, Birch Hill Equity Partners Management Inc. from July 2006 to July 2009.

Paul Lapensée Mount Royal, Québec, Canada	Vice President, Commercial Fuels and Health, Safety and Environment since March 2014. Director, Effenco Inc. since September 2013. Director, GCS Médical since July 2012. President, Alta Vista Consultants Inc. from October 2007 to March 2014. Lecturer, HEC Montreal from March 2011 to March 2014. Director, Avjet Holding Inc. from December 2010 to April 2013. Director, Bluewave Energy Limited Partnership from December 2007 to January 2010.
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The following table sets forth the name, jurisdiction of residence, positions and offices held with Parkland and principal occupations or employment for the preceding five years of each of the officers and senior management of Parkland.

Note:

- (1) Robert B. Espey, prior to November 10, 2008 was President and CEO of FisherCast Global Corporation. Mr. Espey was an officer of FisherCast when it filed for protection on June 4, 2008 under the CCAA and became President and Chief Executive Officer during the period of protection. Pursuant to a CCAA order issued on August 20, 2008, the assets of FisherCast were sold and the proceeds of such sale were distributed. Mr. Espey resigned as President and Chief Executive Officer of FisherCast on August 27, 2008. FisherCast Global Corporation became bankrupt on August 28, 2010.

As of March 20, 2015, the directors and senior management of Parkland, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 570,000 Common Shares, representing approximately 0.69% of the issued and outstanding Common Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders

To the knowledge of the Corporation, no director or executive officer of the Corporation, is as at the date hereof or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation (an "**order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Corporate Bankruptcies

To the knowledge of the Corporation, other than as set forth in the notes to the tables under the heading "*Directors and Officers*", no director, executive officer or controlling securityholder of the Corporation is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

To the knowledge of the Corporation, no director, executive officer or controlling securityholder of the Corporation has, within the 10 years before the date hereof, become bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of the Corporation, no director, executive officer or controlling securityholder of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Certain of the directors and officers of the Corporation are engaged in, and may continue to be engaged in, other activities in the industries in which the Corporation operates from time to time. As a result of these and other activities, certain directors and officers of the Corporation may become subject to conflicts of interest from time to time. The Business Corporations Act provides that in the event that an officer or director is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction, unless otherwise provided under the Business Corporations Act. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the Business Corporations Act.

As of the date hereof, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and any director or officer of the Corporation.

MATERIAL CONTRACTS

The only material contract entered into by the Corporation during the most recently completed financial year, or before the most recently completed financial year that is still in effect, other than in the ordinary course of business, is the Credit Agreement. See "Description of Capital Structure – Indebtedness – Credit Agreement".

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Common Shares and the Debentures is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

INTERESTS OF EXPERTS

Our independent auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have issued an independent auditor's report in respect of our consolidated financial statements. PricewaterhouseCoopers LLP has advised that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is not aware of any material legal proceedings or regulatory actions to which the Corporation is or was a party or in respect of which any of the Corporation's property is or was the subject of, nor are any such proceedings known by the Corporation to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any of the directors and executive officers of Parkland, or any known associate or affiliate of any such person, or, to the best knowledge of the directors and executive officers of the Corporation, of any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares or any known associate or affiliate of any such person, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

ADDITIONAL INFORMATION

Additional information concerning the Corporation is available through the Internet on SEDAR which may be accessed at www.sedar.com. Copies of such information may also be obtained without charge, on the Corporation's website at www.parkland.ca or by request to the Corporate Secretary, at the Calgary office of the Corporation at Suite 5101, 333-96th Avenue NE, Alberta, Canada T3K 0S3 by telephone at (403) 567-2500; and by facsimile at (403) 567-2599.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the information circular for Parkland's most recent annual meeting of security holders that involved the election of directors. Additional financial information is provided in Parkland's annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2014. Copies of such documents are filed and available on SEDAR at www.sedar.com and may be obtained in the manner set forth above.

APPENDIX 1**MANDATE OF THE AUDIT COMMITTEE****1. Overall Purpose / Objective**

The Audit Committee is appointed by the Board of Directors of Parkland (the "**Corporation**") to assist the Board in discharging its oversight responsibilities. The Audit Committee will oversee the financial reporting process with a goal of ensuring the balance, transparency and integrity of published financial information of Parkland. The Audit Committee will also review: the effectiveness of Parkland's internal financial control and risk management system; the effectiveness of the internal audit function; the independent audit process including recommending the appointment and assessing the performance of the external auditor of Parkland; the Corporation's process for monitoring compliance with laws and regulations affecting financial reporting.

Parkland will comply with the policies and procedures overseen or reviewed by the Audit Committee and use their best efforts to ensure that these policies and procedures are implemented.

In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, management and the external auditors. To perform his or her role effectively, each Audit Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Audit Committee's responsibilities and of the Corporation's business operations and risks.

The members of the Audit Committee will be financially literate and independent as defined by National Instrument 52-110.

Although the Audit Committee has the powers and responsibilities set forth in this Mandate, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity nor are they experts in performing other tasks they are called on to perform by this Mandate. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**") and applicable rules and regulations. These are the responsibilities of management and the external auditor.

2. Authority

The Board authorizes the Audit Committee, within the scope of its responsibilities, to:

- (a) Perform activities within the scope of this Mandate;
- (b) Engage and compensate independent counsel and other advisers as it deems necessary to carry out its duties;
- (c) Ensure the attendance of Corporate Officers at meetings as appropriate;
- (d) Request and gain access to members of management, employees and relevant information to perform this Mandate;

- (e) Establish procedures for dealing with the confidential, anonymous submissions by employees of the Corporation regarding accounting, internal control or auditing matters;
- (f) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters;
- (g) Approve the appointment, compensation, retention and annual scope of work of the external auditor;
- (h) Approve all engagement fees and terms as well as reviewing policies for the provision of audit and non-audit services by the external auditors and the pre-approval of such non-audit work as required by National Instrument 52-110; and
- (i) Communicate directly with the internal and external auditors.

3. **Organization**

Membership

- (a) The Board of Directors will appoint the Audit Committee members and the Chair of the Audit Committee.
- (b) The Audit Committee will comprise at least three members and all members will be independent within the meaning set forth in National Instrument 52-110 Audit Committees as amended from time to time, non-executive Directors of the Corporation.
- (c) A quorum for any meeting of the Audit Committee will be two members.
- (d) Each member should have skills and experience appropriate to the Corporation's business.
- (e) Members will be appointed for a one year term of office.
- (f) Each member of the Audit Committee shall be financially literate within the meaning set forth under National Instrument 52-110.
- (g) A member of the Audit Committee shall *ipso facto* cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation.

Meetings

- (a) Only Audit Committee members are entitled to attend meetings. The Audit Committee may invite such other persons to its meetings as it deems necessary.
- (b) The external auditors will be invited to make presentations to the Audit Committee as appropriate.
- (c) Meetings will be held not less than four times a year and should correspond with the Corporation's financial reporting cycle.
- (d) Other meetings may be convened as required by the Audit Committee or the external auditors.

- (e) The secretary of the Audit Committee will circulate the agenda and supporting documentation to the Audit Committee members at a reasonable period in advance of each meeting.
- (f) The secretary of the Audit Committee will circulate the minutes of meetings to members of the Board, members of the Audit Committee, and where appropriate to the external auditors.
- (g) At least one member of the Audit Committee will attend the Board meeting at which the financial statements are approved.
- (h) Members of the Audit Committee should make every attempt to be available for every meeting of the Audit Committee in person or by conference call.
- (i) The Audit Committee may call a meeting with outside legal counsel if it is deemed necessary.
- (j) The Audit Committee will meet with the external auditor without management present at each meeting of the Audit Committee that the external auditor attends. Even if this meeting is only to determine that there are no issues that need to be discussed without management.
- (k) The Audit Committee shall meet with the external auditors at least quarterly and otherwise as it deems appropriate to consider any matter that the Audit Committee or the external auditors determine should be brought to the attention of the Board or shareholders.

4. Roles and Responsibilities

The Audit Committee will:

Internal control

- (a) Have oversight responsibility for management reporting on internal controls;
- (b) Review with the external auditors of the Corporation the adequacy of internal control procedures and management information systems and make inquiries to management of the Corporation and the external auditors of the Corporation about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements and about the efforts of the management of the Corporation to mitigate such risks and exposures;
- (c) Review recommendations made by the external auditors; and
- (d) Monitor policies and procedures relating to directors' and officers' expenses and the reimbursement thereof and relating to any perquisites paid to directors and officers.

Financial Reporting

- (a) Gain an understanding of the current areas of greatest financial and internal control risk and of how these are being managed;
- (b) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports;
- (c) Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements MD&A, and relevant news releases or announcements and any other financial information related to the Corporation to be provided to shareholders prior to their release;
- (d) Recommend for approval to the Board the Corporation's audited annual and interim financial statements, related management's discussion and analysis and earnings news releases;
- (e) Meet with management and the external auditors to review the financial statements and the key accounting policies and judgments;
- (f) Review with the external auditors of the Corporation and/or management of the Corporation the results of the annual audit, and make appropriate recommendations to the Board having regard to, among other things:
 - (i) the financial statements;
 - (ii) management's discussion and analysis and related financial disclosure contained in continuous disclosure documents;
 - (iii) significant changes, if any, to the initial audit plan;
 - (iv) accounting and reporting decisions relating to significant current year events and transactions;
 - (v) the management letter, if any, outlining the external auditors' findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
 - (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Committee under generally accepted auditing standards.
- (g) Review significant adjustments, material unadjusted differences, significant disagreements with management and critical accounting policies and practices and the Corporation's responses to these queries; and
- (h) Ensure its compliance with all of the applicable requirements of National Instrument 52-110 and for reporting any non-compliance with such requirements to the Board, including the reasons for such non-compliance.

Annual Operating and Capital Budgets

- (a) Review the annual operating and capital budgets and recommend approval to the Board.

Compliance with Laws and Regulations

- (a) Review the effectiveness of the system for monitoring compliance with laws and regulations;
- (b) Obtain regular updates from management regarding compliance matters that may have a material impact on the Corporation's financial statements or compliance policies;
- (c) Review the reports of management on regulatory compliance matters related to the business of the Corporation in the preparation of the financial statements; and
- (d) Review the findings of material reports by regulatory agencies.

Working with Auditors

- (a) Advise the external auditors of their accountability to the Audit Committee and the Board as representatives of the shareholders of the Corporation to whom the external auditors are ultimately accountable. The external auditors of the Corporation shall report directly to the Audit Committee;
- (b) Review the professional qualification of the auditors, including background and experience of partner and auditing personnel;
- (c) Ensure compliance by the Corporation's external auditors with the requirements set forth in National Instrument 52-108 Auditor Oversight;
- (d) Ensure that the Corporation's external auditors are participants in good standing with the Canadian Public Accountability Board ("**CPAB**") and participate in the oversight programs established by the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to the Corporation's annual audited financial statements;
- (e) Obtain from the external auditors of the Corporation a formal written statement describing in detail all of the relationships between the external auditors and the Corporation, determine whether the non-audit services performed by the external auditors during the year have impacted their independence, ensure that no relationship between the external auditors and the Corporation exists which may affect the independence of the external auditors and take appropriate action to ensure the independence of the external auditors;
- (f) Review on an annual basis the performance of the external auditors and make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditors;
- (g) Review all correspondence and memoranda relating to all audit and non-audit engagements provided by external auditors in relation to the Corporation's present circumstances and changes in regulatory and other requirements;

- (h) Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information;
- (i) Ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and appropriately acted on;
- (j) Discuss with the external auditor the appropriateness of the accounting policies applied in the Corporation's financial reports and/or any significant changes to the Corporation's accounting policies, principles or practices;
- (k) Meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately. Ensure the auditors have access to the Chair of the Audit Committee when required;
- (l) Review policies for the provision of non-audit services by the external auditors and, if required, the pre-approval of such non-audit work;
- (m) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- (n) Review management's proposed internal control plan for the coming year and ensure that there is appropriate co-ordination with the external auditor; and
- (o) Perform all other functions required of Audit Committees by applicable regulatory authorities in connection with the termination or resignation of an auditor;

Reporting Responsibilities

- (a) Regularly update the Board about Audit Committee activities and make appropriate recommendations;
- (b) Ensure the Board is aware of matters brought to the attention of the Audit Committee that may significantly impact on the financial condition or affairs of the Corporation;
- (c) Prepare any reports required by regulations on the Audit Committee's Mandate and activities to be included in the section on Corporate Governance in the Annual Report; and
- (d) Review the disclosure contained in the Corporation's annual information form as required by Form 52-110F1 Audit Committee Information Required in an AIF attached to National Instrument 52-110. If management of the Corporation solicits proxies from shareholders of the Corporation for the purpose of recommending persons to be elected as directors of the Corporation, the Audit Committee shall be responsible for ensuring that the Corporation's information circular includes a cross-reference to the sections in the Corporation's annual information form that contain the information required by Form 52-110F1 Audit Committee Information Required in an AIF.
- (e) Ensure the preparation and filing of each annual certificate in Form 52-109F1 and each interim certificate in Form 52-109F2 to be signed by each of the Chief Executive Officer and Chief Financial Officer of the Corporation in accordance with the requirements set

forth under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings as amended from time to time;

- (f) Ensure that management of the Corporation establishes and maintains disclosure controls and procedures for the Corporation that are designed to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to management of the Corporation by others within those entities, particularly during the period in which the annual filings or interim filings are being prepared and that management of the Corporation establishes and maintains internal control over financial reporting for the Corporation that has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's generally accepted accounting principles. In respect of annual filings only, the Audit Committee is also responsible for ensuring that management of the Corporation evaluates the effectiveness of the Corporation's disclosure controls and procedures as of the end of the period covered by the annual filings and has caused the Corporation to disclose in the annual management's discussion and analysis its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under National Instrument 52-109; and
- (g) Monitor any changes in the Corporation's internal control over financial reporting and for ensuring that any change that occurred during the Corporation's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting is disclosed in the Corporation's annual management's discussion and analysis.

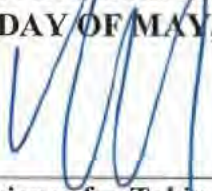
Evaluating Performance

- (a) Evaluate the Audit Committee's own performance, both of individual members and collectively, on an annual basis; and
- (b) Assess the achievements of the duties of the Audit Committee specified in the Mandate and report the findings to the Board.

5. Review of the Audit Committee Mandate

The Compensation and Corporate Governance Committee, with input by all Board members and management, will review these terms of reference at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or other amendments are required.

**THIS IS EXHIBIT "B" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



PUBLIC

EXHIBIT REDACTED – PAGES REMOVED

**THIS IS EXHIBIT "C" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



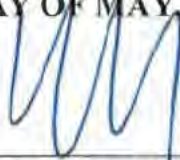
**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



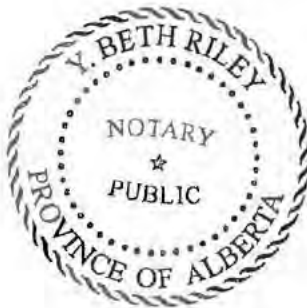
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IN THE AFFIDAVIT OF ROBERT ESPEY
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5TH DAY OF MAY, 2015**



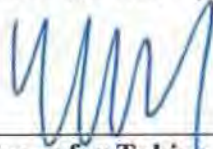
**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



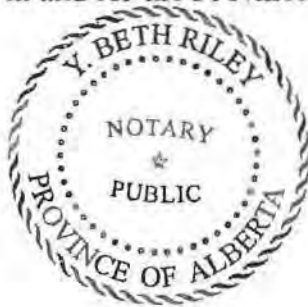
PUBLIC

EXHIBIT REDACTED – PAGES REMOVED

**THIS IS EXHIBIT "E" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



PARKLAND FUEL CORPORATION

- and -

PARKLAND INDUSTRIES LTD.

- and -

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP

- and -

PIONEER ENERGY LP

- and -

PIONEER PETROLEUMS TRANSPORT INC.

- and -

PIONEER ENERGY INC.

- and -

PIONEER FUELS INC.

- and -

PIONEER PETROLEUMS HOLDING INC.

- and -

PIONEER ENERGY MANAGEMENT INC.

- and -

668086 N.B. LIMITED

- and -

3269344 NOVA SCOTIA LIMITED

- and -

1796745 ONTARIO LTD.

ASSET PURCHASE AGREEMENT

September 17, 2014

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT made as of the 17th day of September, 2014

AMONG:

PARKLAND FUEL CORPORATION, a body corporate incorporated under the laws of the Province of Alberta (“**Parkland**”)

- and -

PARKLAND INDUSTRIES LTD., a body corporate incorporated under the laws of the Province of Alberta (the “**Purchaser**”)

- and -

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, a limited partnership formed under the laws of the Province of Ontario (“ **Holding LP**”)

- and -

PIONEER ENERGY LP, a limited partnership formed under the laws of the Province of Ontario (“**Energy LP**”)

- and -

PIONEER PETROLEUMS TRANSPORT INC., a body corporate incorporated under the laws of the Province of Ontario (“**Transport Inc.**”)

- and -

PIONEER ENERGY INC., a body corporate incorporated under the laws of the Province of Ontario (“**Energy Inc.**”)

- and -

PIONEER FUELS INC., a body corporate incorporated under the laws of the Province of Ontario (“**Fuels Inc.**”)

- and -

PIONEER PETROLEUMS HOLDING INC., a body corporate incorporated under the laws of the Province of Ontario (“ **Holding GP**”)

- and -

PIONEER ENERGY MANAGEMENT INC., a body corporate incorporated under the laws of the Province of Ontario (“**Energy GP**”)

- and -

668086 N.B. LIMITED, a body corporate incorporated under the laws of the Province of New Brunswick (“**NB Ltd.**”)

- 2 -

- and -

3269344 NOVA SCOTIA LIMITED, a body corporate incorporated under the laws of the Province of Nova Scotia (“**NS Ltd.**”)

- and -

1796745 ONTARIO LTD., a body corporate incorporated under the laws of the Province of Ontario (“**Ontario Ltd.**”)

WHEREAS:

- A. The Vendors carry on the Business (as defined herein);
- B. All of the assets and rights used in the conduct, operation or maintenance of, or otherwise relating to, the Business are legally and beneficially owned exclusively by one or more of the Vendors or are leased by one or more of the Vendors under existing leases, all as more particularly set out in this Agreement; and
- C. The Vendors wish to sell, and the Purchaser wishes to purchase, the Purchased Assets (as defined herein) and assume the Assumed Liabilities (as defined herein) associated therewith, upon the terms and subject to the conditions set out in this Agreement.

NOW THEREFORE, in consideration of the representations, warranties, covenants and agreements herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Parties covenant and agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Agreement, including the preamble and the recitals hereto, unless the context otherwise requires, or unless defined elsewhere in this Agreement:

- (a) “**Acknowledged Obligations**” means all Liabilities of the Vendors (to the extent not otherwise included in the Assumed Liabilities), whether past, present or future, arising from or in relation to:
 - (i) all Liabilities arising prior to, on or after the Closing Time under or relating to the Assumed Contracts;
 - (ii) all Liabilities arising prior to, on or after the Closing Time under or relating to (A) the Leases, (B) the Leased Real Property, or (C) the Owned Real Property;
 - (iii) all Liabilities arising prior to, on or after the Closing Time relating to the Employee Plans (excluding Liabilities associated with the LTIP, Annual SERP and the DC SERP) in respect of the Employees;
 - (iv) all Liabilities arising prior to, on or after the Closing Time relating to the Employees (other than the Excluded Employees) (including accrued wages and vacation payables);

- (v) all Liabilities arising after the Closing Time, and related to the period following Closing, for Taxes relating to the Business, the Purchased Assets, the Acknowledged Obligations and the Assumed Liabilities;
- (vi) all other Liabilities arising prior to, on or after the Closing Time relating to the Business and the Purchased Assets;
- (vii) all asset retirement obligations relating to the Business, including those as reflected in the Financial Statements of Energy LP for the fiscal year ended September 30, 2013;
- (viii) the charitable obligations listed in Schedule 5.8 to the Disclosure Letter;
- (ix) all Liabilities, whether past, present or future, arising prior to, on or after the Closing Time relating to the environmental condition of, or any Environmental Law relating to, under or in respect of any Real Property forming part of the Purchased Assets, including, in each case, any such Liability or obligation to any third party;

and excluding the Retained Liabilities;

- (b) “**Adjustment Amount**” means the positive (or negative) amount by which the Closing Working Capital is greater than (or less than) the Target NAWC;
- (c) “**Affiliate**” means, with respect to a specified Person, a Person that controls, is controlled by or is under common control with or by the subject Person and, for the purpose of this definition, control means the ability, directly or indirectly, to direct the voting of more than 50% of the voting interests of a Person;
- (d) “**Agreement**” means this asset purchase agreement, including all Schedules, as such agreement may be amended or supplemented from time to time, and references to “**Article**”, “**Section**” or “**Schedule**” mean the specified Article, Section or Schedule of this Agreement or the Disclosure Letter, as applicable;
- (e) “**Annual SERP**” means the Pioneer Supplemental Retirement Plan of the Business, including any predecessor plans thereto, relating to Employees other than [REDACTED];
- (f) “**ARC**” means an advance ruling certificate issued by the Commissioner under section 102 of the Competition Act;
- (g) “**Assumed Contracts**” means all Contracts relating to the Business other than those listed in Schedule 1.1(g) to the Disclosure Letter;
- (h) “**Assumed Liabilities**” means the following Liabilities of the Vendors arising from, under or in relation to, the Business and the Purchased Assets of the following nature and kind:
 - (i) all Liabilities arising prior to, on or after the Closing Time, relating to, under or in respect of the Purchased Assets or the Business;
 - (ii) all Liabilities arising prior to, on or after the Closing Time relating to, under or in respect of the Leases, the Leased Real Property or the Owned Real Property, all

structures, erections, improvements, appurtenances and fixtures located thereon, therein, thereunder or forming part thereof;

(iii) all Liabilities being assumed in accordance with Section 3.2; and

(iv) the Liabilities associated with retailer cash security and dealer cash security;

and excluding the Retained Liabilities;

- (i) “**Balance Sheet**” means the consolidated balance sheet of each of: (i) Energy LP; and (ii) Transport Inc. relating to the Business as at June 30, 2014, forming part of the Financial Statements;
- (j) “**BAR-Compliant Financial Statements**” means, at any point of determination, annual financial statements (and audit reports thereon) and interim financial statements of the Vendors in respect of the Purchased Assets and the Business which comply with sections 8.4(1) and (3) of Part 8 of NI 51-102;
- (k) “**Books and Records**” means, collectively, all books and records (excluding minute books or personal information with respect to the limited partners of Holding LP or any of their Affiliates) of the Vendors or relating to the Business or any of the Purchased Assets, including financial, corporate, operation and sales books, employee files (other than Excluded Employees), records, books of account, sales and purchase records, lists of present and former suppliers, customers and any others having business dealings with any of the Vendors, clients, sales leads, distributors, mailing lists, formulae, business reports, plans and projections, operating materials, engineering standards and specifications, and all other documents, files, records, correspondence, and other data and information, financial or otherwise, including all data and information stored on computer-related or other electronic media maintained with respect to the Business or any of the Purchased Assets;
- (l) “**Business**” means, collectively, all of the business operations as maintained, operated and conducted as of the date hereof and during the Interim Period, by the Vendors, including those associated with: (i) the retail sale and/or consignment sale of motor fuel at filling stations, convenience stores, car washes and cardlocks; (ii) the sale, supply, transportation, delivery and distribution of motor fuels, heating fuels, aviation gas, propane, distillates, lubricants, card lock services, other bulk fuels and related items to residential, commercial, wholesale (including dealer) and industrial customers, including the operation of bulk fuel plants in Ontario, New Brunswick and Nova Scotia and services related and ancillary thereto; (iii) the lending of equipment related to the Business set out in clauses (i) and (ii) above; and (iv) participation in the sale of convenience merchandise and food items and services at convenience stores and leasing of premises to quick service restaurant locations, in each of the provinces of Ontario, Manitoba, New Brunswick and Nova Scotia in each case as such business is operated, maintained and conducted by the Vendors;
- (m) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday in the provinces of Ontario and Alberta and also excludes any day when banks are not generally open for the transaction of commercial banking business in each of Calgary, Alberta and Toronto, Ontario during normal banking hours;

- (m.1) "**Canada Transportation Act**" means the means the *Canada Transportation Act* (Canada), as amended, and the regulations promulgated thereunder;
- (m.2) "**Canada Transportation Act Approval**" means that: (a) the Minister of Transport shall, pursuant to section 53.1 of the Canada Transportation Act, have been notified of the transactions contemplated by this Agreement and shall have given notice to the Purchaser that he is of the opinion that the transactions contemplated by this Agreement do not raise issues with respect to the public interest as it relates to national transportation; or (b) if the Minister of Transport is of the opinion that the transactions contemplated by this Agreement raise issues with respect to the public interest as it relates to national transportation, the Governor-in-Council shall have approved the transactions contemplated by this Agreement;
- (n) "**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, Liabilities, expenses, costs, damages or Losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;
- (o) "**Closing**" means the completion of the transactions contemplated herein;
- (p) "**Closing Approvals**" means those of the Required Approvals and Required Notifications set out in Schedule 1.1(p) to the Disclosure Letter;
- (q) "**Closing Cash Amount Payable**" has the meaning ascribed thereto in Section 2.7(a)(iii);
- (r) "**Closing Date**" means the earlier of January 31, 2015 and the date that is five Business Days after the conditions in Article 6 have been satisfied or waived (other than those conditions that by their terms are satisfied at Closing) provided that the Parties may extend the Closing Date at any time and from time to time by mutual written consent;
- (s) "**Closing Time**" means 12:01 a.m. (Toronto time) on the Closing Date, or such other time as may be agreed upon by the Parties in writing;
- (t) "**Closing Working Capital**" means the amount of the Normalized Working Capital as determined as at the Closing Date in accordance with this Agreement and in accordance with GAAP;
- (u) "**Commissioner**" means the Commissioner of Competition appointed under section 7 of the Competition Act or any Person authorized to perform duties on behalf of the Commissioner;
- (v) "**Commodity Taxes**" means all taxes levied on or measured by, or referred to as transfer, land transfer, registration charges, gross receipt, sales, provincial sales, use, documentary, recording, consumption, value-added, turnover, excise, stamp, fuel, tobacco or similar taxes (including, for greater certainty, GST/HST and the Ontario provincial and municipal land transfer tax), all customs duties, countervail, anti-dumping and special import measures and all import and export taxes and any security in respect thereof;

- (w) “**Competition Act**” means the *Competition Act* (Canada), as amended, and the regulations promulgated thereunder;
- (x) “**Competition Act Approval**” means, in respect of the transactions contemplated by this Agreement, that either: (i) an ARC has been issued by the Commissioner; or (ii) a “no action letter” has been received from the Commissioner indicating that he does not, at that time, intend to make an application under section 92 of the Competition Act, and either the waiting period has expired or been terminated by the Commissioner under subsections 123(1) or 123(2), respectively, of the Competition Act, or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act has been waived by the Commissioner under subsection 113(c) thereof;
- (y) “**Consideration Share Value**” means an amount equal to \$119,355,000;
- (z) “**Consideration Shares**” means 5,829,731 Parkland Shares, being such number of Parkland Shares equal to the Consideration Share Value divided by the volume weighted average trading price of the Parkland Shares on the TSX for the 15 day period ending two Business Days prior to the date hereof;
- (aa) “**Consideration Shares Agreements**” means, collectively, the Shareholder Agreement, the Rollover Agreement and the Non-Competition Agreement;
- (bb) “**Contract**” means each and every promissory note, contract, indenture, licence, lease, deed, agreement, obligation, promise, undertaking, understanding, option, instrument, arrangement, document, entitlement, engagement or any other binding commitment, whether written or oral, to which, prior to the Closing Date, any of the Vendors are a party or by which any of the Vendors are bound or under which any Vendor has, or will have, any right, benefit or Liability, or any contingent right, benefit or Liability (in each case, whether written or oral, express or implied) relating to the Business or any of the Purchased Assets;
- (cc) “**Current Assets**” means the assets listed in Section 2.1(a)(v);
- (dd) “**DC SERP**” means the Pioneer Supplemental Retirement Plan of the Business, including any predecessor plans thereto, relating to [REDACTED];
- (ee) “**Deficiency**” has the meaning ascribed thereto in Section 2.8(c)(i);
- (ff) “**Direct Claim**” has the meaning ascribed thereto in Section 8.4(a);
- (gg) “**Disclosing Party**” has the meaning ascribed thereto in Section 5.10(g);
- (hh) “**Disclosure Letter**” means the letter to be dated as of the date of this Agreement from the Vendors to the Purchasing Parties in connection with certain disclosures referenced in this Agreement;
- (ii) “**Dispute Notice**” has the meaning ascribed thereto in Section 2.8(b);
- (jj) “**Disputed Amounts**” has the meaning ascribed thereto in Section 2.8(b);
- (kk) “**Disputed Matter**” has the meaning ascribed thereto in Section 2.8(b);
- (ll) “**Elected Amount**” has the meaning ascribed thereto in Section 2.13(h)(i);

- (mm) “**Employee Plan**” means any employee benefit plan, program or arrangement sponsored, maintained or contributed to by any of the Vendors for the benefit of the Employees, including any pension plan (whether defined benefit, defined contribution, funded or unfunded), supplemental pension plan (including the DC SERP and the Annual SERP), deferred compensation plan, retirement income or group registered retirement savings plan, retirement compensation arrangement, stock option, stock appreciation rights, phantom stock or stock purchase plan, profit sharing plan, bonus plan or policy, commission or other incentive compensation plan (including the LTIP), change of control agreement, retention bonus plan or agreement, severance or termination pay arrangement, employee life or other group insurance plan, savings plan, employee loan, indemnity, education or hospitalization plan, medical or dental plan, long-term or short-term disability plan or any other employee benefit plan, program, policy or practice, whether formal or informal;
- (nn) “**Employees**” means all individuals who are employees of any of the Vendors in connection with the Business, including those employees on disability leave, parental leave or any other leave of absence;
- (oo) “**Employment Offers**” has the meaning ascribed thereto in Section 3.1(a);
- (pp) “**Encumbrance**” means any encumbrance, mortgage, pledge, assignment, charge, lien, security interest or other third party interest and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;
- (qq) “**Energy GP**” has the meaning ascribed thereto in the preamble to this Agreement;
- (rr) “**Energy Inc.**” has the meaning ascribed thereto in the preamble to this Agreement;
- (ss) “**Energy LP**” has the meaning ascribed thereto in the preamble to this Agreement;
- (tt) “**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, registrations, or approvals issued or required by Governmental Authorities pursuant to Environmental Laws with respect to the operation of the Business or related to any of the Purchased Assets;
- (uu) “**Environmental Laws**” means all Laws and agreements with Governmental Authorities and all other statutory requirements relating to public health and safety, noise control, pollution or the protection of the environment or to the use, storage, generation, handling, manufacturing, processing, labeling, advertising, sale, display, treatment, disposal, recycling, reuse, transportation, Release, threatened Release or remediation of Hazardous Substances, including civil responsibility for acts or omissions with respect to the environment, and all authorizations issued pursuant to such Law, agreements or other statutory requirements;
- (vv) “**Escrow Agent**” means Computershare Trust Company of Canada;
- (ww) “**Escrow Agreement**” means an escrow agreement to be entered as of the Closing Date among the Purchaser, the Vendors and the Escrow Agent, in the form settled thereby concurrently with the execution of this Agreement;
- (xx) “**ETA**” means the *Excise Tax Act* (Canada);

- (yy) “**Excluded Assets**” has the meaning ascribed thereto in Section 2.2;
- (zz) “**Excluded Business**” means all of the business operations maintained, operated or conducted by any of the Vendors prior to, at or after the Closing Time which does not form part of the Business;
- (aaa) “**Excluded Employees**” means [REDACTED] and all other former employees of the Business or Excluded Business who are not Employees on either the date of this Agreement or the Closing Date;
- (bbb) “**Financial Statements**” means, collectively:
 - (i) the audited consolidated financial statements of Energy LP for the fiscal years ended September 30, 2013, September 30, 2012 and September 25, 2011, together with the notes thereto and the auditor’s report thereon, prepared in accordance with GAAP, which are attached as Schedule 1.1(bbb)(i) to the Disclosure Letter;
 - (ii) the audited financial statements of Transport Inc. for the fiscal years ended September 30, 2013, September 30, 2012 and September 25, 2011, together with the notes thereto and the auditor’s report thereon, prepared in accordance with GAAP which are attached as Schedule 1.1(bbb)(ii) to the Disclosure Letter; and
 - (iii) the unaudited interim comparative financial statements of each of Energy LP, Energy Inc. and Transport Inc. for the 40 week period ended July 6, 2014, and of Fuels Inc. for the nine months ended June 30, 2014, without notes or cash flow statements, which are attached as Schedule 1.1(bbb)(iii) to the Disclosure Letter;
- (ccc) “**Fuels Inc.**” has the meaning ascribed thereto in the preamble to this Agreement;
- (ddd) “**GAAP**” has the meaning ascribed thereto in Section 1.5;
- (eee) **[Intentionally Deleted]**
- (fff) **[Intentionally Deleted]**
- (ggg) **[Intentionally Deleted]**
- (hhh) **[Intentionally Deleted]**
- (iii) **[Intentionally Deleted]**
- (jjj) “**Governmental Authorities**” means any: (i) national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, officials, ministers, Crown corporations, central bank, court, tribunal or dispute settlement panel, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) subdivision, agency, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (kkk) “**GST/HST**” means all Taxes payable under Part IX of the ETA or under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA shall refer to any successor provision thereto of like or similar effect;

- (lll) “**Hazardous Substance**” means any element, waste or other substance, whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is prohibited, listed, defined, judicially interpreted, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials or any substance which is deemed under Environmental Laws to be deleterious to natural resources or public health and safety;
- (mmm) “**Holdback Amount**” has the meaning ascribed thereto in Section 2.9;
- (nnn) “**Holding GP**” has the meaning ascribed thereto in the preamble to this Agreement;
- (ooo) “**Holding LP**” has the meaning ascribed thereto in the preamble to this Agreement;
- (ppp) “**Indemnification Escrow Amount**” means ██████████, retained for a period of 24 months from the Closing Date pursuant to the terms of the Escrow Agreement;
- (qqq) “**Indemnified Party**” has the meaning ascribed thereto in Section 8.4;
- (rrr) “**Indemnifying Party**” has the meaning ascribed thereto in Section 8.4;
- (sss) “**Indemnity Agreement**” means the agreement so titled, to be dated as of the date of this Agreement, among The Pioneer Group Inc., Suncor Energy Products Inc., Parkland Fuel Corporation and Parkland Industries Ltd.;
- (ttt) “**Indemnity Claim**” has the meaning ascribed thereto in Section 8.4;
- (uuu) “**Indemnity Threshold**” has the meaning ascribed thereto in Section 8.3(b)(iv);
- (vvv) “**Independent Accountant**” means an accounting firm of a recognized national standing in Canada which is independent of the Parties and which shall be appointed by the mutual agreement of the Parties as required by the terms and conditions of this Agreement. If the Parties are unable to agree on the Independent Accountant within 10 days then the Independent Accountant shall be Deloitte LLP, or in the event of a conflict, BDO Canada LLP;
- (www) “**Intellectual Property**” means as to the Vendors the intellectual property (whether foreign or domestic, registered or unregistered) used in the operation, conduct or maintenance of the Business, as it is currently being, and has been, operated, conducted or maintained, including: (i) all inventions, patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (ii) all trade-marks, trade-names, corporate names, domain names and all goodwill associated therewith; (iii) all copyrightable works, copyrights and industrial designs; (iv) all confidential information, including all lists of present and former suppliers, customers and any others having business dealings with, the Business and the mailing lists, trade secrets, processes, procedures, know-how, methods, data, compilations, databases and the information contained therein of the Vendors; together with (A) all copies and tangible embodiments of the foregoing, in whatever form or medium (including all computer software and related documentation), (B) all improvements, modifications, translations, adaptations, refinements, derivations and

combinations thereof, (C) all applications, registrations and renewals in connection therewith and (D) all Intellectual Property Rights related thereto;

- (xxx) “**Intellectual Property Rights**” means any right or protection existing from time to time in a specific jurisdiction, whether registered or not, under any patent law or other invention or discovery law, copyright law, performance or moral rights law, trade-secret law, confidential information law, integrated circuit topography law, semi-conductor chip protection law, trade-mark law, unfair competition law or other similar Laws and includes legislation by competent Governmental Authorities and judicial decisions under common law or equity;
- (yyy) “**Interim Period**” has the meaning ascribed thereto in Section 5.1;
- (zzz) “**Inventory**” has the meaning ascribed thereto in Section 2.1(a)(v)(B);
- (aaaa) “**Laws**” means all applicable laws, by-laws, statutes, rules, regulations, Orders, ordinances, awards, rulings, determinations, decrees, codes, policies, instruments, notices, directions, injunctions, judgments (including judicial decisions under common law or equity) and any other requirements of any Governmental Authority having the force of law;
- (bbbb) “**Leased Real Property**” has the meaning ascribed thereto in Section 2.1(a)(ix);
- (cccc) “**Leases**” has the meaning ascribed thereto in Section 2.1(a)(ix);
- (dddd) “**Letter of Intent**” means the letter agreement dated November 26, 2013 between the Purchaser and Holding LP;
- (eeee) “**Liability**” means, with respect to any Person, any liability, debt, duty, undertaking or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person;
- (ffff) “**Losses**” means, in respect of a Person and in relation to a matter, all losses, costs, debts, expenses and damages (including all penalties, fines and interest thereon), contingent or otherwise liquidated or unliquidated which such Person suffers, sustains, pays or incurs in connection with such matter, whether or not a Claim has been made, an Order issued or a judgment obtained, and includes Taxes (other than refundable Taxes), costs and disbursements of legal counsel (on a full indemnity basis) and other experts and consultants and reasonable costs arising from such matter;
- (gggg) “**LTIP**” means the Pioneer Long Term Incentive Plan;
- (hhhh) “**Material Adverse Change**” means any change, event, development, occurrence, circumstance or state of facts that, individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the business, operations, earnings, condition (financial or otherwise), property, assets (including the Purchased Assets) or Liabilities (contingent or otherwise) of the Business taken as a whole, other than any change, effect, event, development, occurrence, circumstance or state of facts relating to:
 - (i) any change in general economic conditions in Canada or any change in Canadian

financial, banking or currency exchange markets; (ii) any change or development resulting from any act of terrorism or any outbreak of hostilities or war (or any escalation or worsening thereof) or any natural disaster; (iii) any change or development affecting the specific industries in which the Vendors operate the Business; (iv) changes in applicable laws or GAAP in Canada or any other country or international accounting principles or standards (including any interpretation thereof by any applicable Governmental Authority); (v) seasonal fluctuations in the Business; (vi) any action required by this Agreement or the Transaction Documents; or (vii) the announcement of the transactions contemplated by this Agreement; provided, however, that any such change referred to in clause (i), (ii), (iii), (iv) or (v) above does not primarily relate only to (or have the effect of primarily relating only to), or disproportionately adversely affect the Business or the Purchased Assets, in each case taken as a whole; compared to other entities of similar size operating in the industries in which the Vendors operate;

- (iii) **“Material Adverse Effect”** means any effect resulting from a Material Adverse Change;
- (jjjj) **“Material Contracts”** means those Assumed Contracts as described in Section 4.1(kk);
- (kkkk) **“NB Ltd.”** has the meaning ascribed thereto in the preamble to this Agreement;
- (llll) **“NI 51-102”** means National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators;
- (mmmm) **“Non-Competition Agreement”** means the non-competition, non-solicitation and confidentiality agreement to be entered into between the Purchaser and ██████████ ██████████ in the form settled by the Parties concurrently with the execution of this Agreement;
- (nnnn) **“Normalized Working Capital”** means, with respect to the Business, certain current assets of the Vendor on a consolidated basis less certain current liabilities of the Vendor on a consolidated basis on the Closing Date but immediately prior to Closing, as calculated in accordance with the principles set forth in Schedule 1.1(nnnn) to the Disclosure Schedule and in conformity as determined in accordance with GAAP and shall include but not be limited to the following:
 - (i) accounts receivable (net of a reasonable allowance for bad debt and consistent with historical accounting practices);
 - (ii) provincial road tax receivables;
 - (iii) excise tax receivables;
 - (iv) sales taxes receivable;
 - (v) commodity taxes recoverable;
 - (vi) cigarette taxes receivable;
 - (vii) inventory;
 - (viii) prepaid expenses and deposits;
 - (ix) accounts payable;

- (x) sales taxes payable;
- (xi) commodity taxes payable;
- (xii) accrued liabilities (including accrued wages payable and accrued vacation pay payable);
- (xiii) vacation payables; and
- (xiv) deferred revenue;

and excluding the following:

- (xv) all current assets held in cash, cash equivalents, bank balances and short-term investments and including cash held in automated banking machines, coin wash and secured courier deposits;
- (xvi) all amounts receivable in respect of dealer loans and notes receivable;
- (xvii) income taxes receivable;
- (xviii) income taxes payable or accrued;
- (xix) accrued interest;
- (xx) liabilities associated with the LTIP, Annual SERP and the DC SERP;
- (xxi) accounts payable relating to professional services rendered in connection with the current sale process contemplated in this Agreement; and
- (xxii) all amounts owing in respect of bank debt or capital leases;

and for greater certainty, all trade accounts receivable, trade accounts payable and other amounts due to or from Suncor Energy Products Inc. (or any of its Affiliates) and Prime Petroleum Inc. (or any of its Affiliates, not including the Vendors) shall be included in the calculation of Normalized Working Capital;

- (oooo) “**NS Ltd.**” has the meaning ascribed thereto in the preamble to this Agreement;
- (pppp) “**Ontario Ltd.**” has the meaning ascribed thereto in the preamble to this Agreement;
- (qqqq) “**Orders**” means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator and includes remedial orders;
- (rrrr) “**Ordinary Course of Business**” means the ordinary course of business consistent with prior custom and practice of the entity to whom such term relates (including with respect to quantity, frequency, terms, values, risks and obligations);
- (ssss) “**Owned Intellectual Property**” has the meaning ascribed thereto in Section 2.1(a)(xii);
- (tttt) “**Owned Real Property**” has the meaning ascribed thereto in Section 2.1(a)(xi);

- (uuuu) “**Parkland**” has the meaning ascribed thereto in the preamble to this Agreement;
- (vvvv) “**Parkland Financial Statements**” means: (i) Parkland’s audited comparative consolidated balance sheet as at December 31, 2013 and statements of earnings, retained earnings and cash flows for the year then ended, the notes thereto and the auditor’s report thereon; and (ii) Parkland’s unaudited comparative consolidated balance sheet as at June 30, 2014 and statements of earnings, retained earnings and cash flows for the six month period then ended and the notes thereto;
- (wwwv) “**Parkland Group**” means, collectively, Parkland and its subsidiaries, including the Purchaser;
- (xxxx) “**Parkland Intellectual Property**” means as to the Purchasing Parties, the intellectual property (whether foreign or domestic, registered or unregistered) used in the operation, conduct or maintenance of their respective business, as it is currently being, and has been, operated, conducted or maintained, including: (i) all inventions, patents, patent applications and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (ii) all trademarks, trade-names, corporate names, domain names and all goodwill associated therewith; (iii) all copyrightable works, copyrights and industrial designs; (iv) all confidential information, including all lists of present and former suppliers, customers and any others having business dealings with, the business of any of the Purchasing Parties and the mailing lists, trade secrets, processes, procedures, know-how, methods, data, compilations, databases and the information contained therein of the Purchasing Parties; together with (A) all copies and tangible embodiments of the foregoing, in whatever form or medium (including all computer software and related documentation), (B) all improvements, modifications, translations, adaptations, refinements, derivations and combinations thereof, (C) all applications, registrations and renewals in connection therewith and (D) all Intellectual Property Rights related thereto;
- (yyyy) “**Parkland Material Adverse Change**” means any change, event, development, occurrence, circumstance or state of facts that, individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the business, operations, earnings, condition (financial or otherwise), property, assets or Liabilities (contingent or otherwise) of the business of the Purchasing Parties taken as a whole, other than any change, effect, event, development, occurrence, circumstance or state of facts relating to: (i) any change in general economic conditions in Canada or any change in Canadian financial, banking or currency exchange markets; (ii) any change or development resulting from any act of terrorism or any outbreak of hostilities or war (or any escalation or worsening thereof) or any natural disaster; (iii) any change or development affecting the specific industries in which the Purchasing Parties operate their respective businesses; (iv) changes in applicable laws or GAAP in Canada or any other country or international accounting principles or standards (including any interpretation thereof by any applicable Governmental Authority); (v) seasonal fluctuations in the businesses of each of the Purchasing Parties; (vi) any action required by this Agreement or the Transaction Documents; or (vii) the announcement of the transactions contemplated by this Agreement; provided, however, that any such change referred to in clause (i), (ii), (iii), (iv) or (v) above does not primarily relate only to (or have the effect of primarily relating only to), or disproportionately adversely affect the business of the Purchasing Parties taken as a whole; compared to other entities of similar size operating in the industries in which the Purchasing Parties operate;

- (zzzz) “**Parkland Material Adverse Effect**” means any effect resulting from a Parkland Material Adverse Change;
- (aaaaa) “**Parkland Regulatory Authorizations**” has the meaning ascribed thereto in Section 4.2(1);
- (bbbbbb) “**Parkland Shares**” means common shares in the capital of Parkland;
- (ccccc) “**Parties**” means the parties to this Agreement and their respective heirs, executors, legal representatives, successors and permitted assigns and “**Party**” means any one of them;
- (dddddd) “**Permitted Encumbrances**” means the following Encumbrances as, in each case, they relate to the Business or the Purchased Assets:
- (i) Encumbrances for Realty Taxes, utilities and other governmental charges and levies that, in each case, are not yet due or are not in arrears;
 - (ii) construction, builders, mechanics’, carriers’, workers’, repairers’, storers’ or other similar Encumbrances (inchoate or otherwise) if individually or in the aggregate they arose or were incurred in the Ordinary Course of Business; and, in each case, the Contract under which such Encumbrance arose is to be assumed by the Purchaser pursuant to this Agreement, and an appropriate reserve has been set aside in respect of such Encumbrance and the holdback provisions of the relevant Encumbrance legislation applicable to such Contract;
 - (iii) minor title defects or irregularities, minor unregistered easements or rights of way, minor encroachments and restrictions, reservations and limitations in the original grant from the Crown or otherwise affecting the Real Property if such title defects, irregularities or restrictions are complied with in all material respects and do not, in the aggregate in respect of each individual Real Property, materially adversely affect the operation of the Business or the continued use of such Real Property after the Closing Date on substantially the same basis as the Business has been operated for the five-year period prior to the Closing Date;
 - (iv) easements, covenants, rights of way or other reservations and restrictions, if registered, provided that they are complied with in all material respects and do not, in the aggregate in respect of each individual Real Property, materially adversely affect the operation of the Business or the continued use of such Real Property to which they relate after the Closing Date on substantially the same basis as the Business has been operated for the five-year period prior to the Closing Date;
 - (v) registered agreements with municipalities or other Governmental Authorities or public utilities if they have been complied with or adequate security has been furnished to secure compliance;
 - (vi) any privilege in favour of any lessor, licensor or permitter for rent to become due or for other obligations or acts, the performance of which is required by the Leases, so long as the payment of or the performance of such other obligation or act is not delinquent and provided that such liens and privileges do not, in the aggregate, materially adversely affect: (A) the operation of Business or the continued use of the Real Property to which they relate after the Closing Date on

substantially the same basis as the Business has been operated for the five-year period prior to the Closing Date; or (B) the value of such Real Property;

- (vii) all Encumbrances affecting a landlord's freehold interest in any Leased Real Property; and
- (viii) the Encumbrances listed in Schedule 1.1(ddddd) to the Disclosure Letter;
- (eeee) "**Person**" includes an individual, partnership, limited partnership, firm, joint venture, venture capital fund, limited liability company, unlimited liability company, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, Governmental Authority, agency or instrumentality, unincorporated organization or association syndicate or other entity, whether or not having legal status;
- (ffff) "**PIL Shares**" means such number of common shares in the capital of the Purchaser having a value equal to the Consideration Share Value;
- (gggg) "**Pioneer Leases**" means all real property leases or subleases, retail licence agreements or similar Contracts where any Vendor acts as landlord, sublandlord, licensor or in a similar capacity, each of which is disclosed in Schedule 1.1(gggg) to the Disclosure Letter;
- (hhhh) "**Post-Closing Statement**" has the meaning ascribed thereto in Section 2.8(a);
- (iiii) "**Pre-Closing Reorganization**" means the steps and actions described in Schedule 1.1(iiii) to the Disclosure Letter or otherwise taken in accordance with Section 5.1(d);
- (jjjj) "**Prepaid Expenses and Deposits**" has the meaning ascribed thereto in Section 2.1(a)(v)(C);
- (kkkk) "**Public Record**" means all information filed by or on behalf of Parkland with the applicable securities commissions (or similar securities regulatory authorities) in all of the provinces of Canada (with the exception of Québec), including any information filed in compliance, or intended compliance, with any applicable Canadian securities Laws;
- (llll) "**Purchase Price**" has the meaning ascribed to it in Section 2.5;
- (mmmm) "**Purchased Accounts Receivable**" has the meaning ascribed thereto in Section 2.1(a)(v)(A);
- (nnnn) "**Purchased Assets**" has the meaning ascribed thereto in Section 2.1(a);
- (oooo) "**Purchaser**" has the meaning ascribed thereto in the preamble to this Agreement;
- (pppp) "**Purchaser Indemnified Parties**" has the meaning ascribed thereto in Section 8.1;
- (qqqq) "**Purchaser's Proposed Calculations**" has the meaning ascribed thereto in Section 2.8(a);
- (rrrr) "**Purchasing Parties**" means, collectively, the Purchaser and Parkland;
- (ssss) "**Purchasing Parties' Fundamental Representations**" means the representation and warranties of the Purchasers in Sections 4.2(a), 4.2(b), 4.2(c), and 4.2(d);

- (ttttt) “**Real Property**” means any lands and premises from which the Vendors (directly or indirectly) operate, conduct or maintain, or may (in the case of vacant real property) operate, conduct or maintain, the Business and including the Owned Real Property and Leased Real Property;
- (uuuuu) “**Realty Tax**” means all taxes, levies, charges, local improvement rates and assessments whatsoever charged against the Real Property or part thereof by any Governmental Authority (other than Commodity Taxes);
- (vvvvv) “**Receiving Party**” has the meaning ascribed thereto in Section 5.10(g);
- (wwwww) “**Regulatory Authorizations**” means, collectively, all licences, permits, registrations, certificates, consents, Orders and similar rights and privileges in respect of, or required in connection with, the Purchased Assets and/or the carrying on of the Business, including the Environmental Approvals;
- (xxxxx) “**Release**” has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance into the environment;
- (yyyyy) “**Required Approvals**” means the waivers, consents, approvals and authorizations listed in Schedule 1.1(yyyyy) to the Disclosure Letter;
- (zzzzz) “**Required Notifications**” means the notifications listed in Schedule 1.1(zzzzz) to the Disclosure Letter;
- (aaaaa) “**Restricted Rights**” has the meaning ascribed thereto in Section 2.10(a);
- (bbbbb) “**Retained Liabilities**” has the meaning ascribed thereto in Section 2.4;
- (ccccc) “**Rollover Agreement**” means the rollover agreement to be entered into between Parkland and the Vendors, in the form settled by the Parties concurrently with the execution of this Agreement;
- (ddddd) “**Shareholder Agreement**” means the shareholder agreement between Energy LP and Parkland in the form settled by such parties concurrently with the execution of this Agreement;
- (eeeeee) “**Successor Taxes**” means any liability for Taxes required by law to be paid as an assessed liability by the Vendors which, as a result of the transfers herein, become a liability for Taxes of the Purchaser;
- (ffffff) “**Target NAWC**” means [REDACTED] an amount calculated in accordance with Schedule 1.1(ffffff);
- (ggggg) “**Tax Act**” means the *Income Tax Act* (Canada);
- (hhhhh) “**Tax Records**” has the meaning ascribed thereto in Section 2.2(b);
- (iiiiii) “**Tax Returns**” includes all returns, reports, notices, forms, declarations, elections, filings, information returns and statements (including any amendments, schedules,

attachments, supplements, appendices and exhibits thereto) required to be filed with any Governmental Authority in respect of Taxes, whether in tangible, electronic or other form;

- (jjjjj) “**Taxes**” means, with respect to any Person, all income taxes (including any tax on or based upon net income, gross income, income as specifically defined, earnings, profits or selected items of income, earnings or profits) and all Commodity Taxes, Realty Taxes, capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, licence taxes, withholding taxes or other withholding obligations, payroll taxes, employment taxes, Canada Pension Plan premiums, other government pension plan premiums or contributions, Quebec Pension Plan premiums, excise, severance, social security premiums, workplace, safety and insurance premiums, employment insurance or compensation premiums, occupation taxes, premium taxes, property taxes, provincial Crown royalties, state taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties, fuel taxes, propane taxes, liquefied gas taxes, tobacco taxes or other taxes of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on any Person or for which such Person is responsible, and any interest, penalties, additional taxes, additions to tax or other amounts imposed with respect to the foregoing;
- (kkkkk) “**Third Party**” has the meaning ascribed thereto in Section 2.10(a);
- (lllll) “**Third Party Claim**” has the meaning ascribed thereto in Section 8.4(a);
- (mmmmm) “**TM Assignments**” means the trademark assignments through which the TPGI Trade-marks shall ultimately be assigned, conveyed or otherwise transferred to Purchaser, in the forms settled by the Parties concurrently with the execution of this Agreement;
- (nnnnn) “**TPGI**” means The Pioneer Group Inc., a body corporate incorporated under the laws of the Province of Ontario;
- (ooooo) “**TPGI Trade-marks**” shall mean any trademarks, service marks, trade names, brand names, logos, trade dress and all elements thereof, other proprietary indicia of goods and services, whether registered or unregistered, all registrations and applications for registration of such trademarks, including intent-to-use applications, all issuances, extensions and renewals of such registrations and applications, and all of the goodwill associated with the use of and symbolized by any of the foregoing, anywhere in the world, which are: (i) owned by TPGI; and (ii) related to the Business or used in connection with the operation, conduct or maintenance thereof;
- (ppppp) “**Transaction Documents**” means, collectively, this Agreement together with the Consideration Shares Agreements, the Indemnity Agreement, the Transitional Services Agreement, the Escrow Agreement, the TM Assignments;
- (qqqqq) “**Transferred Employees**” has the meaning ascribed thereto in Section 3.1(g);
- (rrrrr) “**Transferred Information**” means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual’s capacity as a representative of an organization and for no other purpose) to be disclosed or conveyed to

the Purchaser or any of its representatives or agents by or on behalf of any of the Vendors as a result of or in conjunction with the transactions contemplated herein, and includes all such personal information disclosed to the Purchaser prior to the execution of this Agreement;

(ssssss) “**Transitional Services Agreement**” means the transitional services agreement among Parkland, Holding LP, Energy LP, Transport Inc., Energy Inc., Fuels Inc., Holding GP, Energy GP, NB Ltd., NS Ltd., Ontario Ltd. and the Purchaser in the form settled by the Parties concurrently with the execution of this Agreement;

(tttttt) “**Transport Inc.**” has the meaning ascribed thereto in the preamble to this Agreement;

(uuuuuu) “**TSX**” means the Toronto Stock Exchange;

(vvvvvv) “**Unassignable Contracts**” has the meaning ascribed thereto in Section 2.10(a);

(wwwwww) “**Vendors**” means, collectively, Holding LP, Holding GP, Energy LP, Energy GP, Transport Inc., Energy Inc., Fuels Inc., NB Ltd., NS Ltd. and Ontario Ltd.; and

(xxxxxx) “**Vendors’ Fundamental Representations**” means the representations and warranties of the Vendors in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(d), 4.1(e), 4.1(h) and 4.1(ff).

1.2 Certain Rules of Interpretation

In this Agreement and the Schedules hereto and in the Disclosure Letter and the Schedules thereto:

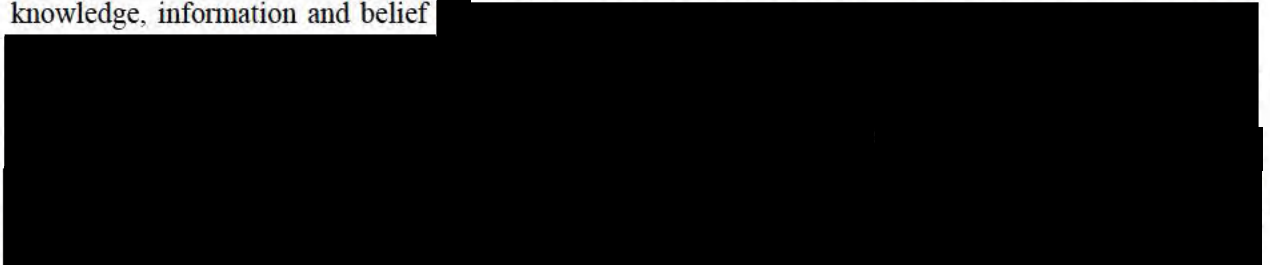
- (a) **Currency** - unless otherwise specified, all references to money amounts are to Canadian currency;
- (b) **Headings** - the division of this Agreement into Articles and Sections and the insertion of descriptive headings is solely for convenience of reference, the descriptive headings are not intended as complete or accurate descriptions of the content of such Articles or Sections and neither the division of this Agreement into Articles and Sections nor the insertion of descriptive headings shall affect the construction or interpretation of this Agreement;
- (c) **Singular, Gender, Herein, etc.** - the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such Person or Persons or circumstances as the context otherwise permits, and “hereby”, “hereof”, “herein”, “hereunder”, “herewith”, “hereto” and similar terms refer to this Agreement and not to any particular provision of this Agreement;
- (d) **Inclusive Terminology** - whenever used in this Agreement, the words “includes” and “including” and similar terms of inclusion will not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather will mean “includes but is not limited to” and “including but not limited to”, so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;
- (e) **Consent** - whenever a provision of this Agreement requires an approval or consent by a Party to this Agreement and notification of such approval or consent is not delivered

within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent;

- (f) **Calculation of Time** - unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day; and
- (g) **Interpretation Not Affected By Drafting Party** – the Parties acknowledge and agree that their respective legal counsel have reviewed and participated in settling the terms of this Agreement and that any rule of construction or interpretation to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

1.3 Knowledge

Where used with respect to the Vendors or the Purchasing Parties, the expression “to the knowledge of”, “known to” or a similar expression or phrase shall mean, when used to modify or describe the state of knowledge of factual matters by such Person: (a) in the case of the Vendors, the best of the knowledge, information and belief

 and shall, in any event include the knowledge of all matters which, after reasonable diligence, in connection with the transactions contemplated hereby, is or, is ought to have been known, to such individual, as applicable.

1.4 Statutory References

A reference in this Agreement to a statute shall be a reference to the statute and the regulations promulgated thereunder, as amended or superseded from time to time, either before or after the date hereof, unless otherwise stated or the context otherwise requires.

1.5 Accounting Principles

All references to “GAAP” shall mean the applicable Canadian Accounting Standards for Private Enterprises, which are in effect from time to time, consistently applied in accordance with applicable accounting practices of the particular entity.

1.6 Vendors’ Representative

- (a) **Authority.** Energy LP shall have the full authority, on its own behalf and on behalf of each other Vendor, to give and receive notices, to settle Claims or disputes, to take or omit to take, on its own behalf and on behalf of each other Vendor, such action as Energy LP deems necessary or appropriate with respect to this Agreement; and the Purchasing Parties (and their Affiliates) shall be entitled to rely thereon and shall be fully protected

and indemnified in so relying. All decisions by Energy LP with respect to this Agreement shall be binding upon all Vendors, and no Vendor shall have the right to object, dissent, protest or otherwise contest the same. The power-of-attorney granted in this Section 1.6 is coupled with an interest and has been given for valuable consideration, which is hereby acknowledged and is irrevocable.

- (b) **Payments.** All obligations of the Purchasing Parties under this Agreement to make a payment to the Vendors shall be satisfied in full by paying such amounts to Energy LP and it shall be the responsibility of Energy LP to deliver the appropriate amounts to the Vendors.
- (c) **Binding Effect of the Vendors.** All rights exercised, all payments made and all obligations satisfied by Energy LP under this Agreement shall be exercised, paid or satisfied by Energy LP on its own behalf and on behalf of the other Vendors and shall be binding upon the Vendors.
- (d) **Further Authorization.** Energy LP is specifically authorized to agree to and authorize, on its own behalf and on behalf of each other Vendor, any and all modifications, waivers, amendments or extensions of this Agreement that Energy LP deems necessary or appropriate. Without limiting the generality of the foregoing, Energy LP shall have the full and exclusive authority to:
 - (i) agree with the Purchasing Parties with respect to any matter or thing required or deemed necessary by Energy LP in connection with the provisions of this Agreement calling for the agreement of Vendors;
 - (ii) give and receive notices on behalf of all Vendors;
 - (iii) act on behalf of Vendors in connection with any matter as to which Vendors are or may be obligated under this Agreement, all in the absolute discretion of Energy LP; and
 - (iv) in general, do all things and perform all acts, including executing and delivering all agreements, certificates, receipts, consents, elections, instructions, and other instruments or documents contemplated by, or deemed by Energy LP to be necessary or advisable in connection with, this Agreement.

ARTICLE 2

PURCHASE AND SALE

2.1 Purchase and Sale

On the terms and subject to fulfillment of the conditions set out herein, at the Closing Time:

- (a) **Purchase and Sale of Purchased Assets** – each of the Vendors hereby agrees to sell, assign, transfer, convey and deliver to the Purchaser, and the Purchaser agrees to purchase from the Vendors, the Business and all of the right, title and interest of the Vendors in and to all of the assets, property and rights related thereto, other than the Excluded Assets (collectively, the Business and all of such assets, property and rights are herein referred to as the “**Purchased Assets**”), which shall include the following:

- (i) **Vehicles and Equipment** – all vehicles (including all on-board computer equipment and filling and dispensing equipment) as set out in Schedule 2.1(a)(i) to the Disclosure Letter and all equipment, tools, trailers and other miscellaneous items used in the conduct, operation or maintenance of or otherwise related to, the Business;
- (ii) **Other Tangible Assets** – all other tangible assets owned or used or held by any of the Vendors used in the conduct, operation or maintenance of, or otherwise related to, the Business (other than Inventory), whether located in or on the Real Property or elsewhere, including:
 - (A) all office, warehouse and plant equipment;
 - (B) all cardlocks and other bulk fuel storage facilities, including petroleum tanks, lines and dispensers located on the Real Property or on property owned by third parties, and any fixtures and erections owned by any of the Vendors together with any interests appurtenant to them;
 - (C) all ice freezers/coolers, pop vending machines, tire inflators, ice cream freezers/coolers, tires, batteries and accessories display shelves/inventories, magazine display racks, water heaters (to the extent owned), water softeners, and confectionary advertising materials; and
 - (D) all car wash facilities and equipment;
- (iii) **Goodwill, Phone Numbers, E-mail, Corporate Name** – all goodwill, together with the exclusive right of the Purchaser (or any of its Affiliates) to represent itself as carrying on the Business in continuation of and in succession to the Vendors, including the Vendors' individual and/or collective rights to use any phone (including cellular phone but excluding those cellular phones and related cellular phone numbers as set out in Schedule 2.1(a)(iii) to the Disclosure Letter) and facsimile numbers (to the extent assignable), lists of present and former suppliers, customers, clients, sales leads, distributors and any others having business dealings with any Vendor in respect of the Business, mailing lists, e-mail addresses and domain names used in the conduct, operation or maintenance of, or otherwise related to, the Business;
- (iv) **Computer Hardware and Software and Electronic Data Files** – all right, title and interest in and to all computer hardware, operating systems, software and websites used for the purpose of operating the Business, as well as electronic data files contained in or stored on any of the Vendors' computer systems and all other electronic data files, including back-up files and copies, used in the conduct, operation or maintenance of, or otherwise related to, the Business or related to any of the Purchased Assets;
- (v) **Current Assets** – all the Current Assets including the following:
 - (A) **Purchased Accounts Receivable** – all accounts receivable recorded as being receivable in the Books and Records, including those current and past-due accounts receivable comprised of amounts due and payable to any of the Vendors in respect of the Business as at the Closing Date:
 - (i) under the Contracts; and
 - (ii) pursuant to the operation of the Business,

- generated up until the Closing Date (collectively, the “**Purchased Accounts Receivable**”);
- (B) **Inventories** – all items, held by any of the Vendors, directly or indirectly, for sale, licence, rental, lease or other distribution in the Ordinary Course of Business, or that are being produced for sale, or that are to be consumed, directly or indirectly, in the production of goods or services to be available for sale, of every kind and nature and wheresoever situate (including items held by or consigned to third parties, located offsite or on the applicable dealer site) relating to the Business, including all inventory of petroleum products and related products (including motor fuels, heating fuels, aviation gas, propane, distillates and lubricants), packaging materials, operating supplies, spare parts, replacement parts, work in progress and finished goods (collectively, the “**Inventory**”);
 - (C) **Prepaid Expenses and Deposits** – all prepaid expenses and deposits related to the Business, including workers’ compensation prepayments, prepaid insurance and property Taxes, and, security deposits and constructions deposits (collectively, the “**Prepaid Expenses and Deposits**”); and
 - (D) **Dealer Loans and Notes Receivable** – all notes, loans receivable and other similar debt obligations (including any security or guarantees granted in connection therewith) of tenants, dealers, lessees, licensees or consignees of the Business, arising in the Ordinary Course of Business and including dealer cash security and retailer cash security;
- (vi) **Leased Equipment** – all right, title and interest of each of the Vendors in, to and under all of the vehicle leases, equipment leases and other agreements between any Vendor and third parties (including any of the Vendors or any of their respective Affiliates) relating to machinery, equipment and vehicles leased or used in the conduct, operation or maintenance of, or otherwise related to, the Business;
 - (vii) **Warranty Rights and Maintenance Contracts** – the full benefit of all warranties and warranty rights (express and implied) provided by or against manufacturers, sellers or lessors of any of the Purchased Assets and all maintenance Contracts in respect of the Purchased Assets;
 - (viii) **Regulatory Authorizations** – all Regulatory Authorizations;
 - (ix) **Leased Real Property** – all leases (collectively, the “**Leases**”) relating to any and all leased real property of the Vendors, including all rights and interests of the Vendors in and to any and all leased real property, from which the Vendors (directly or indirectly) operates, conducts or maintains or may (including in the case of any vacant leased real property) operate, conduct or maintain, the Business and all structures, erections, improvements, appurtenances and fixtures located thereon, therein, thereunder or forming part thereof (collectively, the “**Leased Real Property**”);
 - (x) **Contracts** – without limitation to the foregoing, all of the Assumed Contracts;

- (xi) **Owned Real Property** – all lands and premises and freehold property and interest therein of the Vendors, including all lands and premises and freehold property and interest therein, from which the Vendors (directly or indirectly) operates, conducts or maintains the Business or may (including in the case of any vacant owned real property) operate, conduct or maintain, the Business owned by each of the Vendors and all plants, buildings, cardlocks and bulk fuel storage facilities, structures, erections, improvements, appurtenances, tanks, lines, dispensers, canopies and fixtures (including fixed machinery and fixed equipment) situate thereon, therein, thereunder or forming part thereof (collectively, the “**Owned Real Property**”);
- (xii) **Intellectual Property** – all Intellectual Property, owned by any of the Vendors, (the “**Owned Intellectual Property**”) and all Intellectual Property held by the Vendors or used in the Business, including the trade-marks, trade-names, the corporate names, and other marks or indicia or source in respect of the Business, all as set out in Schedule 2.1(a)(xii) to the Disclosure Letter;
- (xiii) **Books and Records** – all Books and Records;
- (xiv) **Insurance Benefits** – any benefits payable under all insurance policies relating to the Business or the Purchased Assets; and
- (xv) **Miscellaneous** – all other properties, assets or rights used in the conduct, operation or maintenance of, or otherwise relating to, the Business,

excluding only the Excluded Assets, as described in Section 2.2.

- (b) **Payment of Purchase Price** – the Purchaser shall pay the Closing Cash Amount Payable and issue the PIL Shares, and Parkland shall issue the Consideration Shares in exchange for the PIL Shares, as described in Section 2.7;
- (c) **Transfer and Delivery of Purchased Assets** – each of the Vendors shall execute and deliver to the Purchaser (or any of its Affiliates, as directed by the Purchaser) all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be necessary or desirable to effectively transfer to the Purchaser (or its Affiliates) the Purchased Assets; each of the Vendors shall deliver up to the Purchaser possession of the Purchased Assets, free and clear of all Encumbrances, other than Permitted Encumbrances; and
- (d) **Other Documents** – the Vendors and the Purchasing Parties shall each deliver such other documents as may be necessary or desirable to complete the transactions provided for in this Agreement.

2.2 Excluded Assets

The Purchased Assets shall not include (collectively, the “**Excluded Assets**”):

- (a) **Cash** – all cash and cash equivalents, including cash on hand or on deposit with banks (or other depositories), vault cash in automated teller (bank) machines (which is owned by the third party operator) and marketable securities held by or for the account (and not otherwise forming a Purchased Asset described in Section 2.1(a)(v)) of the Vendors, net

of any cheques issued by the Vendors and outstanding as at the Closing Time and excluding dealer cash security and retailer cash security;

- (b) **Refundable Taxes** – rights to refunds of Taxes paid by the Vendors, whether paid directly by the Vendors or indirectly by a third party on the Vendors’ behalf, regardless of whether such rights have arisen or hereafter arise, all of the Tax assets of the Vendors, including any loss carry forwards, Tax credits, Tax refunds receivable, Tax Returns and working papers, information, files, correspondence, records, data, plans, reports and recorded knowledge related to Taxes (collectively, the “**Tax Records**”);
- (c) **Claims and Judgments** – the interest of any of the Vendors in any Claim and in the proceeds of any judgment, Order or decree issued or made in respect thereof, relating to periods prior to the Closing Time;
- (d) **Contracts** – those Contracts listed in Schedule 2.2(d) to the Disclosure Letter;
- (e) **Books and Records** – those books and records of the Vendors which are required by Law to be retained by the Vendors (including the minute books and corporate records of the Vendors), copies of which will be available to the Purchaser;
- (f) **Agreement** – the Vendors’ rights under or pursuant to this Agreement and each other agreement, document or instrument executed and delivered by the Vendors in connection with the consummation of the transactions contemplated by this Agreement; and
- (g) **Other Assets** – the other assets as set out in Schedule 2.2(g) to the Disclosure Letter.

2.3 Assumed Liabilities

Subject to Section 2.4, at the Closing Time and conditional upon Closing, the Purchaser shall assume and agree to pay when due and perform and discharge in accordance with their terms, the Assumed Liabilities. For greater certainty, conditional upon Closing, none of the Vendors will retain or continue to be responsible for and will not have any obligation to pay, satisfy, discharge, perform or fulfill any Assumed Liabilities.

2.4 Retained Liabilities

The Vendors will retain and continue to be responsible for and will pay, satisfy, discharge, perform and fulfill, the following Liabilities (collectively, the “**Retained Liabilities**”):

- (a) all Liabilities and Encumbrances, whether past, present or future, arising prior to, on or after the Closing Time, relating to, under or in respect of the Excluded Assets or the Excluded Business;
- (b) all Liabilities, whether past, present or future, arising prior to, on or after the Closing Time, relating to or in respect of the Excluded Employees;
- (c) all Liabilities, whether past, present or future arising prior to, on or after the Closing Time relating to, under or in respect of the LTIP, the Annual SERP and the DC SERP;
- (d) all Liabilities apportioned to any of the Vendors under Section 2.13(a);

- (e) all Liabilities, whether past, present or future, arising prior to, on or after the Closing Time, relating to, under or in respect of all Claims against the Vendors set out in Schedule 2.4(e) of the Disclosure Letter;
- (f) all Liabilities, whether past, present or future, arising prior to, on or after the Closing Time, relating to, under or in respect of the unregistered debenture dated September 27, 1993 issued to Suncor Energy Products Inc.;
- (g) all Liabilities, whether past, present or future, arising prior to, on or after the Closing Time, relating to, under or in respect of third party indebtedness of the Vendors for borrowed money, including, without limitation, debt owed to the Canadian Imperial Bank of Commerce;
- (h) all Liabilities whether past, present or future, arising prior to, on or after the Closing Time, relating to, under or in respect of the Pre-Closing Reorganization; and
- (i) all Liabilities, whether past, present or future, arising prior to, on or after the Closing Time, in connection with Taxes relating to the Business, the Purchased Assets, as provided for in this Agreement or the Retained Liabilities for, or in respect of, any time prior to or ending at, the Closing Time, including any Liabilities for Taxes relating, in any manner, to the Pre-Closing Reorganization, and other than, for greater certainty, Commodity Taxes that the Purchaser is responsible for paying pursuant to Section 2.13(c) of this Agreement.

For greater certainty, the Purchaser will not assume and will not have any obligation to pay, satisfy, discharge, perform or fulfill any of the Retained Liabilities.

2.5 Purchase Price

The consideration payable by the Purchaser for the sale of the Purchased Assets by the Vendors to the Purchaser shall be the aggregate amount of \$378,315,000 plus the amount of the Assumed Liabilities (the “**Purchase Price**”), increased (or decreased) by an amount equal to the Adjustment Amount. The Purchase Price shall be payable by the Purchaser as set forth in Section 2.7 and is subject to the adjustments set forth in Section 2.8.

2.6 Closing Statement

- (a) At Closing, the Normalized Working Capital shall be deemed to be equal to the Target NAWC.
- (b) Notwithstanding Section 2.6(a), at least five Business Days prior to the Closing Date, the Vendors shall deliver to Purchaser a closing statement which shall set forth in reasonable detail management’s estimate of Normalized Working Capital at the Closing Date for demonstrative purposes only.

2.7 Closing Date Payments

- (a) On the Closing Date, the Purchaser shall pay the Purchase Price (excluding the payments provided for under Section 2.7(b)) as follows:
 - (i) subject to Sections 2.7(d) and (f), deliver the Holdback Amount and the Indemnification Escrow Amount to the Escrow Agent, such amounts to be subject to the terms and conditions of the Escrow Agreement;

- (ii) pay the Consideration Share Value to Energy LP or such other party as may be directed by the Vendors, provided that any such other party is approved, in writing, by the Purchaser (acting reasonably), by way of issuance of the PIL Shares;
 - (iii) deliver an amount in cash (the “**Closing Cash Amount Payable**”) to or as directed by the Vendors equal to the Purchase Price (excluding the payments provided for under Section 2.7(b)) less the sum of: (A) the Consideration Share Value; (B) the Holdback Amount; and (C) the Indemnification Escrow Amount; and
 - (iv) assume the Assumed Liabilities in accordance with Section 2.3.
- (b) **[Intentionally Deleted]**
- (c) On the Closing Date, immediately after receipt of the PIL Shares by Energy LP as partial payment of the portion of the Purchase Price payable to Energy LP, Energy LP shall transfer such shares to Parkland, pursuant to the terms and conditions of the Rollover Agreement, in exchange for the Consideration Shares. The Consideration Shares shall be registered in the name of Energy LP or such other party as may be directed by Energy LP, provided that any such other party is approved, in writing, by the Purchaser (acting reasonably).
 - (d) The Vendors may elect to satisfy the Holdback Amount by providing, or causing to be provided, a letter of credit in an aggregate amount of not less than the Holdback Amount in favour of the Purchasing Parties as beneficiaries, in lieu of the Holdback Amount being delivered to the Escrow Agent as contemplated in Section 2.7(a)(i), in the standard form of a Canadian Schedule I Bank for a sight draft letter of credit.
 - (e) The Vendors may elect to satisfy the Indemnification Escrow Amount by providing, or causing to be provided, a letter of credit, in the standard form of a Canadian Schedule I Bank for a sight draft letter of credit, in an aggregate amount of not less than the Indemnification Escrow Amount in favour of the Purchasing Parties as beneficiaries, in lieu of the Indemnification Escrow Amount as contemplated in Section 2.7(a)(i).
 - (f) On the Closing Date, the Vendors shall deliver an amount in cash to the Purchaser equal to the Parkland Transaction Cost. For the purposes of this Section 2.7(g), the “**Parkland Transaction Cost**” means:
 - (i) in the event that the Closing Date occurs prior to December 6, 2014, the amount of [REDACTED];
 - (ii) in the event that the Closing Date occurs on or after December 6, 2014, but prior to December 13, 2014, the amount of [REDACTED];
 - (iii) in the event that the Closing Date occurs on or after December 13, 2014, but prior to December 20, 2014, the amount of [REDACTED];
 - (iv) in the event that the Closing Date occurs on or after December 20, 2014, but prior to December 27, 2014, the amount of [REDACTED]; or

- (v) in the event that the Closing Date occurs on or after December 27, 2014, the amount of [REDACTED].

2.8 Post-Closing Working Capital Adjustment

- (a) No later than 90 Business Days following the Closing Date, the Purchaser shall prepare and deliver to Energy LP (on its own behalf and on behalf of the Vendors) a closing statement (the “**Post-Closing Statement**”) setting forth, in reasonable detail, the Purchaser’s calculation (the “**Purchaser’s Proposed Calculations**”) of the Closing Working Capital, the Adjustment Amount and the revised Purchase Price. The Purchaser shall provide Energy LP and its authorized representatives with reasonable access and assistance during normal business hours to the books and records of the Purchaser to verify the accuracy of Purchaser’s Proposed Calculations (including providing reasonable access to any working papers in respect of Purchaser’s Proposed Calculations), provided, however, that such access shall not unreasonably disrupt the operations of the Purchaser.
- (b) Energy LP (on its own behalf and on behalf of the Vendors) may object to any matter relating to the Post-Closing Statement or the Purchaser’s Proposed Calculations by written notice of objection (the “**Dispute Notice**”) delivered to Purchaser within 30 Business Days after Energy LP’s receipt of the Post-Closing Statement. In the event Energy LP (on its own behalf and on behalf of the Vendors) elects not to deliver a Dispute Notice to the Purchaser within such 30 Business Day period, the Post-Closing Statement will be conclusive and binding on the Purchaser and the Vendors. The Dispute Notice, if any, shall set forth, in reasonable detail, the matter in dispute and the basis for the dispute (the “**Disputed Matter**”) and, if related to a monetary amount, the amount of the Purchaser’s Proposed Calculations in dispute (the “**Disputed Amounts**”). If Energy LP (on its own behalf and on behalf of the Vendors) delivers a Dispute Notice within the 30 Business Day period referred to in this Section 2.8(b), then: (i) any amount of Purchaser’s proposed recalculation of the Purchase Price that is not a Disputed Amount shall be treated as final and binding; and (ii) any Disputed Matter or Disputed Amount shall be resolved as follows:
 - (i) the Purchaser and Energy LP (on its own behalf and on behalf of the Vendors) shall use commercially reasonable efforts to resolve the Disputed Matters and the Disputed Amounts as soon as practicable. If the Purchaser and Energy LP do not agree on the determination of the Disputed Matters and the calculations of all of the Disputed Amounts within 30 Business Days of a Dispute Notice being received, the dispute shall be referred to the Independent Accountant. The Independent Accountant shall, as promptly as practicable, make a determination in respect of the Disputed Matters or Disputed Amounts subject to the following:
 - (A) The Independent Accountant shall conduct a review and verification of the Disputed Matters and the Disputed Amounts based solely on materials presented by the Purchaser and Energy LP, and not by independent review (provided, however, that all calculations shall be performed in a manner consistent with past practices of the Vendors), and shall select either Energy LP’s determination of the Disputed Matters and the calculations of the Disputed Amounts as set forth in the Dispute Notice or the Purchaser’s determination of the Disputed Matters and the Proposed Calculations of the Disputed Amounts as set forth in Post-Closing Statement or an amount that is between the two proposed calculations.

- (B) Each of the Purchaser and Energy LP shall use their commercially reasonable efforts to cause the Independent Accountant to render a decision in accordance with this Section 2.8(b)(i), along with a statement of reasons therefor, within 45 days of the submission of the Disputed Matters and the Disputed Amounts to the Independent Accountant or a reasonable time thereafter. The decision of the Independent Accountant shall be final and binding upon the Parties and non-appealable, and each such Party shall be entitled to obtain a judgment entered by a court having competent jurisdiction thereover enforcing such decision.
 - (C) In the event the Parties submit any Disputed Matters or Disputed Amounts to the Independent Accountant for resolution, and the Independent Accountant awards a decision in favour of one Party, the other Party shall be responsible to pay the awarded Party's (1) costs and expenses incurred under this Section 2.8(b)(i); (2) the fees and costs of the Independent Accountant; and (3) all reasonable costs associated with engaging the Independent Accountant. If the Independent Accountant determines that the Disputed Matters or the Disputed Amount is between Energy LP's calculations of the Disputed Matters or the Disputed Amounts as set forth in the Dispute Notice and the Purchaser's Proposed Calculations of the Disputed Amounts as set forth in Post-Closing Statement, each Party shall pay their own costs and expenses incurred under this Section 2.8(b)(i) and the fees and costs of the Independent Accountant shall be allocated between the Parties based upon the percentage which the portion of the Disputed Amount not awarded to each Party bears to the amount actually contested by such Party.
- (c) Once the Closing Working Capital has been finally determined in accordance with this Section 2.8, then:
- (i) if the Target NAWC is greater than the Closing Working Capital, then the amount of such difference (the "**Deficiency**") will be owed by the Vendors (jointly and severally) to the Purchaser and shall be paid in accordance with Section 2.8(d); and
 - (ii) if the Closing Working Capital is greater than the Target NAWC, then the amount of such difference will be owed by the Purchaser to the Vendors, and shall be paid by wire transfer to Energy LP concurrently with the execution and delivery of the joint direction to the Escrow Agent as described in Section 2.8(d).
- (d) Once Section 2.8(c) applies, the Purchaser and Energy LP (on its own behalf and on behalf of the Vendors) will, within two Business Days of the determination of the Closing Working Capital in accordance with this Section 2.8, issue a joint direction to the Escrow Agent to distribute the Holdback Amount. If Section 2.8(c)(i) applies, the Escrow Agent shall be directed to distribute an amount from the Holdback Amount equal to the Deficiency (if any) to the Purchaser, with the remainder of the Holdback Amount (if any) to be distributed to Energy LP. If Section 2.8(c)(ii) applies, the Escrow Agent shall be directed to distribute the Holdback Amount entirely to the Vendors. Such distribution shall, in any case, be made forthwith and in any event within 2 Business Days. To the extent that the Deficiency exceeds the Holdback Amount, Energy LP (on its own behalf and on behalf of the Vendors) will effect a wire transfer to the Purchaser in

the amount of such excess concurrently with the execution and delivery of the joint direction to the Escrow Agent.

- (e) For greater certainty, the adjustments set forth in this Section 2.8 shall not affect the number of PIL Shares or Consideration Shares issued to Energy LP in accordance with Section 2.7(a)(ii) and 2.7(c), respectively, and shall be an adjustment to the cash portion of the Purchase Price only. Furthermore, the Vendors' liability in respect of any of the adjustments set forth in this Section 2.8 shall not be limited to the Closing Cash Amount Payable.

2.9 Holdback Amount

The Parties agree to a holdback of funds solely in connection with adjustments to the Purchase Price pursuant to the terms of Section 2.8 in an aggregate amount equal to [REDACTED] (together with interest accrued thereon, the "**Holdback Amount**"). The Holdback Amount shall be held by the Escrow Agent pursuant to and for the period specified in the Escrow Agreement. For greater certainty, the Holdback Amount is separate and distinct from the Indemnification Escrow Amount and is subject to the terms, limitations and provisions governing same, as set out in Section 8.6 and the Escrow Agreement.

2.10 Unassignable Rights

- (a) If any rights, entitlements, benefits, remedies, duties or obligations under any Contracts or Regulatory Authorizations, whether existing at present or in the future, are as a matter of law or by their terms: (1) not assignable; or (2) not assignable by the applicable Vendor to the Purchaser without the consent of a Person who is not a Party to this Agreement (hereinafter in this Section 2.10, a "**Third Party**") and such consents are not obtained by the Closing Time (hereinafter in this Section 2.10, collectively, the "**Restricted Rights**", and the Contracts or Regulatory Authorizations under which the Restricted Rights arise are, collectively, the "**Unassignable Contracts**"); then:
 - (i) pending the effective transfer of the relevant Unassignable Contracts, the applicable Vendor shall and will hold the Restricted Rights in trust for the exclusive benefit of the Purchaser as bare trustee and agent, provided that the Purchaser will pay, perform and discharge all duties and obligations and Purchaser shall have all rights, entitlements, benefits, remedies, arising or accruing with respect to such Unassignable Contracts during that period;
 - (ii) the applicable Vendor will, at the request and expense and under the direction of the Purchaser, in the name of such Vendor or otherwise as the Purchaser shall reasonably specify, take all such reasonable actions and do all such reasonable things as shall, in the reasonable opinion of the Purchaser, be necessary or desirable in order that the rights, entitlements, benefits, remedies, duties and obligations of such Vendor under any such Unassignable Contract, and relating to the applicable Restricted Right, may be enjoyed, received or performed, as the case may be, in accordance with the terms of such Unassignable Contract, including that all monies receivable under such Unassignable Contract may be received by the Purchaser and that all rights and licenses under such Unassignable Contracts may be exercised by the Purchaser;
 - (iii) the applicable Vendor will promptly pay over to the Purchaser all such monies collected by such Vendor in respect of such Unassignable Contracts net of any

unpaid related costs or expenses (including any Taxes that are payable in respect of the receipt of such amounts);

- (iv) to the extent permitted by the Third Party and the Vendors:
 - (A) the Purchaser will perform the duties and obligations under such Unassignable Contracts, on behalf of the Vendors until such time as the Restricted Rights are fully vested with the Purchaser; and
 - (B) the Vendor will exercise the rights, entitlements, benefits and remedies under such Unassignable Contracts, on behalf of the Purchaser until such time as the Restricted Rights are fully vested with the Purchaser;
 - (v) the Purchaser will be responsible for all costs reasonably incurred by such Vendor as a consequence of or in connection with this Section 2.10; and
 - (vi) the applicable Vendor shall maintain its existence, and shall continue to be licensed, registered or otherwise qualified and authorized to conduct its affairs and carry on business as is necessary to fulfill its obligations as set out in this Section 2.10 until the earlier of the expiry or assignment of the last Unassignable Contract;
- (b) Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Purchaser, any Unassignable Contract.

2.11 Purchased Accounts Receivable

The Purchaser shall make reasonable commercial efforts to ensure its accounting systems are in place in a timely manner in order to administer the Purchased Accounts Receivable. However, until the proper accounting systems are put in place by the Purchaser, or for up to nine months after the Closing Date, whichever is earlier, the Vendors shall remit to the Purchaser any amounts deposited to the Vendors' bank account in satisfaction of any Purchased Accounts Receivable.

2.12 Allocation of Purchase Price

The Vendors and the Purchaser agree that the amount of the Purchase Price allocated to each Purchased Asset shall be as set out in Schedule 2.12 to the Disclosure Letter. Any adjustments to the Purchase Price pursuant to this Agreement (except under Section 2.8 and in respect of adjustments for Working Capital) shall only adjust the amount of the Purchase Price allocated to the goodwill of Energy LP unless agreed to be allocated to a particular asset. In connection with any Commodity Taxes payable in respect of the Purchased Assets under Section 2.13(c), the Vendors and the Purchaser shall, no later than seven days prior to the Closing Date, mutually agree on an allocation of the Purchase Price in respect of the Purchased Assets, including an allocation of such amounts to the Purchased Assets located in each province, to be used for calculating the amount(s) of Commodity Taxes to be remitted or self-assessed to the relevant Governmental Authorities. The Purchaser and the Vendors shall report an allocation of the Purchase Price among the Purchased Assets in a manner entirely consistent with this Agreement and shall not take any position materially inconsistent therewith in the preparation of financial statements (other than as may reasonably be necessary in accordance with applicable accounting standards), the filing of any Tax Returns or in the course of any audit by any Governmental Authority, Taxes review or Taxes proceeding relating to any Tax Returns.

2.13 Tax Matters

- (a) Unless otherwise provided for in this Section 2.13, the Vendors will be responsible for the payment of all Taxes payable by them to any relevant taxing authority and relating to the operation of the Business and/or the ownership of the Purchased Assets which arise on or before, or are related to a period of time on or before, the Closing Time. Liability for Realty Taxes shall be apportioned at the Closing between the Vendors and the Purchaser based upon the amounts set forth in the current tax bills therefor and the number of days in the taxable period prior to (and including) the Closing Date and in the taxable period following the Closing Date.
- (b) The Vendors and the Purchaser shall each file their respective Tax Returns based upon and in accordance with the allocations of the Purchase Price set out in Schedule 2.12 to the Disclosure Letter and/or the Elected Amounts referred to in 2.13(h), as applicable, and will not make any inconsistent statements or take any inconsistent positions on any Tax Returns, in any refund claims or during the course of any audits by any taxing authorities.
- (c) The Purchaser shall pay all Commodity Taxes applicable to, or resulting from the transactions contemplated by, this Agreement and any filing, registration, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement. In respect of the purchase and sale of the Purchased Assets under this Agreement, each Party shall pay direct to the appropriate Governmental Authority all Commodity Taxes, registration charges and transfer fees payable by it and, upon the reasonable request of a Party, the requested Party shall furnish proof of such payment except that the Purchaser shall be liable for and shall pay all applicable Commodity Taxes required to be collected by the Vendors and the Vendors shall collect and remit any such collected Commodity Taxes as required by applicable Laws. The Purchaser shall also provide the Vendors with a purchase exemption certificate or its equivalent to support any reasonable exemption claimed in respect of the Purchased Assets.
- (d) To the extent permitted under subsection 167(1) of the ETA and any equivalent or corresponding provision under any applicable provincial legislation, the Vendors agree to jointly elect with the Purchaser, on the Closing Date, under subsection 167(1) of the ETA, and under any similar provision of any applicable provincial legislation, in the form prescribed for the purposes of that provision, in respect of the sale and transfer of the Purchased Assets by the Vendors hereunder, and the Purchaser shall file such elections with the Canada Revenue Agency within the time periods prescribed under the ETA, and provide the Vendors within 20 days of receipt with a photocopy of a written acknowledgement by the Canada Revenue Agency (and by the provincial taxing authority, where applicable) of the receipt of such elections. Notwithstanding anything to the contrary in this Agreement, the Purchaser shall indemnify and hold the Vendors harmless in respect of any Commodity Taxes, penalties, interest and other amounts which may be assessed against the Vendors as a result of the transactions under this Agreement including as a result of the Purchased Assets not being eligible for such elections or as a result of the Purchaser's failure to file the elections within the prescribed time.
- (e) The Purchaser is registered for GST/HST purposes under Part IX of the ETA and its GST/HST number is [REDACTED]
- (f) To the extent that the joint elections under subsection 167(1) of the ETA are not executed by any of the Vendors and the Purchaser as set out in Section 2.13(d) of this Agreement

and to the extent permitted under subsection 221(2) of the ETA and any equivalent or corresponding provision under any applicable provincial or territorial legislation, the Purchaser shall self-assess and remit directly to the appropriate Governmental Authority any applicable GST/HST imposed under the ETA and any similar value added or multi-staged tax imposed by any applicable provincial or territorial legislation payable in connection with the transfer of any of the Real Property not included under Section 2.13(d). The Purchaser shall make and file a return(s) in accordance with the requirements of subsection 228(4) of the ETA and any equivalent or corresponding provision under any applicable provincial or territorial legislation.

- (g) In accordance with the requirements of the Tax Act, the regulations thereunder, the administrative practice and policy of the Canada Revenue Agency and any applicable equivalent or corresponding provincial or territorial legislative, regulatory and administrative requirements, the Purchaser shall make and file, in a timely manner:
- (i) a joint election(s) to have the rules in section 22 of the Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply in respect of the Purchased Accounts Receivable, and shall designate therein that portion of the Purchase Price allocated to the Purchased Accounts Receivable as determined by the Purchaser, is its sole discretion, as the consideration paid by the Purchaser to the Vendors; and
 - (ii) a joint election(s) to have the rules in subsection 20(24) of the Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Vendors in respect of undertakings which arise from the operation of the Business and to which paragraph 12(1)(a) of the Tax Act applies. The Purchaser and the Vendors acknowledge that the Vendors are transferring assets to the Purchaser which have a value equal to the elected amount as consideration for the assumption by the Purchaser of such obligations of the Vendors.
- (h) The Purchasing Parties shall cooperate with Energy LP so that Energy LP may acquire the PIL Shares and the Consideration Shares on a tax-deferred rollover basis. Following the finalization of the Purchase Price in accordance with the terms of this Agreement, the Purchasing Parties agree and covenant to file one or more joint elections with Energy LP under subsection 85 of the Tax Act and the corresponding provisions of any applicable provincial tax statute (in a form acceptable to the Purchaser, acting reasonably) in connection with the issuance of the PIL Shares to Energy LP as payment of a portion of the Purchase Price payable to Energy LP, and the subsequent transfer by Energy LP of the PIL Shares in exchange for the Consideration Shares pursuant to the Rollover Agreement. The amounts to be elected as the transfer amounts shall be jointly determined by the Vendors and the Purchasing Parties, acting reasonably, provided that such elected amount shall be within the limitations set out in the Tax Act. In respect of such elections, and subject to the statutory limitations set out in section 85 of the Tax Act, the parties further agree:
- (i) the elected amount under subsection 85 of the Tax Act in respect of the transfer of each Purchased Asset by Energy LP to the Purchaser shall be such amount (each, an “**Elected Amount**”), within the limits of the Tax Act, that results in Energy LP not realizing any gain or income in respect of the disposition of such Purchased Asset with the exception that to the extent any income or gain must be realized as a result of the amount of the non-share consideration received by

Energy LP exceeding what would otherwise be the aggregate Elected Amounts, such excess amount shall be allocated as follows: (A) [REDACTED] for Energy LP shall be allocated to the tanks and lines for owned and leased sites (Class 8 and Class 13 assets) transferred by Energy LP, respectively, to the Purchaser; and (B) the balance of any such excess shall be to the “eligible capital property” (as defined in the Tax Act) transferred by Energy LP to the Purchaser (for clarity although not relevant for this section there shall be allocated for Energy Inc. for tanks and lines the sum of [REDACTED]);

- (ii) the Elected Amount in respect of the transfer of the PIL Shares by Energy LP to Parkland in consideration for the Consideration Shares shall be such amount that results in Energy LP not realizing any gain or income in respect of the disposition of the PIL Shares; and
- (iii) the Vendors shall be solely responsible for the filing of such tax elections, the accuracy of such elections and all expenses, charges and other Liabilities associated therewith (including any interest or penalties which may be assessed as a result or consequence of filing such elections). The Purchaser shall have no liability to the Vendors for any failure by the Vendors to file such elections on a timely basis, or for elections which are not filed, filed late or which are invalid.

2.14 Payment

Any payment of money made pursuant to this Agreement may be made by wire transfer of immediately available funds to the account specified by the Party entitled to receive such payment.

ARTICLE 3 EMPLOYMENT

3.1 Employees

- (a) On or before the date that is 15 Business Days prior to the Closing Date, or such other date as the Purchaser and Energy LP may agree in writing, the Purchaser (or an Affiliate of the Purchaser) shall make written offers of employment (the “**Employment Offers**”) to all Employees other than Excluded Employees, provided that such employment shall be conditional on Closing and effective at the Closing Time.
- (b) The Purchaser shall provide Energy LP with draft Employment Offers for prior approval of Energy LP, acting reasonably, no less than 10 Business Days prior to the date on which such Employment Offers are made to the Employees, other than the Excluded Employees, in accordance with Section 3.1(a).
- (c) The Employment Offers by the Purchaser (or an Affiliate of the Purchaser) to Employees, other than the Excluded Employees, shall: (i) be consistent with the Purchaser’s standard terms of employment with similar employees already employed by the Purchaser or an Affiliate of the Purchaser; (ii) be in the general geographic area of the current employment of the respective Employee; (iii) be substantially consistent with, or better than, the total compensation amount currently offered to each respective Employee by the applicable Vendor on the date hereof; and (iv) recognize the respective Employee’s years of service with the Vendors.

- (d) The Vendors shall encourage Employees, other than the Excluded Employees, to accept the Purchaser's Employment Offers, shall facilitate the delivery of such Employment Offers and shall use commercially reasonable efforts to provide a reasonable opportunity for such Employees to discuss such Employment Offers with the Purchaser.
- (e) The Vendors shall be solely liable for any obligation arising from the LTIP, DC SERP and the Annual SERP or in respect of employees of the Excluded Business.
- (f) The Purchaser shall be solely liable for payment of all amounts owing to any Employees (other than Excluded Employees), including for vacation time, wages and other compensation, and for any Losses arising out of Claims by Transferred Employees to the extent related to their employment by the Purchaser or any of its Affiliates.
- (g) Employees who accept an offer of employment with the Purchaser as of Closing Time are referred to herein as "**Transferred Employees**". For a period of five years following the Closing Date, the Vendors shall not, on their own behalf or on behalf of or in connection with any other Person, in any capacity whatsoever, solicit the employment or engagement of any Employee or otherwise entice away from the employment of the Purchaser or any of its Affiliates any Transferred Employee, whether or not such Transferred Employee would commit any breach of their contract or terms of employment by leaving the employ of the Purchaser or any of its Affiliates, provided that the Vendors shall not be in default of this Section 3.1(g) as a result of the following:
 - (i) general solicitations of employment that are not targeted to any Employee; or
 - (ii) the solicitation or employment of any Transferred Employee who was employed by the Purchaser or any of its Affiliates and whose employment has been terminated by the Purchaser or its Affiliates for three months or more.

3.2 Transferred Employees Workers' Compensation Liabilities

Workers' compensation Claims made prior to, on or after the Closing Time with respect to any Transferred Employee, whether the incident or alleged incident giving rise to a Claim occurred prior to, on or after the Closing Time shall be for the Purchaser's workers' compensation account.

ARTICLE 4 **REPRESENTATIONS AND WARRANTIES**

4.1 Representations and Warranties of the Vendors

Each of the Vendors (which does not, in the case of Holding LP, include the limited partners of Holding LP) hereby jointly and severally represents and warrants to each of the Purchasing Parties as follows, and acknowledges and confirms that notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Purchasing Parties and notwithstanding any information or document provided to the Purchasing Parties, the Purchasing Parties are relying upon the accuracy of each such representation and warranty in connection with the execution and delivery of this Agreement and the purchase of the Purchased Assets, that as of the date hereof:

Status

- (a) each of the Vendors is either a corporation or a limited partnership duly incorporated, organized or formed, as applicable, and validly existing under the Laws of its jurisdiction

of incorporation, organization or formation, as applicable, and each of the Vendors has the requisite power, authority and capacity to own, lease, licence or otherwise hold the Purchased Assets and to carry on the Business as is currently and has historically been operated, conducted or maintained by it;

- (b) each of the Vendors is duly registered, licensed or otherwise qualified or authorized to conduct its affairs or carry on business, as applicable in connection with the Business, and is in good standing in each jurisdiction in which the Purchased Assets are owned, leased, licensed or otherwise held, or the nature of such activities makes such registration, licensing, qualification or authorization necessary;
- (c) the Vendors are the only Persons which, in whole or in part, carry on the Business;

Due Authorization and Enforceability of Obligations of the Vendors

- (d) each of the Vendors has all requisite power, authority and capacity to enter into this Agreement and all documents to be delivered by the Vendors pursuant hereto (including the applicable Transaction Documents) and to perform its obligations hereunder and thereunder;
- (e) this Agreement has been duly authorized, executed and delivered on behalf of each of the Vendors. This Agreement constitutes, and each other document to be executed and delivered by any of the Vendors hereunder (including the applicable Transaction Documents) will, following their execution, constitute a legal, valid and binding obligation of such Vendor, enforceable against it in accordance with their respective terms and, at the Closing Time, all documents required to be executed and delivered by any of the Vendors hereunder (including the applicable Transaction Documents) will have been duly authorized, executed and delivered by such Vendor, and constitute legal, valid and binding obligations of such Vendor, enforceable against it in accordance with their respective terms;

Absence of Conflicts

- (f) except as set forth in Schedule 4.1(f) to the Disclosure Letter, the execution and delivery of this Agreement and all documents to be delivered pursuant hereto (including the applicable Transaction Documents), the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
 - (i) result in a breach or violation of, conflict with or constitute a default under, any term or provision of the articles, by-laws or governing documents of any of the Vendors or any resolutions of the directors, shareholders or the general partners, as applicable, of any of the Vendors;
 - (ii) result in a material breach or violation of, conflict with, constitute a default (or an event, condition or occurrence which, with or without notice or passage of time or both, would constitute a default) under, accelerate or permit the acceleration of the performance required by, or result in a right of suspension, revocation or termination of, any Material Contract or material Regulatory Authorization to which any of the Purchased Assets and/or the Business are subject or result in the

creation of any Encumbrance upon any of the Purchased Assets or give others any interest or right, including any right of purchase, termination, cancellation or acceleration under any such Material Contract or material Regulatory Authorization;

- (iii) result in the creation of any Encumbrance upon any of the Purchased Assets;
 - (iv) result in a breach or violation of, conflict with or constitute a default under any Laws applicable to any of the Vendors, the Business or any of the Purchased Assets; or
 - (v) give rise to a Material Adverse Effect;
- (g) the transactions contemplated by this Agreement do not require the approval of any creditor or securityholder of any of the Vendors, other than as expressly provided for herein and to be delivered at Closing;
- (h) except as set forth in Schedule 4.1(h) to the Disclosure Letter, no Person other than the Purchaser has any written or oral agreement, or any option or other right or privilege (whether by law, pre-emptive, contractual or otherwise) capable of becoming an agreement or option, for the purchase or acquisition from any of the Vendors of the Business or any of the Purchased Assets or any right, title and interest therein;

Approvals

- (i) the Required Approvals and the Required Notifications constitute all material waivers, consents, notifications, approvals and authorizations required to be obtained by any of the Vendors in connection with the execution, delivery and performance of this Agreement or any other documents or agreements to be delivered under this Agreement.
- (j) the Closing Approvals identified on Schedule 1.1(p) to the Disclosure Letter constitute all material waivers, consents, notifications, approvals and authorizations necessary in order for the Business to be continued to be carried on by the Purchaser in the Ordinary Course of Business subsequent to the Closing Date;
- (k) there is no legal impediment to the consummation of the transactions contemplated hereby and none of the Vendors is required to give any notice to, make any filing with, or obtain any waiver, consent, approval or authorization of, any Governmental Authority or other Person in connection with the execution, delivery or performance of this Agreement or the completion of the transactions contemplated by this Agreement save and except for:
 - (i) notices, filings, waivers, consents, approvals or authorizations that have been previously obtained and are currently in force;
 - (ii) the Required Approvals and the Required Notifications, including the Competition Act Approval and the Canada Transportation Act Approval; and
 - (iii) non-material waivers, consents, notifications, approvals and authorizations which individually and in aggregate do not affect the ability to carry on the Business in the ordinary course;

Regulatory Authorizations

- (l) (i) except as set forth in Schedule 4.1(l) to the Disclosure Letter, each of the Vendors holds and is in material compliance with all material Regulatory Authorizations; (ii) such Regulatory Authorizations are in full force and effect in accordance with their terms and, to the knowledge of any of the Vendors, no event has occurred or circumstance exists that (with or without notice or passage of time or both) may constitute or result in a violation of any such Regulatory Authorization; (iii) no proceedings are pending or, to the knowledge of any of the Vendors threatened, which could result in the revocation or limitation of any Regulatory Authorization; and (iv) all material steps have been taken and filings have been made on a timely basis with respect to each Regulatory Authorization and, if applicable, its renewal;
- (m) Schedule 4.1(m) to the Disclosure Letter sets forth an accurate list of all material Regulatory Authorizations held by the Vendors;

Fees

- (n) none of the Vendors have incurred, nor will incur, any Liability, contingent or otherwise, for legal fees, brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the transactions contemplated herein which are, will be, or may become, the responsibility of the Purchasing Parties;

Books and Records

- (o) all of the material Books and Records, whether of a financial or accounting nature or otherwise, have been delivered or made available to the Purchaser and are true, complete, accurate in all material respects and fairly present the activities of the Business and the Purchased Assets and have been maintained in accordance with prudent business practices;

Financial Statements

- (p) the Financial Statements have been prepared in accordance with GAAP applied on a consistent basis with that of prior periods (except as expressly stated therein) and present fairly, completely and accurately in all material respects the financial position of each of the Vendors (on a consolidated basis) as of the dates and for the periods provided therein and the results of operations and the changes in financial position throughout the periods indicated;

Absence of Guarantees

- (q) except as set forth in Schedule 4.1(q) to the Disclosure Letter, none of the Vendors is a party to or bound by any Contract or agreement of guarantee, surety, support, indemnification or assumption, comfort letter, or other agreement or commitment of a similar nature whereby the obligations, Liabilities (whether absolute, contingent, accrued or otherwise) or indebtedness of any Person are guaranteed or assured in connection with the Business or any of the Purchased Assets and which form, or will form, a part of the Assumed Liabilities;

Accounts Receivable

- (r) the Purchased Accounts Receivable reflected on the respective Balance Sheets of the Vendors: (i) arose from transactions in the Ordinary Course of Business and are valid and to the knowledge of the Vendor, enforceable; (ii) are not subject to any assignment; (iii) are not subject to any right of discount, defence, counterclaim or set-off by the customer or account debtor; and (iv) other than those Purchased Accounts Receivable which are doubtful accounts and are set forth in Schedule 4.1(r) to the Disclosure Letter and in respect of which a reasonable allowance has been made, consistent with past practice in the Ordinary Course of Business, and the Vendors have no knowledge of matters relating to the Purchased Accounts Receivable that would generally render any of them uncollectible;

Accounting

- (s) each of the Vendors maintains a system of general internal controls over financial reporting in respect of the Business and the Purchased Assets, effective to provide internal control over financial reporting in respect of the Business and the Purchased Assets sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability; and (iii) the recorded amounts for assets are reassessed periodically as required by GAAP;

Absence of Changes and Unusual Transactions

- (t) save and except as set out in Schedule 4.1(t) to the Disclosure Letter since September 30, 2013 and other than in connection with the Pre-Closing Reorganization:
 - (i) each of the Vendors has conducted the Business in the Ordinary Course of Business and in material compliance with all applicable Laws;
 - (ii) each of the Vendors has maintained adequate levels of Inventory consistent with past practice in order to carry on the Business in the Ordinary Course of Business;
 - (iii) none of the Vendors have transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Balance Sheet or cancelled any debts or entitlements except, in each case, in the Ordinary Course of Business;
 - (iv) none of the Vendors have incurred or assumed any material commitment or Liability (whether accrued, absolute, contingent or otherwise) relating to the Business or affecting any of the Purchased Assets except as disclosed in the Financial Statements and any unsecured current obligations and Liabilities incurred in the Ordinary Course of Business;
 - (v) none of the Vendors have made any material write-down of the value of the assets of the Business or the Purchased Assets or any write-off as uncollectible of accounts receivable or any portion thereof, other than in the Ordinary Course of Business, consistent with past practice;
 - (vi) none of the Vendors have made any material changes in accounting policies;

- (vii) none of the Vendors have discharged or satisfied any Encumbrance, or paid any material obligation or Liability relating to the Business or any of the Purchased Assets, other than Liabilities included in the Balance Sheet and any Liabilities incurred by the Vendors since the date of the Balance Sheet are in the Ordinary Course of Business;
- (viii) there has been no damage, destruction, loss or other event, development or condition of any nature (whether or not covered by insurance) materially affecting the Business or the Purchased Assets (taken as a whole);
- (ix) none of the Vendors have suffered an operating loss or any unusual or extraordinary loss, waived or omitted to take any action in respect of any rights, or entered into any commitment or transaction not in the Ordinary Course of Business;
- (x) none of the Vendors have terminated, waived, released or cancelled any rights or Claims relating to the Business or the Purchased Assets, which termination, waiver, release or cancellation would individually or in the aggregate, have a Material Adverse Effect;
- (xi) none of the Vendors have commenced, participated or agreed to participate in any bankruptcy, involuntary liquidation, dissolution, winding up, insolvency or similar proceeding;
- (xii) none of the Vendors have modified or terminated, or received notice of termination of, any Material Contract;
- (xiii) none of the Vendors have increased or promised to increase, in any manner, the compensation or benefits of any of the Employees other than in the Ordinary Course of Business;
- (xiv) none of the Vendors have entered into, adopted or amended any Employee Plan;
- (xv) each of the Vendors has used commercially reasonable efforts to preserve the goodwill of the Business and its relationships with its suppliers, customers, clients, sales leads, distributors and any others having business dealings with the Vendors in respect of the Business and has used commercially reasonable efforts to keep available the services of the Employees for such purpose;
- (xvi) none of the Vendors have changed the manner of billing of, or the credit lines made available to, any customers of the Business except in the Ordinary Course of Business;
- (xvii) none of the Vendors have created or permitted to be created any Encumbrances on any of the Purchased Assets other than Permitted Encumbrances;
- (xviii) each of the Vendors has kept in full force and effect, and in good standing, all of the current insurance policies of such Vendor with respect to the Business and the Purchased Assets;
- (xix) there has been no Material Adverse Effect; and

- (xx) none of the Vendors have authorized, agreed or otherwise become committed to do any of the foregoing;

Joint Venture Interests or Strategic Alliances

- (u) except as amongst themselves, none of the Vendors are a partner or participant in, or a party to, any strategic alliance, partnership, joint venture, profit-sharing arrangement, co-operative agreement or other association (other than trade or professional associations) of any nature whatsoever to which any of the Vendors are a partner or participant in, or party to, relating to the Business or any of the Purchased Assets and none of the Vendors are a: (i) party to any agreement under which such Vendor agrees to carry on any part of the Business in such manner, or by which such Vendor agrees to share any revenue or profit of the Business with any other Person; or (ii) partner, beneficiary, trustee, co-tenant, joint venture or otherwise a participant in any partnership, trust, joint venture, co-tenancy, profit sharing arrangement or similar jointly owned business undertaking, and none of the Vendors have significant investment interests in any business owned or controlled by any third party which carries on in whole or in part the Business or any business similar to, competitive with or ancillary to the Business;

Litigation

- (v) there is no Claim in progress, pending, or to the knowledge of the Vendors, threatened against or relating to the Business or any of the Purchased Assets, other than the Claims listed on Schedule 4.1(v) to the Disclosure Letter, which, if determined adversely to any of the Vendors would:
 - (i) individually or in the aggregate, have a Material Adverse Effect;
 - (ii) enjoin, restrict or prohibit the transfer of all or any part of the Purchased Assets; or
 - (iii) prevent or significantly impede any of the Vendors from fulfilling all of their obligations set out in this Agreement or any document delivered by the Vendors pursuant hereto;
- (w) except as set out in Schedule 4.1(w) to the Disclosure Letter, there are no material judgments unsatisfied against any of the Vendors nor any judgment, injunction, order, decree, ruling or charge of any Governmental Authority to which the Business is, or any of the Purchased Assets are, subject;

Tax

- (x) except as set forth in Schedule 4.1(x) to the Disclosure Letter:
 - (i) each of the Vendors has duly and timely, and in all applicable jurisdictions: (A) filed with the appropriate Governmental Authority or agency in the manner prescribed by Law all Tax Returns required to be filed by the Vendors in relation to the Business and the Purchased Assets that would cause or create a lien or charge for Taxes payable by the Vendors as required by this Agreement; and (B) paid all Taxes of the Vendors in respect of the Business and the Purchased Assets which are capable of forming or resulting in a lien on the Purchased Assets;

- (ii) none of the Vendors are a non-resident of Canada for the purposes of the Tax Act;
- (iii) each of the Vendors is duly registered under subdivision (d) of Division V of Part IX of the ETA for GST/HST purposes and their registration numbers are set out in Schedule 4.1(x)(iii) to the Disclosure Letter;
- (iv) each of the Vendors is registered in all applicable jurisdictions for all Commodity Tax purposes applicable to this Agreement, the Purchased Assets and the Business with respect to any retail sales Taxes, motor fuel Taxes, fuel excise Taxes or similar Taxes;
- (v) each of the Vendors, with respect to the Business and the Purchased Assets, has duly and timely withheld all Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any Employees, officers or directors and any non-resident Person), and has duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Law to be remitted by it;
- (vi) each of the Vendors has duly and timely collected all material amounts on account of any Commodity Taxes, including GST/HST and provincial or territorial sales Taxes, motor fuel Taxes, fuel excise Taxes or similar Taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Law to be remitted by it where failure to do so could result in an Encumbrance on the Purchased Assets or could become the Liability of the Purchaser after Closing by operation of Law;
- (vii) the Purchaser will not be liable for any Taxes or have successor liability for Successor Taxes of any of the Vendors as a result of acquiring the Purchased Assets;

Employees

- (y) Schedule 4.1(y) to the Disclosure Letter sets forth: (i) an identification number, job title, location of employment, duration of employment, vacation entitlement, employee benefit entitlement amount (including under any Employee Plan), on an individual and aggregate basis, and rate of remuneration (including any bonus, commission or other incentive compensation entitlement) as at the date of this Agreement, and status as a full-time or part-time employee, of each Employee; and (ii) the name of any Employee who is currently on or scheduled to take disability, maternity or other authorized leave of absence, or who is currently receiving workers' compensation or short-term or long-term disability benefits, as well as their expected date of return, if known;
- (z) except as set forth in Schedule 4.1(z) to the Disclosure Letter:
 - (i) none of the Vendors are a party to any written or oral employment (other than written employment agreements entered between any Vendor and any Employee) or consulting agreement with any other Person in respect of the Business; and

- (ii) to the knowledge of the Vendors, there are no Claims which have been made by any Employee against any Vendor's workers compensation account, nor has any incident or alleged incident occurred for which such a Claim is probable;
- (aa) none of the Vendors or the Employees are subject to any agreement with any labour union or employee association in respect of the Business and have not made any commitment to, or conducted negotiations with, any labour union or employee association with respect to any future collective bargaining agreement;
- (bb) to the knowledge of the Vendors, there has been no attempt to organize, certify or establish any labour union or employee association in relation to any of the Employees during the five-year period preceding the date of this Agreement;
- (cc) there are no existing or, to the knowledge of any of the Vendors, threatened strikes or labour disputes, walk outs, work stoppages, slow downs, lock outs, grievances, controversies or other labour troubles affecting any Employees or the Business;
- (dd) except as set forth in Schedule 4.1(dd) to the Disclosure Letter, no Employee has any change of control, retention bonus or written severance or termination agreement with any of the Vendors, nor any written agreement that entitles him or her to continued employment with any of the Vendors following the consummation of the transactions contemplated by this Agreement;
- (ee) each of the Vendors have been, and are, in material compliance with the Laws regarding labour and employment practices, including employment standards, terms and conditions of employment;

Purchased Assets

- (ff) collectively, the Vendors own and have the exclusive legal, beneficial and (where their interests are registrable) registered right, title and interest in and to all of the Purchased Assets (other than the fee simple interest in the Leased Real Property, and the personal property (including machinery, equipment, tools and vehicles) leased by the Vendors pursuant to the Contracts and disclosed in Schedule 4.1(ff) to the Disclosure Letter), with good and valid marketable title, free and clear of all Encumbrances other than Permitted Encumbrances and, in particular, without limiting the generality of the foregoing, other than as disclosed in Schedule 4.1(ff) to the Disclosure Letter, there has been no assignment, subletting or granting of any licence (of occupation or otherwise) of or in respect of the Purchased Assets which would cause a prohibition or restriction on the use or other exploitation by the Purchaser of such Purchased Assets in a manner consistent with the Business after giving effect to the Closing;
- (gg) except as set forth in Schedule 4.1(gg) to the Disclosure Letter, the Purchased Assets represent all of the assets, of any nature whatsoever, used in the conduct, operation or maintenance of, or otherwise relating to, the Business and as are necessary and sufficient to operate the Business in substantially the same manner as the Business is operated, conducted or maintained in the Ordinary Course of Business;
- (hh) except as set out in Schedule 4.1(hh) to the Disclosure Letter, no notice or proceeding in respect of expropriation of any of the Purchased Assets by any Governmental Authority has been given or commenced nor, to the knowledge of each of the Vendors, is there any

proposal to give such notice or commence any such proceeding or are any such proceedings threatened;

- (ii) except as set forth in Schedule 4.1(ii) to the Disclosure Letter, all of the Purchased Assets are located on the Real Property or are in transit to and from the Real Property or the location of the Purchased Assets have been reviewed and verified by the Vendors and the list of such location provided to by the Purchaser;

Contracts

- (jj) accurate and complete copies, all as amended or supplemented to date, of: (i) all Material Contracts, and (ii) where Material Contracts are oral, correct and complete written summaries of the terms thereof have been made available to the Purchaser, and the copies or summaries thereof (as applicable) made available to the Purchaser constitute the entire agreement between the relevant parties thereto pertaining to the subject matter of such Material Contract;
- (kk) the Contracts listed on Schedule 4.1(kk) to the Disclosure Letter (the “**Material Contracts**”) are valid and in full force and effect, and constitute all:
 - (i) Contracts accounting for not less than 80% of the contracted cash flows of the Business during the previous twelve month period;
 - (ii) Contracts accounting for material commodity volumes supplied to the Business during the previous 12-month period;
 - (iii) guarantees in relation to any of the Assumed Liabilities;
 - (iv) Contracts that would by their terms on an assumption prohibit the assuming party from freely engaging in business anywhere in the world or competing with any Person or in any geographical area;
 - (v) Contracts or commitment for capital expenditures with a remaining amount to be paid in excess of \$250,000;
 - (vi) Contracts for the sale of any assets of the Business, other than sales of inventory in the Ordinary Course of Business, for consideration in excess of \$250,000;
 - (vii) Contracts granting to any Person of preferential rights to purchase any of the Purchased Assets or otherwise in relation to the Business (other than this Agreement), including pursuant to any right of first refusal;
 - (viii) Contracts with any Governmental Authority which provide for consideration, either individually or in the aggregate with other such Contracts, in excess of \$10 million to any single Governmental Authority;
 - (ix) all Leases and Pioneer Leases;
 - (x) Contracts related to the technology used in the Business which are set out in Schedule 4.1(kk) to the Disclosure Letter;
 - (xi) written employment agreements entered into between a Vendor and any Employee with an aggregate annual compensation in excess of \$140,000; and

- (xii) any other Contracts providing for expenses or revenues of the Business in excess of \$100,000 per annum;
- (ll) none of the Vendors are in breach of any Assumed Contract, nor to the knowledge of the Vendors has any circumstance occurred nor does any circumstance exist, that with or without the passage of time, notice or both, may constitute such a breach and to the knowledge of the Vendors no third party to any Assumed Contract is in breach of any such Assumed Contract nor has any circumstance occurred nor does any circumstance exist that with or without the passage of time, notice or both, may constitute such a breach, except where such breaches do not, individually or in the aggregate, constitute a Material Adverse Change;
- (mm) to the knowledge of the Vendors, no counterparty to any Material Contract has notified the Vendors of any intention to propose any material modification to, terminate or not renew, as the case may be, any Material Contract.
- (nn) none of the Vendors have received any notice alleging its default under any Assumed Contract, which default is material to the Business and has not been rectified as of the date hereof, except as set out in Schedule 4.1(nn) to the Disclosure Letter;

Real Property

- (oo) Schedule 4.1(oo) to the Disclosure Letter sets forth a list of all the Leases, the Leased Real Property and a legal description for such Leased Real Property, and none of the Vendors is a party to any real property leases or subleases (as tenant or subtenant) which are Assumed Contracts other than the Leases that are listed in Schedule 4.1(oo) to the Disclosure Letter;
- (pp) each of the Vendors has a legal and beneficial leasehold interest in the Leased Real Property and, to the knowledge of each of the Vendors, there are no matters materially adversely affecting the leasehold right, title and interest in and to any of the Leased Real Property of any of the Vendors;
- (qq) Schedule 4.1(qq) to the Disclosure Letter sets forth a list of all the Pioneer Leases, and none of the Vendors are a party to any real property leases, subleases, license agreements or similar Contracts as a landlord, sublandlord, licensor or in a similar capacity which are Assumed Contracts other than the Pioneer Leases or as listed in Schedule 4.1(qq) to the Disclosure Letter;
- (rr) except as set forth in Schedule 4.1(rr) to the Disclosure Letter, all of the Leases and Pioneer Leases are valid and in full force and effect and none of the applicable Vendors is in breach of any of the Leases or the Pioneer Leases in any material respect nor has any circumstance occurred nor does any circumstance exist that with or without the passage of time, notice or both, constitutes such a breach, and, to the knowledge of each of the Vendors, no third party to any of the Leases or the Pioneer Leases is in material breach of any of the Leases or the Pioneer Leases;
- (ss) no material default by any of the Vendors has occurred that remains outstanding under any obligation required to be observed or performed under any of the Leases, Pioneer Leases or Permitted Encumbrances;

- (tt) except as set forth in Schedule 4.1(tt) to the Disclosure Letter, there are no options to purchase or rights of first refusal to purchase with respect to the Real Property or any parts thereof that have not expired or been waived;
- (uu) to the knowledge of the Vendors the Real Property is currently used in material compliance with Laws applicable thereto related to zoning, construction and development, and the Vendors have all of the material Regulatory Authorizations for the operation of the Real Property for its present use;
- (vv) except as set forth in Schedule 4.1(vv) to the Disclosure Letter, the Real Property has free and unobstructed access to and from adjoining public highways, streets and/or roads and the Vendors have no knowledge of any existing fact or condition which could result in the amendment or termination of such access; all entrances/exits to the Real Property are permitted under Law and allow free and uninterrupted ingress and egress to public highways, streets and/or roads;
- (ww) neither the Vendors nor any Person on behalf of the Vendors has commenced any Realty Tax appeals in respect of any of the Real Property, other than as disclosed in Schedule 4.1(ww) to the Disclosure Letter;
- (xx) **[Intentionally Deleted]**
- (yy) subject to obtaining all of the Required Approvals and the making of the Required Notifications prior to, on, or after Closing, as applicable, to the knowledge of any of the Vendors, neither the execution of this Agreement nor the performance thereof by the Vendors will, in any material respect, result in a breach of any term or provision or constitute a default under any: (i) of the Encumbrances on the Real Property (including the Permitted Encumbrances); (ii) of the Leases or the Pioneer Leases; or (iii) indenture, mortgage, deed of trust to which any of the Vendors is a party or by which it is bound relating to the Business or any of the Purchased Assets;
- (zz) none of the Vendors has assigned or otherwise encumbered its interest under the Leases except pursuant to the Permitted Encumbrances;
- (aaa) Schedule 4.1(aaa) to the Disclosure Letter lists all Owned Real Property and sets forth the legal description thereof. Other than as set out in Schedule 4.1(aaa), there are no agreements, options, contracts or commitments to purchase, sell, transfer or otherwise dispose of any of the Owned Real Property;
- (bbb) the applicable Vendors are the sole beneficial and registered owners of, and have good and marketable title in fee simple to, the Owned Real Property, free and clear of any and all Encumbrances, except for the Permitted Encumbrances;
- (ccc) except as set forth in Schedule 4.1(ccc) to the Disclosure Letter, other than Leased Real Property and the Owned Real Property, there are no other real properties used by any of the Vendors in respect of the Business;

Customers and Suppliers

- (ddd) except as set out in Schedule 4.1(ddd) to the Disclosure Letter, to the knowledge of the Vendors, and subject to obtaining necessary consents in connection with this Agreement and the transactions contemplated hereby, there are no facts or circumstances which

could reasonably be expected to result in the loss of any material volume of business as to dealers, tenants, licensees, suppliers or customers of the Business or material sources of revenue or material change in the terms and conditions of any material arrangement between the Vendors and their respective suppliers or customers, or otherwise in relation to any sources of revenue, including any material changes in price terms, rebates, advertising arrangements or any other economic terms, subject to the Purchaser satisfying the applicable supplier's credit requirements;

- (eee) except as set forth in Schedule 4.1(eee) to the Disclosure Letter, none of the Vendors have received any indication or notice that any of their respective dealers, tenants, licensees, suppliers or customers will or may cease to deal with the Business, or any material sources of revenue will be adversely impacted, as result of the transactions contemplated hereby;
- (fff) other than as set forth in Schedule 4.1(fff) to the Disclosure Letter, there are no previous, current or planned programs, practices, arrangements, understandings, agreements or offers (whether, in each case, written or oral) whereby any customers of the Business are entitled to, or customarily receive, discounts, allowances, rebates, credits, marketing, advertising or other promotional allowances, promotional sales or coupons, preferential terms or similar reductions in price or other trade terms granted by any of the Vendors to such customer of the Business;

Insurance

- (ggg) each of the Vendors maintains the policies of insurance listed in Schedule 4.1(ggg) to the Disclosure Letter, such policies of insurance represent all policies of insurance currently maintained by the Vendors and all such contracts of insurance are legal, valid, enforceable and in full force and effect and all premiums due and owing in connection with such policies have been paid; there exists no state or event of default under any such insurance policies; and there has been no notice or advice of withdrawal of any such policy or any notice of conditions for continuation of any coverage that has not been complied with; and each of the Vendors has given notice or has otherwise presented, in a timely fashion, every material Claim relating to the Business that is known by it or known by such Vendor to be covered by insurance under its insurance policies or contracts. Other than as set forth in Schedule 4.1(ggg) to the Disclosure Letter, no Vendor has been refused any insurance coverage sought or applied for in respect of the Business or in relation to any of the Purchased Assets and there is no material Claim pending under any insurance policy of the Vendors that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any portion of such Claims. None of the Vendors has received any written notice of change, cancellation or premium increase with respect to, or alteration of, coverage under any of such insurance policies listed in Schedule 4.1(ggg) to the Disclosure Letter. The policies of insurance set forth in Schedule 4.1(ggg) to the Disclosure Letter (or other policies providing substantially similar insurance coverage) have been in effect continuously since January 1, 2009, except as specifically disclosed in Schedule 4.1(ggg), except for those held by or in respect of the businesses acquired by Fuels Inc. in November, 2011 (Ontario) and April, 2013 (Atlantic);

Inventories

- (hhh) all Inventories are valued on the Books and Records at the lower of cost and net realizable value;

Intellectual Property

- (iii) Schedule 4.1(iii) to the Disclosure Letter contains a list of all Intellectual Property (and the relevant agreements as to use and ownership of the Intellectual Property), currently or previously used by the Vendors in the operation, conduct and maintenance of the Business. All such Intellectual Property will be duly assigned and transferred by the conveyance of Purchased Assets pursuant to this Agreement. In connection with Closing, the TPGI Trade-marks will be duly assigned and transferred first to Energy LP, and then to the Purchaser, pursuant to the TM Assignments. Except as set out in Schedule 4.1(iii) to the Disclosure Letter:
- (i) there are no registrations or applications for registration in respect of any Intellectual Property owned by any of the Vendors;
 - (ii) TPGI does not own or have any other right, title or interest in any other trademarks, service marks, trade names, brand names, logos, trade dress, or any other proprietary indicia of goods and services, whether registered or unregistered, which are related to the Business or used in connection with the operation, conduct or maintenance thereof other than the TPGI Trade-marks;
 - (iii) neither the Vendors nor TPGI use any trademarks, service marks, trade names, brand names, logos, trade dress or any other proprietary indicia of goods and services, whether registered or unregistered, in connection with the Business other than the Owned Intellectual Property, the TPGI Trade-marks and those duly licensed for such use as described in the Disclosure Letter;
 - (iv) the Intellectual Property is sufficient to operate, conduct and maintain all aspects of the Business as such Business is currently and has previously been operated, conducted or maintained, and the Vendors collectively own or have sufficient rights to use the Intellectual Property for the operation, conduct and maintenance of the Business in all material respects as such Business is currently and has previously been operated, conducted or maintained and each item of the Intellectual Property will be owned or available for use by the Purchaser on substantially similar terms and conditions immediately after, and after giving effect to, the Closing without the need for any further right, licence, permission or consent in respect thereof and the consummation of the transactions contemplated herein will not impair, alter or limit in any material way such ownership or rights;
 - (v) TPGI owns and has the exclusive legal and beneficial right, title and interest in and to the TPGI Trade-marks in the name of TPGI, free and clear of any Encumbrance, and there are no prohibitions or restrictions on the use or other exploitation by the Purchaser of such Intellectual Property Rights after giving effect to the Closing;
 - (vi) the Vendors, collectively, own and have the exclusive legal and beneficial right, title and interest in and to the Owned Intellectual Property in the name of one or

more of the Vendors only, free and clear of any Encumbrance, and there are no prohibitions or restrictions on the use or other exploitation by the Purchaser of such Intellectual Property after giving effect to the Closing;

- (vii) TPGI has not received any notice or Claim, or to the knowledge of the Vendors any complaint or threat alleging the infringement, misappropriation, misuse or violation of any Intellectual Property Right or other related or similar right of any third party or breach of any related or similar duty or obligation owed to any third party with respect to the TPGI Trade-marks;
- (viii) none of the Vendors have received any notice or Claim, or to the knowledge of the Vendors any complaint or threat alleging the infringement, misappropriation, misuse or violation of any Intellectual Property Right or other related or similar right of any third party or breach of any related or similar duty or obligation owed to any third party;
- (ix) to the knowledge of the Vendors, the use by TPGI and/or the Vendors of the TPGI Trade-marks does not infringe, misappropriate, misuse or violate the Intellectual Property Rights, or any other rights, of any third party in any material respect or breaches in any material respect any duty or obligation owed to any third party by TPGI;
- (x) to the knowledge of the Vendors, neither the operation, conduct and maintenance by the Vendors of the Business as it is currently and has previously been operated, conducted and maintained nor the use by the Vendors of the Intellectual Property in respect thereto, infringes, misappropriates, misuses or violates the Intellectual Property Rights, or any other rights, of any third party in any material respect or breaches in any material respect any duty or obligation owed to any third party by the Vendors; and
- (xi) all licences with respect to the TPGI Trade-marks shall be terminated at Closing;

Environmental

- (jjj) except as set out in Schedule 4.1(jjj) to the Disclosure Letter or disclosed by the environmental review and reports listed on Schedule 4.1(jjj) to the Disclosure Letter:
 - (i) to the knowledge of any of the Vendors, there are no facts that would reasonably be expected to give rise to any material Liabilities or to a notice to any of the Vendors of material non-compliance with any Environmental Law or Environmental Approvals in respect of the Business, the Purchased Assets or the Real Property;
 - (ii) no written notice, order, complaint or penalty has been received by the Vendors alleging that the Vendors are in material violation of, or have any material Liability or potential material Liability under, any Environmental Law, and there are no judicial, administrative or other actions, suits or proceedings pending or threatened against the Vendors which allege a violation of, or any material Liability or potential material Liability under, any Environmental Laws;
 - (iii) the Vendors have obtained all Environmental Approvals necessary for the operation of their respective Businesses as such Businesses are currently being

conducted in order to comply with all Environmental Laws and, to the knowledge of the Vendors, there are no judicial, administrative or other actions, suits or proceedings pending or threatened against the Vendors which allege a material violation of, or any material Liability or potential material Liability under, any Environmental Laws;

- (iv) none of the Vendors have any knowledge of any material Encumbrances or material restrictions on the ownership, occupancy, use, zoning or transferability of the Owned Real Property or the Leased Real Property imposed pursuant to any Environmental Laws; and
- (v) notwithstanding any other provision in this Agreement, the representations and warranties in this Section 4.1(jjj) constitute the sole and only representations and warranties relating to environmental matters;

Compliance with Laws

- (kkk) the operations of the Business have been and are now conducted in material compliance with all Laws of each jurisdiction the Laws of which have been and are now applicable to the Business and none of the Vendors have received any notice of any alleged violation of any such Laws;

Privacy

- (lll) the Vendors have conducted the Business in accordance with Laws relating to the collection, use and disclosure of personal information; and to the knowledge of the Vendors there is no reason to believe that the Transferred Information is other than that which is necessary for, and solely relates to, the completion of the transactions contemplated herein, including the determination to complete such transactions, or the use and enjoyment of the Purchased Assets by the Purchaser;

Jurisdiction

- (mmm) Schedule 4.1 (mmm) to the Disclosure Letter lists all of the jurisdictions in which the Vendors have conducted a material part of the Business during each of the five most recent fiscal years; and

Restrictive Covenants

- (nnn) except as set forth in Schedule 4.1 (nnn) to the Disclosure Letter, none of the Assumed Contracts contain any covenant expressly materially limiting the freedom of any of the Vendors to compete in any line of business, or transfer or to move any of the Purchased Assets or operations from their current location.

4.2 Representations and Warranties of Purchasing Parties

Each of the Purchasing Parties hereby jointly and severally represents and warrants to each of the Vendors as follows, and acknowledges and confirms that notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Vendors and notwithstanding any information or document provided to the Vendors, the Vendors are relying upon the accuracy of each of such representations and warranties in connection with the completion of the sale of the Purchased Assets:

Status of the Purchasing Parties

- (a) each of the Purchasing Parties is a corporation duly incorporated, organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation and each of the Purchasing Parties has the corporate power, authority and capacity to own, lease, licence or otherwise hold their properties and assets and to carry on its business as presently conducted by it and to carry on the Business, own the Purchased Assets and assume the Assumed Liabilities on and after Closing;

Due Authorization and Enforceability of Obligations of the Purchasing Parties

- (b) each of the Purchasing Parties has all requisite power, authority and capacity to enter into this Agreement and all documents to be delivered by the Purchasing Parties pursuant hereto (including the applicable Transaction Documents) and to perform its obligations hereunder and thereunder;
- (c) this Agreement has been duly authorized, executed and delivered on behalf of each of the Purchasing Parties. This Agreement constitutes and each other document to be executed and delivered by the Purchasing Parties hereunder (including the Transaction Documents) will, following their execution, constitute a legal, valid and binding obligation of each of the Purchasing Parties, enforceable against the Purchasing Parties in accordance with their respective terms and, at the Closing Time, all documents required hereunder to be executed and delivered by the Purchasing Parties will have been duly authorized, executed and delivered by the Purchasing Parties, and constitute legal, valid and binding obligations of each of the Purchasing Parties, enforceable against the applicable Purchasing Party in accordance with their respective terms;

Absence of Conflicts

- (d) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto (including the Transaction Documents), the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
 - (i) result in a breach or violation of, conflict with or constitute a default under, any term or provision of the articles, by-laws or governing documents of either of the Purchasing Parties or any resolutions of the directors or shareholder of the Purchasing Parties; or
 - (ii) result in a breach or violation of, conflict with or constitute a default under any Laws applicable to either of the Purchasing Parties or any of the assets or properties of the Purchasing Parties, except as would not reasonably be expected to have a Parkland Material Adverse Effect;

Financial Statements

- (e) the Parkland Financial Statements have been prepared in accordance with generally accepted accounting principles for publicly accountable enterprises as adopted by the Canadian Accounting Standard Board applied on a consistent basis with that of prior periods (except as expressly stated therein) and present fairly, completely and accurately in all material respects the financial position of Parkland (on a consolidated basis) as of

the dates and for the periods provided therein and the results of operations and the changes in financial position throughout the periods indicated;

Accounting

- (f) Parkland maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded amount for assets is compared with the current values of such assets at reasonable intervals and appropriate action is taken with respect to any differences;

No Material Change in Corporation or Subsidiaries

- (g) except as disclosed in the Public Record, subsequent to December 31, 2013, there has not been any material change (financial or otherwise) in the business, affairs, assets or liabilities (absolute, accrued, contingent or otherwise), capital or prospects of Parkland or any of its subsidiaries (taken as a whole) and no event has occurred or circumstance exists which could reasonably be expected to result in such a material change and, since that date, each of Parkland and each of its subsidiaries has conducted its affairs in the Ordinary Course of Business;

Capitalization

- (h) Parkland is authorized to issue an unlimited number of Parkland Shares and an unlimited number of preferred shares issuable in series, of which, as at September 16, 2014, only 75,576,722 are issued and outstanding. All securities and equity and voting interests, as the case may be, of Parkland's subsidiaries are fully paid and non-assessable and are all legally and beneficially owned, directly or indirectly, by Parkland;

Exchange Matters

- (i) the issued and outstanding Parkland Shares are listed and posted for trading on the TSX and Parkland is in compliance with the by-laws, policies, rule and regulations of the TSX;

Transfer Agent

- (j) Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario, has been duly appointed as the registrar and transfer agent in respect of the Parkland Shares;

No Restrictions on Distributions

- (k) subject to applicable Laws, Parkland is not currently prohibited, directly or indirectly, from paying dividends, or from paying interest or repaying any loans, advances or other indebtedness of Parkland;

Permits

- (l) the Parkland Group holds, or will hold at the Closing time, all material licences, permits, registrations, certificates, consents, Orders and similar rights and privileges in respect of,

or required in connection with its businesses (collectively, referred to as the “**Parkland Regulatory Authorizations**”) and such Parkland Regulatory Authorizations are in full force and effect in accordance with their terms and, to the knowledge of the Purchaser, no event has occurred or circumstance exists that (with or without notice or passage of time or both) may constitute or result in a violation of any such Parkland Regulatory Authorization, except as would not, individually or in the aggregate, result in a Parkland Material Adverse Effect;

Compliance with Laws

- (m) to the knowledge of Parkland, each member of the Parkland Group has conducted and is conducting its activities or businesses in compliance with all applicable Laws, including without limitation those of the country, province and municipality in which such entity carries on business or conducts its activities, other than that which would, individually or in the aggregate, not have a Parkland Material Adverse Effect;

Consents and Approvals

- (n) except for the Competition Act Approval and the Canada Transportation Act Approval and those set out in Section 6.1(b), no authorization, consent or approval of, or filing with or notice to, any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement or the completion of the transactions contemplated by this Agreement by the Purchaser;

Sufficiency of Funds

- (o) as of the Closing Time, the Purchasing Parties will have sufficient cash available to enable the Purchaser to make payment of the Closing Cash Amount Payable and any and all other amounts to be paid by the Purchaser hereunder in accordance with the terms hereof;

Investment Canada Act (Canada)

- (p) each of the Purchasing Parties is a "Canadian" within the meaning of the *Investment Canada Act (Canada)*;

GST/HST Registration

- (q) the Purchaser is registered for GST/HST purposes;

Insurance

- (r) the Purchasing Parties (and their subsidiaries) are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts are prudent and customary in the businesses in which they are engaged; none of the Purchasing Parties or their subsidiaries have been refused any insurance coverage sought or applied for; and the Purchasing Parties have no reason to believe that the Purchasing Parties or their subsidiaries will not be able to renew their existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their business, in either case, at reasonable cost;

Litigation

- (s) there is no Claim in progress, pending, or to the knowledge of the Purchasing Parties, threatened against or relating to any member of the Parkland Group before any Governmental Authority which, if determined adversely to any member of the Parkland Group would:
 - (i) individually or in the aggregate, have a Parkland Material Adverse Effect; or
 - (ii) prevent or significantly impede the Purchasing Parties from fulfilling all of its obligations set out in this Agreement or any document delivered by any of the Purchasing Parties pursuant hereto;

Tax

- (t) the Parkland Group has duly and timely, and in all applicable jurisdictions filed with the appropriate Governmental Authority or agency in the manner prescribed by Law all Tax Returns that are required to be filed by it and such Tax Returns are true, complete and accurate in all material respects;
- (u) there are no actions, suits, proceedings, investigations, audits, enquiries, reassessments or Claims in progress, pending or, to the knowledge of each of the Purchasing Parties, threatened, against or relating to any of the members of the Parkland Group in respect of any Taxes which would, individually or in the aggregate, have a Parkland Material Adverse Effect;

Environmental

- (v) the operations of the Parkland Group are in material compliance with all Environmental Laws, other than such non-compliance which would, individually or in the aggregate, not have a Parkland Material Adverse Effect on the Parkland Group;
- (w) to the knowledge for the Purchasing Parties, there has been no material Release by the Parkland Group of any substance or Hazardous Substance at levels which materially exceed decommissioning or remediation standards under any Environmental Laws and which would, individually or in the aggregate, have a Parkland Material Adverse Effect on the Parkland Group;
- (x) the Parkland Group has obtained and maintained in full force and effect all material permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by Governmental Authorities pursuant to Environmental Laws, renewals and other authorizations necessary to conduct its respective businesses as currently conducted;

No Labour Disputes

- (y) there are no existing or, to the knowledge of each of the Purchasing Parties, threatened strikes or labour disputes, walk-outs, work stoppages, slow-downs, lock-outs, grievances, controversies or other labour troubles affecting any employees of the Parkland Group;

Intellectual Property

- (z) the Parkland Group holds all material licenses, certificates and permits from Governmental Authorities which are necessary to the conduct of its businesses; each member of the Parkland Group owns or possesses the right to use all Parkland Intellectual Property necessary to carry on their businesses in all material respects; no member of the Parkland Group has infringed, and no member of the Parkland Group has received notice of conflict with, any Parkland Intellectual Property of any other Person;

PIL and Consideration Shares

- (aa) at the Closing Time, the Purchasing Parties shall have the full corporate power and authority to issue the PIL Shares and the Consideration Shares, respectively, and the PIL Shares and the Consideration Shares shall be duly and validly authorized, allotted and reserved for issuance and, on the Closing Date, immediately following the consummation of the transactions contemplated by the Rollover Agreement: (i) the Consideration Shares shall be issued as fully paid and non-assessable Parkland Shares, free and clear of any Encumbrances or rights of third parties, voting trusts, unanimous or other third party shareholder agreement (other than the Shareholder Agreement), proxies and other interest, Claims or demands of every kind or nature whatsoever (other than such as may be created by, through or under the Vendors); (ii) good title to the Consideration Shares shall vest in the Vendors or as the Vendors may so direct; and (iii) the Consideration Shares shall be listed on the TSX and freely tradable by the Vendors, subject to the terms of the Shareholder Agreement and applicable securities Laws;

Securities Law Matters

- (bb) the Purchasing Parties have filed with the Canadian securities authorities all documents and materials required to be filed under applicable securities Laws and such documents and materials (including all exhibits and schedules to, and documents incorporated by reference in, those documents and materials), to the extent comprising the Purchaser's Public Record (including those filed on the System for Electronic Document Analysis and Retrieval (SEDAR)), do not, as of the date of such document, contain any misrepresentation (as that term is defined in the *Securities Act* (Alberta)) and the same comply in all material respects with applicable legal and stock exchange requirements;
- (cc) no order ceasing or suspending trading in securities of Parkland or prohibiting the issue or sale of securities by Parkland has been issued and, to the knowledge of Parkland, no proceedings for this purpose have been instituted, are pending, contemplated or threatened by any securities commissions or similar authority;
- (dd) Parkland is a reporting issuer (or equivalent) in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and (i) is not in default of its obligations under the securities Laws of such provinces; and (ii) is in material compliance with the rules and policies of the TSX; and
- (ee) the issuance of the Consideration Shares does not require the approval of any securityholders of Parkland.

ARTICLE 5
COVENANTS

5.1 Covenants of the Vendors

Each of the Vendors covenant and agree with the Purchaser that from the date hereof until the Closing Date or termination of this Agreement (the “**Interim Period**”), except with the prior written consent of the Purchaser, not to be unreasonably withheld, or as required in connection with the Pre-Closing Reorganization or as specifically contemplated by this Agreement:

- (a) each of the Vendors shall conduct the Business in the Ordinary Course of Business;
- (b) each of the Vendors shall maintain levels of Inventory consistent with past practice in order to continue carrying on the Business in the Ordinary Course of Business;
- (c) each of the Vendors shall pay or cause to be paid or correctly record and accrue for all costs and expenses relating to the Purchased Assets which are due or become due from the date hereof to the Closing Time;
- (d) each of the Vendors shall not do any of the following other than pursuant to transactions contemplated herein or pursuant to commitments entered into prior to the date of this Agreement and disclosed to the Purchaser in writing: (i) transfer, assign, sell or otherwise dispose of any of the Purchased Assets, except in the Ordinary Course of Business; (ii) cancel any debts or entitlements, except in the Ordinary Course of Business; (iii) purchase capital assets to be used in the Business having a value in excess of \$1,000,000 individually; (iv) make any commitment or propose, initiate or authorize any single capital expenditure with respect to the Business in excess of \$500,000 except as otherwise permitted in (iii) above; or (v) terminate, waive, release or cancel any right of material value to the Purchased Assets or the Business provided the restriction herein does not extend to and the Vendors taking such steps and actions as they may determine to distribute cash available (including the payment of dividends) and to structure their affairs and the holding of assets and liabilities (excluding the Purchased Assets) provided the same does not result in the creation of any Liability which would be contrary to the terms and requirements of this Agreement;
- (e) none of the Vendors shall terminate the employment of any Employee other than for just cause or in the Ordinary Course of Business;
- (f) none of the Vendors shall increase or promise to increase, in any manner, the compensation or benefits of any Employee, except for annual increases in October 2014 which are in the Ordinary Course of Business and are no greater than the annual consumer price index increase for the Province of Ontario between October 2013 and October 2014, as published by Statistics Canada;
- (g) each of the Vendors shall use commercially reasonable efforts to preserve the goodwill of the Business and the relationships of the Vendors with suppliers, customers, clients, sales leads, distributors, dealers, licensees, tenants and others having past or present business dealings with the Vendors in respect of the Business, to keep available the services of the Employees, and to maintain in full force and effect all Assumed Contracts and Regulatory Authorizations relating to the Business and the Purchased Assets;

- (h) each of the Vendors shall maintain all of the Purchased Assets in the Ordinary Course of Business;
- (i) each of the Vendors shall perform all material obligations falling due during the Interim Period under the Assumed Contracts and Regulatory Authorizations;
- (j) none of the Vendors shall enter into any Contract which will become an Assumed Contract which involves, individually or in the aggregate, financial obligations of more than \$100,000 per annum other than those expressly permitted in 5.1(d)(iii) and (iv);
- (k) none of the Vendors shall create or permit to be created any Encumbrance on any of the Purchased Assets other than Permitted Encumbrances;
- (l) the Vendors shall use commercially reasonable efforts to keep in full force and effect, and in good standing, all of the current insurance policies of the Vendors with respect to the Business and the Purchased Assets until the Closing Date;
- (m) each of the Vendors shall collect and manage accounts receivable and pay and manage accounts payable in the Ordinary Course of Business and consistent with past practice;
- (n) none of the Vendors shall consent to or otherwise allow any material amendments or any other material modifications to any of the Assumed Contracts; and
- (o) the Vendors shall promptly advise the Purchaser in writing of any Material Adverse Change after the date hereof.

5.2 Mutual Covenants

During the Interim Period:

- (a) each Party hereto will take all such actions, steps or procedures which are reasonable within such Party's control as may be necessary to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Laws to complete and give effect to the transactions contemplated by this Agreement, including to: (i) fulfill all conditions set forth in Sections 6.1 and 6.2 hereof, as applicable, and perform all its obligations set forth this Agreement; (ii) obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; (iii) effect all necessary registrations and filings and submissions of information required by Governmental Authorities required to be effected by it in connection with the transactions contemplated herein; and (iv) cooperate with each other Party in connection with the performance by each other Party of its obligations hereunder including continuing to provide reasonable access to information and to maintain ongoing communications as between representatives of each of the Parties hereto;
- (b) each of the Vendors shall, as soon as practicable, notify the Purchaser in writing of any material change (actual, anticipated, complete or, to the knowledge of any of the Vendors, threatened) in the Business or in respect of any of the Purchased Assets which change is or would reasonably be expected to, individually or in the aggregate, be of such

a nature as to render any representation or warranty of the Vendors misleading or untrue in any material respect; and

- (c) the Purchaser shall, as soon as practicable, notify the Vendors in writing of any material change (actual, anticipated, complete or, to the knowledge of the Purchaser, threatened) in the businesses of the Parkland Group which change is or would reasonably be expected to, individually or in the aggregate, be of such a nature as to render any representation or warranty of the Purchasing Parties misleading or untrue in any material respect.

5.3 Information During Interim Period

During the Interim Period each of the Vendors shall:

- (a) provide the Purchaser and the Purchaser's authorized representatives and advisors with access to all files, Books and Records, Contracts and other documents of any nature pertaining to the Business and the Purchased Assets and promptly provide the Purchaser and the Purchaser's authorized representatives and advisors with any and all additional information pertaining to the Business and the Purchased Assets, in both cases as the Purchaser or the Purchaser's representatives or advisors may reasonably request;
- (b) within two Business Days after receiving a request from the Purchaser, provide to the Purchaser such information as to compliance with Regulatory Authorizations as is reasonably required to confirm compliance with Regulatory Authorizations;
- (c) provide the Purchaser and the Purchaser's authorized representatives and advisors with reasonable access during normal business hours to the Purchased Assets, including the Real Property and other locations where other material relevant to the Business is stored provided the Purchaser will not interfere with the conduct of Business in the ordinary course or disrupt the employees in the undertaking of their duties. The Purchaser shall have the right to have the Purchased Assets, including the vehicles and the equipment described in Schedule 2.1(a)(i) to the Disclosure Letter and the other tangible assets and property of the Vendors described Sections 2.1(a)(ii), 2.1(a)(iv), 2.1(a)(vi), 2.1(a)(ix) and 2.1(a)(xi), inspected and tested by its authorized representatives; and
- (d) provide the Purchaser and the Purchaser's authorized representatives and advisors with reasonable access during normal business hours to its senior personnel, auditors and other representatives as may be reasonably requested, to facilitate due diligence inquiries pertaining to the Business and the Purchased Assets, including inquiries of Governmental Authorities and other third parties.

5.4 Change of Vendors' Name and Use of Marks

- (a) Forthwith following the completion of the purchase and sale of the Purchased Assets under this Agreement, each of the Vendors shall discontinue use of the Pioneer logo and the name "Pioneer", "Pioneer Energy", "Pioneer Fuels" and "Pioneer Petroleum", except where legally required to identify the Vendors until their name has been changed to another name. The Vendors shall deliver at Closing articles of amendment to change the corporate name of each of the applicable Vendors to another name not including the words "Pioneer", "Pioneer Energy", "Pioneer Fuels", "Pioneer Petroleum" and the specifically sold trademarks and trade names as listed in Schedule 2.1(a)(xii) to the Disclosure Letter, and otherwise not confusingly similar its present name. The Vendors

shall file such articles of amendment with the applicable Governmental Authority immediately following Closing.

- (b) For a period of one (1) year following closing TPGI will be permitted to use the Pioneer “arrow and circle” logo and the “arrow and word-mark” logo and other stylized versions of the Pioneer name set forth in Schedule 2.1(a)(xii) to the Disclosure Letter (collectively, the “**Pioneer Word Marks**”) in any documentation used solely in connection with TPGI’s existing food services and property management businesses and in connection with family office reporting and correspondence, as such Pioneer Word Marks are currently used by TPGI for such purposes, pursuant to the terms of a trademark licence agreement to be delivered at Closing in accordance with Section 7.2(o). Such Pioneer Word Marks will not be used in marketing or promotional activities. For greater certainty, TPGI and its affiliates will not be permitted to use the word Pioneer or Pioneer logos in any manner in connection with uses that are related to the Business; which for clarity does not include the use of the name “Pioneer” without the logo in the food businesses of TPGI including in the corporate names listed in Schedule 5.4 to the Disclosure Letter.

5.5 Vendors’ Future Actions

After the Closing, none of the Vendors shall, directly or indirectly, take any action which may adversely affect the Purchaser’s ownership of or the validity or enforceability of any of the Purchased Assets or operation of the Business.

5.6 *Planning Act (Ontario) Compliance*

This Agreement will be effective to create an interest in the Real Property located in the Province of Ontario only if the subdivision and part lot control provisions of the *Planning Act* (Ontario) are complied with. The Vendors hereby covenant to proceed diligently at their expense to obtain any necessary severance consent on or before Closing. In the event that a severance consent is required for any Real Property but such consent has not been obtained by Closing, the Purchaser agrees to proceed with closing the transactions contemplated in this Agreement for all other Real Property, and the property that required a severance consent shall be transferred as soon as such consent has been obtained. Between Closing and the date of transfer of the property requiring consent, the applicable Vendor shall lease such property to the Purchaser, under which lease the Purchaser will pay an annual rent of [REDACTED] and will also pay, perform and discharge all obligations arising or accruing with respect to such property during that period.

5.7 Damaged Assets

The Purchase Price and the obligations to close will be unaffected by loss or damage to Purchased Assets, provided the Vendors agree to diligently pursue insurance recovery in connection with such loss or damage, and to promptly pay to the Purchaser all insurance proceeds received by the Vendors after Closing relating to any insurance policies held by the Vendors in respect of the Purchased Assets and resulting from damage related to the Purchased Assets.

5.8 Donations Budget

After the Closing, the Purchaser shall ensure that the donations program of the Business is maintained for a period of five years following the Closing Date (in accordance with and as set out in Schedule 5.8 to the Disclosure Letter).

5.9 Brand Maintenance

After the Closing, the Purchasing Parties shall ensure that the Pioneer brand as it exists at the Closing Time, and including the loyalty programs, shall be maintained at a minimum of 75% of the locations currently branded as Pioneer for a period of at least five years following the Closing Date and that the current head office in Burlington, Ontario be maintained as an operational office of the Business (including reception) with the existing “Pioneer” signage maintained on the exterior of such office, until at least November 30, 2016.

5.10 Competition Act

- (a) As soon as practicable, but no later than ten Business Days from the date of this Agreement: (i) the Purchaser shall, with the assistance of and, in consultation with, the Vendors, promptly file a submission with the Commissioner requesting an ARC and, in lieu thereof, request a ‘no-action letter’ in furtherance of obtaining the Competition Act Approval; and (ii) each of the Purchaser and the Vendors shall notify the Commissioner of the transactions contemplated by this Agreement in accordance with section 114(1) of the Competition Act and shall supply the Commissioner with the prescribed information.
- (b) Concurrently with making the filings and notifications to the Commissioner under this Section 5.10(a): (i) each of the Purchaser and the Vendors shall file all such filings and notifications with the Minister of Transport; and (ii) the Purchaser shall file with the Minister of Transport a submission with respect to the public interest as it relates to national transportation in respect of the transactions contemplated by this Agreement, all in accordance with section 53.1 of the Canada Transportation Act.
- (c) In connection with obtaining the Competition Act Approval and Canada Transportation Act Approval, each Party shall use commercially reasonable efforts to, and shall ensure their Affiliates:
 - (i) cooperate and provide information and assistance to the other Parties to obtain the Competition Act Approval and Canada Transportation Act Approval and in respect of any notification, application, filing or response to information requests or submissions related to the Competition Act Approval;
 - (ii) make such further filings as may be necessary, proper or advisable to obtain the Competition Act Approval and Canada Transportation Act Approval;
 - (iii) respond promptly to any requests for information (including in respect of any supplementary filings or submissions or a supplementary information requests) or requests for meetings by Governmental Authorities;
 - (iv) provide the other Parties a reasonable opportunity to participate in any meetings or discussions (whether in person, by e-mail, by telephone or otherwise) with or before a Governmental Authority (except where the Governmental Authority expressly requests that a Party should not be present at the meeting or discussion or part or parts of the meeting or discussion) and participate in and review any material communication before it is made to any Governmental Authority;
 - (v) provide the other Parties with advance copies of all written materials that they intend to supply or file to secure Competition Act Approval and Canada Transportation Act Approval and shall provide the other Parties with a

reasonable opportunity to comment on those written materials and shall agree to consider those comments in good faith; and

- (vi) keep the other Parties informed of the status of the Competition Act Approval and Canada Transportation Act Approval and promptly notify the other Parties of receipt of any communications (oral or written) of any nature from a Governmental Authority (and provide the other Parties with copies thereof).
- (d) All information supplied by a Party to the other Party or to the Commissioner under this Section shall be, to the supplying Party's knowledge and belief, accurate and true and, if the supplying Party subsequently learns that the information is not accurate or true, such Party shall immediately in writing make such known to the other Party and, after giving the other Party advance notice and a reasonable opportunity to comment, provide corrected information to the Commissioner that is, to the supplying Party's knowledge and belief, accurate and true.
- (e) Notwithstanding any provision in this Agreement or this Section 5.10, the Purchasing Parties shall not be required to divest or hold separate business or assets of the Purchasing Parties or the Purchased Assets or to take a measure or behavioral remedy which may be necessary to secure the Competition Act Approval except such requirements which individually and in the aggregate do not materially affect the undertaking of the Business in the ordinary course.
- (f) The Purchaser shall be responsible for the fees payable to the Receiver General for Canada in respect of the filings made under this Section 5.10.
- (g) Notwithstanding any requirement in this Section 5.10 or any other provision of this Agreement, where a Party (in this Section 5.10 only, a "**Disclosing Party**") is required under this Section 5.10 to provide information to another Party (in this Section 5.10 only, "**Receiving Party**") that the Disclosing Party deems to be competitively sensitive information, the Disclosing Party may restrict the provision of such competitively sensitive information only to the internal legal counsel and external legal counsel of the Receiving Party, provided that the Disclosing Party also provides a redacted version of any such application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Authority) which contains the competitively sensitive information.

5.11 Books and Records

- (a) The Purchasing Parties covenant and agree to maintain in safekeeping the Books and Records delivered by the Vendors pursuant to Section 7.2(l) for such period of time required by Law, following the Closing Date which relate to periods prior to the Closing Date, provided that, in the event the Purchaser intends to discard or destroy any of the Books and Records relating to the period before the Closing Date as to Tax matters or environmental status or issue matters the Purchaser will notify the Vendors and allow them to take possession of such Books and Records and provided in the event the Vendors provide reasonable notice to the Purchasing Parties of: (a) an investigation or audit of the Vendors by a taxation or other Governmental Authority; (b) a Claim to which any of the Vendors become or are a party (either as plaintiff or defendant) or there is a reasonable likelihood that such a Claim may arise, in each case, the Purchasing Parties will preserve such Book and Records for the duration in respect of which access to such Books and Records is reasonably required by the Vendors. During any such period, the

Purchaser will allow the Vendors and the Vendors' authorized representatives and advisors reasonable access to and to make copies and to produce originals of such records at the request of the Vendors, acting reasonably, for the purpose of the same, which access shall be at locations to be determined by the Purchasing Parties, during normal business hours and at such other time or times as the Purchasing Parties may determine and in such a manner so as not to interfere unreasonably with the conduct of the business of the Purchasing Parties and shall, at the reasonable request and direct and reasonable cost of the Vendors, make available the services of the relevant Transferred Employees, if such Transferred Employee is then employed by any of the Purchasing Parties or their respective Affiliates, in connection therewith. In addition, the Purchasing Parties shall take reasonable steps to transition e-mails to the Excluded Employees by providing an out of office message that includes a forwarding address of the Excluded Employees for a period of three months from the Closing Date.

- (b) The Vendors covenant and agree to maintain in safekeeping the Tax Records for a period of seven (7) years following the Closing Date, or for such longer period as may be required by Law. During such period, the Vendors will allow the Purchaser and the Purchaser's authorized representatives and advisors reasonable access to and to make copies and to produce originals of such Tax Records at the request of the Purchaser, acting reasonably.

5.12 Continuous Disclosure and Business Acquisition Report

- (a) The Vendors shall:
 - (i) as soon as reasonably practicable after the date hereof, and in any event within 30 days of the date hereof, provide to the Purchaser, at the sole cost of the Purchaser for such preparation, BAR-Compliant Financial Statements for most recent annual period (on a comparative basis) and, if applicable, quarterly period, ended prior to the date hereof; and
 - (ii) during Interim Period, within 30 days of the completion of any interim quarterly period, or within 45 days of the completion of any annual period, as applicable, provide to the Purchaser, at the sole cost of the Purchaser for such preparation, BAR-Compliant Financial Statements which relate to such quarterly or annual period;

and upon delivery thereof in accordance herewith, all references to "Financial Statements" contained in this Agreement shall be deemed to include such financial statements and all references to "Balance Sheet" will be deemed to refer to the balance sheet contained in such statements.

- (b) During the Interim Period, the Vendors shall use their reasonable efforts to:
 - (i) respond to enquiries from the Purchasing Parties as to matters reasonably required (as determined by the Purchasing Parties, acting in their sole discretion) for the Purchasing Parties to satisfy their respective obligations under applicable securities Laws;
 - (ii) respond (and cause their current officers, directors and employees to respond) to any due diligence inquiries in respect of the Business or the Purchased Assets as

may be reasonably requested, directly or indirectly, by either of the Purchasing Parties, or any of their representatives; and

- (iii) cause their auditors to cooperate with the Purchasing Parties' accounting professionals and auditors as is reasonably required by the Purchasing Parties.
- (c) Following the Closing Date (and the Purchasing Parties acknowledging that the Vendors will have no employees, books or records available, all being transferred to the Purchaser), the Vendors shall use their reasonable efforts to assist the Purchasing Parties with the preparation and filing by the Purchasing Parties of a business acquisition report pursuant to Part 8 of NI 51-102.
- (d) The Vendors shall be provided a reasonable opportunity to review and comment on any draft disclosure document containing information relating to the Business or the Purchased Assets provided by the Vendors pursuant to this Section 5.12 and intended to be used in any manner by the Purchasing Parties in advance of the use thereof and the Purchasing Parties will give good faith consideration to any comments of the Vendors thereon.
- (e) All third party costs and expenses incurred by the Vendors pursuant to their obligations in this Section 5.12 shall be for the account of the Purchaser.
- (f) The Purchasing Parties acknowledge that the Vendors shall have no liability whatsoever to the Purchasing Parties, their directors, officers, Affiliates or other respective successors or assigns or any other Person with respect to the Purchasing Parties' use of such information provided by the Vendors pursuant to this Section 5.12.

5.13 Acknowledged Obligations

The Purchaser acknowledges and agrees that the Purchased Assets are inextricably linked to the Acknowledged Obligations as part of the Business and that, on and after Closing, the Purchaser shall be responsible for and agrees to perform the Acknowledged Obligations.

5.14 Insurance Benefits

From and after the Closing Date, the Vendors will (at the expense of the Purchaser) take such steps as are reasonably requested by the Purchaser, subject to the terms of the applicable insurance policies of the Vendors, to retain the right to make claims and receive recoveries for the benefit of the Purchaser under any insurance policies maintained at any time prior to the Closing Date by the Vendors, covering any Loss or Claim relating to the Business or Purchased Assets arising out of occurrences prior to the Closing.

5.15 Office Sublease

Prior to Closing, the Vendors (on behalf of TPGI) and the Purchaser will negotiate in good faith to agree upon one or more agreements, to be executed by the Purchaser and TPGI concurrently with Closing, which shall provide for:

- (a) ongoing sublease by TPGI of its current office space located at 1122 International Blvd., Suite 700, Burlington, Ontario L7L 6Z8 at the current rate (with no common area charge and three of the assigned parking spaces (at no rent)) for a period not to exceed six

months following the Closing Date with an option in favour of TPGI to terminate such sublease at no cost on one month's notice to the Purchaser;

- (b) ongoing sublease by TPGI of storage space located at 1122 International Blvd., Suite 700, Burlington, Ontario L7L 6Z8 for a period not to exceed six months following the Closing Date;
- (c) use by TPGI of the phone system forming part of the Purchased Assets (it being acknowledged that the separate phones systems owned by the Vendors and TPGI respectively will be reallocated to each in accordance with ownership) and internet for the duration of the sublease referred to in Section 5.15(a); and
- (d) use by TPGI of any software licenses relating to the Business or the Purchased Assets and assumed by the Purchaser, for the duration of the sublease referred to in Section 5.15(a), provided that such use is in accordance with the terms of such software licenses;

provided, however, that TPGI shall use commercially reasonable efforts to vacate the premises described in this Section 5.15 as soon as reasonably practicable following the Closing Date.

ARTICLE 6

CONDITIONS TO CLOSING

6.1 Conditions for the Benefit of the Purchasing Parties

The obligation of the Purchasing Parties to complete the purchase of the Purchased Assets from the Vendors pursuant hereto and consummate the transactions contemplated hereby is subject to the following conditions (which are for the exclusive benefit of the Purchasing Parties) being satisfied or complied with in all respects at the Closing Time, or such earlier time as is specified herein, provided, however, that any such condition may be waived in writing by the Purchasing Parties, in whole or in part, at any time, without prejudice to any of the other rights of the Purchasing Parties hereunder:

- (a) [REDACTED] shall have executed and delivered to the Purchaser a Non-Competition Agreement, substantially in the form attached as Schedule 6.1(a) to the Disclosure Letter;
- (b) Parkland shall have obtained conditional listing approval from the TSX, in respect of the issuance and listing of the Consideration Shares;
- (c) the applicable Vendor shall have released any Transferred Employees from and after the Closing from any confidentiality or non-competition agreement or non-solicitation covenants with such Vendor except to the extent that these have been assigned to the Purchaser;
- (d) the representations and warranties of each of the Vendors set out in Section 4.1 shall be true and correct at the Closing Time with the same force and effect as if made at and as of such time, except to the extent such representations and warranties speak as of an earlier date, in which case such representations and warranties shall be true and correct as at such date and except in each case where the failure of such representations and warranties to be true and correct has not and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and Energy LP, on its own behalf and on behalf of each of the Vendors, shall have delivered, on the Closing Date, a certificate confirming the foregoing dated the Closing Date, addressed to the Purchaser and duly

executed by any two senior officers of Energy LP, on its own behalf and on behalf of each of the Vendors;

- (e) each of the Vendors shall have complied and performed, in all material respects, with all of the covenants and obligations set forth in this Agreement to be complied with, and performed by the Vendors at or prior to the Closing Time pursuant hereto, and Energy LP, on its own behalf and on behalf of each of the Vendors, shall have delivered, on the Closing Date, a certificate confirming the foregoing dated the Closing Date, addressed to the Purchasing Parties and duly executed by any two senior officers of Energy LP, on its own behalf and on behalf of each of the Vendors;
- (f) there shall have been no Material Adverse Effect since the date of this Agreement;
- (g) there shall be no Order issued delaying, restricting or preventing, and no Claim pending or, to the knowledge of any of the Vendors, threatened by any Governmental Authority to enjoin, delay, restrict or prohibit the purchase and sale of any of the Purchased Assets, as contemplated hereby, or the right of the Purchaser to conduct the Business or to own or use the Purchased Assets following the Closing Time;
- (h) the Closing Approvals shall have been obtained, in each case, on terms acceptable to the Purchaser, acting reasonably, provided that, this condition to Closing, as it relates to the Leases and Pioneer Leases comprising the Closing Approvals only, shall be deemed to have been satisfied and complied with if the Vendors have duly completed the assignment of such number of Leases and Pioneer Leases (and, where applicable, have obtained the required third party consent or approval in respect thereof) representing no less than 80% of such;
- (i) the Competition Act Approval and Canada Transportation Act Approval shall have been obtained;
- (j) the Vendors shall have delivered evidence satisfactory to the Purchaser that all Encumbrances other than Permitted Encumbrances have been discharged or released as to the Purchased Assets such that the Purchased Assets are free and clear of all Encumbrances other than Permitted Encumbrances;
- (k) the Vendors shall have terminated the LTIP, Annual SERP and DC SERP, and provided the Purchasing Parties with evidence that all Employees participating in any equity-based incentive Employee Plans of the Business, including the LTIP, Annual SERP and DC SERP, have surrendered their rights under such Employee Plans;
- (l) the Vendors shall have prepared and delivered to the Purchasing Parties the financial statements described in Section 5.12; and
- (m) at Closing, the Vendors shall have delivered all items they are required to deliver pursuant to Section 7.2.

6.2 Conditions for the Benefit of the Vendors

The obligations of the Vendors to complete the sale of the Purchased Assets to the Purchaser pursuant hereto and consummate the transactions contemplated hereby are subject to the following conditions (which are for the exclusive benefit of the Vendors) being satisfied or complied with in all respects at the Closing Time, or such earlier time as is specified herein, provided, however, that any such

condition may be waived in writing by the Vendors, in whole or in part, at any time, without prejudice to any of the other rights of the Vendors hereunder:

- (a) the representations and warranties of each of the Purchasing Parties in Section 4.2 shall be true and correct at the Closing Time with the same force and effect as if made at and as of such time, except to the extent such representations and warranties speak as of an earlier date, in which case such representations and warranties shall be true and correct as at such date and except in each case where the failure of such representations and warranties to be true and correct has not or would not, individually or in the aggregate, reasonably be expected to prevent, materially delay or materially impair the ability of the Purchasing Parties to consummate the transactions contemplated herein and each of the Purchasing Parties shall each have delivered, on the Closing Date, a certificate confirming the foregoing dated the Closing Date, addressed to the Vendors and duly executed by any two senior officers of each of the Purchasing Parties;
- (b) each of the Purchasing Parties shall have complied and performed, in all material respects, with all of the covenants and obligations set forth in this Agreement to be complied with, and performed by the Purchasing Parties at or prior to the Closing Time pursuant hereto, and each of the Purchasing Parties shall each have delivered, on the Closing Date, a certificate confirming the foregoing dated the Closing Date, addressed to the Vendors and duly executed by any two senior officers of the Purchasing Parties;
- (c) there shall be no Order issued delaying, restricting or preventing, and no Claim pending or, to the knowledge of the Purchaser, threatened by any Governmental Authority to enjoin, delay, restrict or prohibit the purchase and sale of any of the Purchased Assets, as contemplated hereby, or the right of any of the Vendors to conduct the Business or to own or use the Purchased Assets following the Closing Time;
- (d) the Competition Act Approval and Canada Transportation Act Approval shall have been obtained;
- (e) Parkland shall have obtained conditional listing approval from the TSX in respect of the issuance and listing of the Consideration Shares;
- (f) at Closing, the Purchasing Parties shall have delivered all items they are required to deliver pursuant to Section 7.3;
- (g) the letters of credit set out in Schedule 6.2 to the Disclosure Letter shall be replaced by the Purchasing Parties; and
- (h) the Vendors shall have received a favorable legal opinion from counsel to the Purchasing Parties as to the issuance of the PIL Shares and Consideration Shares being exempt from the prospectus requirements of securities Laws and as to the first trade of the Consideration Shares by Energy LP being subject to the restricted period set forth in section 2.5 of National Instrument 45-102 *Resale of Securities*.

ARTICLE 7
CLOSING

7.1 Place of Closing

The Closing shall take place at the Closing Time at the offices of Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario, or such place as may be agreed upon in writing between Energy LP and the Purchaser. In lieu of a physical closing, the Parties acknowledge and agree that the Closing may take place by way of electronic exchange of closing documentation, unless original documentation is required, and electronic fund transfer, without the need for physical meeting of the Parties.

7.2 Deliveries by the Vendors at Closing

At Closing, the Vendors, shall deliver, or cause to be delivered to the Purchaser:

- (a) certificates of the appropriate Governmental Authorities, dated the Closing Date, evidencing the existence of each of the Vendors;
- (b) a certified copy of the shareholders' or partners' resolutions each of the Vendors approving the sale of the Purchased Assets;
- (c) a certified copy of the directors' resolutions of each of the Vendors (or in the case of a limited partnership, the general partner of such partnership) approving this Agreement and the transactions contemplated hereby;
- (d) a certificate of incumbency of each of the Vendors;
- (e) all Closing Approvals, in form and substance acceptable to the Parties, acting reasonably;
- (f) payment of the applicable amount set forth in Section 2.7(f);
- (g) evidence of discharge or release of all Encumbrances which are not Permitted Encumbrances;
- (h) one or more executed general conveyances providing for the sale, assignment, transfer and conveyance of the Purchased Assets and assumption of the Assumed Liabilities, in substantially the form settled by the Parties concurrently with the execution of this Agreement;
- (i) an executed general assignment providing for the sale, assignment, transfer and conveyance of the Assumed Contracts, in the form settled by the Parties concurrently with the execution of this Agreement;
- (j) to the extent applicable, executed elections pursuant to subsection 167(1) of the ETA and any equivalent or corresponding provision of any applicable provincial or territorial legislation imposing a similar value added or multi-staged tax;
- (k) executed assignment agreements providing for the sale, assignment, transfer and conveyance of the Leases;
- (l) possession of the Purchased Assets;
- (m) the Books and Records;

- (n) officers' certificates confirming certain matters with respect to the Real Property in the form settled by the Parties concurrently with the execution of this Agreement;
- (o) registered transfers of the Real Property by the Vendors or the registered owners of the Real Property, as applicable, including, in the Province of Ontario, the completion of the statements required by the *Planning Act* (Ontario);
- (p) the trademark licence agreement in connection with TPGI's use of the Pioneer name following the Closing Date;
- (q) each of the Transaction Documents (including the Indemnity Agreement), duly executed by the applicable Parties thereto; and
- (r) such other documents and instruments as the Purchaser may reasonably require.

Where applicable, all deliveries by the Vendors at Closing shall be in the form settled by the Parties concurrently with the execution of this Agreement and attached hereto where so referenced.

7.3 Deliveries by Purchasing Parties at Closing

At Closing, the Purchasing Parties shall deliver to the Vendors (on their own behalf and on behalf of the Vendors):

- (a) certificates of the appropriate Governmental Authorities, dated the Closing Date, evidencing the existence of the Purchasing Parties;
- (b) certified copy of the directors' resolutions of each of the Purchasing Parties approving this Agreement and the transactions contemplated hereby;
- (c) a certificate of incumbency of each of the Purchasing Parties;
- (d) one or more executed general conveyances providing for the sale, assignment, transfer and conveyance of the Purchased Assets and assumption of the Assumed Liabilities in substantially the form settled by the Parties concurrently with the execution of this Agreement;
- (e) an executed general assignment providing for the sale, assignment, transfer and conveyance and assumption of the Assumed Contracts in the form settled upon by the Parties concurrently with the execution of this Agreement;
- (f) to the extent applicable, executed elections pursuant to subsection 167(1) of the ETA and any equivalent or corresponding provision under any applicable provincial or territorial legislation imposing a similar value added or multi-staged tax;
- (g) the Closing Cash Amount Payable;
- (h) the Consideration Shares, registered in the name of Energy LP;
- (i) evidence of payment of the Holdback Amount and the Indemnification Escrow Amount (or letters of credit) to the Escrow Agent;
- (j) executed assignment agreements providing for the sale, assignment, transfer and conveyance of the Leases;

- (k) each of the Transaction Documents (including the Indemnity Agreement), duly executed by the applicable Parties thereto; and
- (l) such other documents and instruments as the Vendors may reasonably require.

Where applicable, all deliveries by the Purchasing Parties at Closing shall be in the form settled by the Parties concurrently with the execution of this Agreement and attached hereto where so referenced.

ARTICLE 8 **INDEMNITIES**

8.1 Indemnity by the Vendors

Subject to Section 8.3, the Vendors, which for greater certainty does not, in the case of Holding LP, include the limited partners of Holding LP, shall, from and after the Closing Time, jointly and severally indemnify and save harmless the Purchasing Parties and its Affiliates (collectively, the “**Purchaser Indemnified Parties**”), from and against, and will reimburse the Purchasing Parties for any Claims or Losses arising from, in connection with or related in any manner whatever to:

- (a) any misrepresentation or any incorrectness in or breach of any representation or warranty of any of the Vendors contained in this Agreement or in a certificate or instrument executed and delivered by the Vendors pursuant to this Agreement (provided however, that for the purpose only of calculating the amount of Losses in this Section 8.1(a), any Claim based on the misrepresentation of any of the Vendors shall be deemed to have been made without qualifications as to materiality where the words or phrases “material”, “Material Adverse Effect”, “Material Adverse Change” or words or phrases of similar import are used, such that the amount of Losses payable are not subject to any deduction in respect of amounts below the agreed upon level of materiality);
- (b) any material breach or non-fulfillment of any covenant or agreement on the part of the Vendors contained in this Agreement or any certificate or instrument executed and delivered by the Vendors, or any of them, pursuant to this Agreement; and
- (c) any Liabilities of the Vendors forming part of the Retained Liabilities;

provided that the indemnity hereunder as to the Consideration Shares Agreements is restricted to the Persons party to the respective agreement.

8.2 Indemnity by the Purchasing Parties

Subject to Section 8.3, the Purchasing Parties shall, from and after the Closing Time, jointly and severally indemnify and save harmless the Vendors from and against, and will reimburse the Vendors for, any Claims or Losses arising from, in connection with or related in any manner whatever to:

- (a) any misrepresentation or any incorrectness in or breach of any representation or warranty of any of the Purchasing Parties contained in this Agreement or in a certificate or instrument executed and delivered by the Purchasing Parties pursuant to this Agreement (provided however, that for the purpose only of calculating the amount of Losses in this Section 8.2(a), any Claim based on the misrepresentation of any of the Purchasing Parties shall be deemed to have been made without qualifications as to materiality where the words or phrases “material”, “Parkland Material Adverse Effect”, “Parkland Material Adverse Change” or words or phrases of similar import are used, such that the amount of

Losses payable are not subject to any deduction in respect of amounts below the agreed upon level of materiality);

- (b) any material breach or non-fulfillment of any covenant or agreement on the part of the Purchasing Parties contained in this Agreement or in any certificate or instrument executed and delivered by the Purchasing Parties, or any of them pursuant to this Agreement;
- (c) any environmental contamination or condition of any Real Property or Liability under or pursuant to any Environmental Laws;
- (d) any Liabilities of the Vendors forming part of the Assumed Liabilities;
- (e) any Commodity Taxes (including any penalties, interest or other amounts) applicable to, or resulting from the transactions contemplated by, this Agreement; and
- (f) any Liabilities under any of the Acknowledged Obligations.

8.3 Limitations on Indemnities

- (a) Losses of the Purchasing Parties or the Vendors hereunder shall be deemed reduced by the amount of any insurance proceeds received by the Purchasing Parties or the Vendors with respect to such Losses.
- (b) The obligations of the Vendors under Section 8.1 shall be subject to the following limitations:
 - (i) subject to Sections 8.3(b)(ii) and 8.3(b)(iii), the obligations of the Vendors under Section 8.1(a) shall terminate two years from the Closing Date except with respect to *bona fide* Claims by the Purchasing Parties set forth in written notices (identifying in reasonable detail the identity and nature of the Claim) given by the Purchasing Parties to the Vendors prior to such date;
 - (ii) the obligations of the Vendors under Section 8.1(a) in respect of any Claim or Losses relating to or impacted by Tax matters set out in Section 4.1(x), arising in or in respect of a particular period ending on, before or including the Closing Date shall terminate on the date which is 90 days after the relevant Governmental Authorities shall no longer be entitled to assess or reassess Liability for Taxes against the Vendors or the Purchasing Parties for that particular period, which date shall not be extended by any waiver given by the Purchasing Parties after the Closing Date without the consent of the Vendors;
 - (iii) the obligations of the Vendors under Section 8.1(a) with respect to any Claims or Losses which are based on the breach of the Vendors' Fundamental Representations, or wilful misconduct, intentional misrepresentation or fraud by the Vendors, may be brought at any time for the maximum period permitted by Law;
 - (iv) except with respect to any Claim or Losses based on a breach of the Vendor's representations in Section 4.1(x), the Purchasing Parties shall not be entitled to make any indemnity claim under Section 8.1(a) until the aggregate amount of all Claims against the Vendors exceeds ██████████ ("Indemnity Threshold").

Once the aggregate amount of all Claims against the Vendors exceeds the Indemnity Threshold, then the Purchaser Indemnified Parties shall be entitled to make a Claim for the damages, Losses, costs, Liabilities and expenses incurred and for which it is entitled to indemnity pursuant to Section 8.1(a) which exceed the Indemnity Threshold;

- (v) the total aggregate maximum liability of the Vendors pursuant to Section 8.1(a) shall not exceed [REDACTED] (except for any Claims or Losses which are based on the breach of the Vendors' Fundamental Representations or breaches with respect to the Tax matters set out in Section 4.1(x)), and the total aggregate maximum liability of the Vendors pursuant to Sections 8.1(b) and (c), in connection with a breach of the Fundamental Representations or breaches with respect to the Tax matters set out in Section 4.1(x), which shall not exceed the Purchase Price), *provided however*, the limits set forth in this Section 8.3(b) shall not apply in the event of the wilful misconduct, intentional misrepresentation or fraud by the Vendors; and
 - (vi) the Vendors shall not be liable for any punitive damages, but for certainty, in the event that such damages may be awarded against the Purchasing Parties by a court of competent jurisdiction without a right of appeal then such damages will be subject to indemnification from the Vendors, to the extent the Purchasing Parties are otherwise indemnified for such Loss hereunder.
- (c) The obligations of the Purchasing Parties under Section 8.2 shall be subject to the following limitations:
- (i) Subject to Section 8.3(c)(ii), the obligations of the Purchasing Parties under Section 8.2(a) shall terminate two years from the Closing Date except with respect to *bona fide* Claims by the Vendors set forth in written notices (identifying in reasonable detail the identity and nature of the Claim) given by the Vendors to the Purchasing Parties prior to such date;
 - (ii) the obligations of the Purchasing Parties under Section 8.2(a) with respect to any Claims or Losses which are based on the breach of the Purchasing Parties' Fundamental Representations or wilful misconduct, intentional misrepresentation or fraud by the Purchasing Parties, may be brought at any time for the maximum period permitted by Law;
 - (iii) the Vendors shall not be entitled to make any indemnity claim under Section 8.2(a) until the aggregate amount of all Claims against the Purchasing Parties exceeds the Indemnity Threshold. Once the aggregate amount of all Claims against the Purchasing Parties exceeds the Indemnity Threshold, then the Vendors shall be entitled to make a Claim for the damages, Losses, costs, Liabilities and expenses incurred and for which it is entitled to indemnity pursuant to Section 8.2(a) which exceed the Indemnity Threshold;
 - (iv) the total aggregate maximum liability of the Purchasing Parties pursuant to Section 8.2(a) shall not exceed the Purchase Price, *provided however*, the limits set forth in this Section 8.3(c) shall not apply in the event of the wilful misconduct, intentional misrepresentation or fraud by the Vendors; and

- (v) the Purchasing Parties shall not be liable for any punitive damages, but for certainty, in the event that such damages may be awarded against the Vendors by a court of competent jurisdiction without a right of appeal then such damages will be subject to indemnification from the Purchasing Parties, to the extent the Vendors are otherwise indemnified for such Loss hereunder.

8.4 Indemnification Procedure

The following provisions will apply to any Claim by any Person having the right to be indemnified pursuant to this Agreement (hereinafter, in this Section 8.4, any Person making a Claim for indemnification pursuant to this Agreement is referred to as the “**Indemnified Party**”, the Person against whom the Claim for indemnification is made pursuant to this Agreement is referred to as the “**Indemnifying Party**” and any such Claim for indemnity is referred to as the “**Indemnity Claim**”).

- (a) Promptly after becoming aware of any matter in respect of which it may assert an Indemnity Claim, the Indemnified Party will provide written notice of the Indemnity Claim to the Indemnifying Party, specifying (to the extent that information is available) the factual basis for the Indemnity Claim and the amount of the Indemnity Claim or, if an amount is not then determinable, an estimate of the amount of the Indemnity Claim, if an estimate is feasible in the circumstances; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will relieve the Indemnifying Party from its obligation to indemnify the Indemnified Party unless (and only to the extent that) the Indemnifying Party is materially prejudiced by such delay. Such notice shall also specify whether the Indemnity Claim arises as a result of a Claim by a Person against the Indemnified Party by a Person (including any Governmental Authority) who is not a Party to this Agreement (a “**Third Party Claim**”) or whether the Indemnity Claim arises as a result of a Claim directly by the Indemnified Party against the Indemnifying Party (a “**Direct Claim**”).
- (b) In the case of a Third Party Claim which concerns an amount required to be paid by the Indemnified Party under applicable Laws to a third party before the relevant procedure for challenging the existence or quantum of the alleged liability can be implemented or completed, the Indemnified Party may, notwithstanding any other provision of this Section 8.4, make such payment and forthwith demand reimbursement for such payment from the Indemnifying Party; provided that, if the alleged Third Party Claim, as finally determined (upon completion of settlement negotiations or applicable legal proceedings), is less than the amount that is so paid by the Indemnifying Party, then the Indemnified Party will, forthwith following such final determination and receipt of the overpaid amount from the third party, pay to the Indemnifying Party the amount by which the Liability, as finally determined, is less than the amount that was so paid by the Indemnifying Party.
- (c) The Indemnified Party will not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Third Party Claim in respect of which it has or proposes to assert an Indemnity Claim, except with the prior consent of the Indemnifying Party (which consent will not be unreasonably withheld or delayed).
- (d) With respect to any Third Party Claim, provided the Indemnifying Party admits, within 30 days of receipt of notice of the Third Party Claim from the Indemnified Party, to the Indemnified Party’s right to indemnification for the amount of such Third Party Claim that may at any time be determined or settled; and provided further that the action or

other proceeding respecting prosecution of the Third Party Claim involves only a Claim for money damages and not a Claim for equitable relief:

- (i) except as contemplated by Section 8.4(d)(iii), the Indemnifying Party will have the right to assume carriage of such legal, administrative or other proceedings through counsel of its choice, but the Indemnified Party will have the right and will be given the opportunity, to the extent the same does not give rise to a material conflict of interest, to participate in the defence of the Third Party Claim, to consult with the Indemnifying Party in the settlement of the Third Party Claim and the conduct of such legal, administrative and other proceedings (including consultation with counsel);
 - (ii) if requested by the Indemnified Party, the Indemnifying Party will keep the Indemnified Party fully advised with respect thereto, will provide the Indemnified Party with copies of all pleadings, notices, communications, documentary or other evidence with respect to such Third Party Claim except where the provision of such advice or the receipt of such documents would waive any claim of privilege by the Indemnifying Person or its legal representative; and
 - (iii) notwithstanding Sections 8.4(d)(i) and 8.4(d)(ii), the Indemnifying Party will not settle the Third Party Claim or conduct any legal, administrative or other proceedings in any manner that could, in the reasonable opinion of the Indemnified Party, materially and adversely affect the Indemnified Party except with the prior written consent of the Indemnified Party, acting reasonably (which consent will not be unreasonably withheld or delayed).
- (e) If, with respect to any Third Party Claim, any of the conditions set forth in the opening sentence of Section 8.4(d) is or becomes unsatisfied, or in the event that the Indemnifying Party does not act to diligently defend against such Third Party Claim or declines to assume carriage of the applicable legal, administrative or other proceedings, then the following provisions will apply:
- (i) the Indemnified Party, at its discretion, may assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Claim and may defend or settle the Third Party Claim on such terms as the Indemnified Party, acting in good faith, considers advisable; and
 - (ii) any costs, damages and expenses incurred or suffered by the Indemnified Party in the settlement of such Third Party Claim or the conduct of any such legal, administrative or other proceedings will be added to the amount of the Indemnity Claim.
- (f) With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Direct Claim, the Indemnifying Party shall have 60 days to make such investigation of the Direct Claim as it considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Direct Claim, together with all such other information in the possession of the Indemnified Party as the Indemnifying Party may reasonably request. If the Indemnified Party and the Indemnifying Party agree, prior to the expiration of such 60 day period (or any mutually agreed upon extension thereof), to the validity and amount of such Direct Claim, the Indemnifying Party shall forthwith pay to the Indemnified Party the full agreed upon

amount of the Direct Claim. Failing such agreement and payment, the Indemnified Party may commence an action or otherwise pursue any remedy it may have against the Indemnifying Party.

8.5 Tax Status of Indemnification Payments

Any payment made by the Vendors pursuant to this Article 8 shall constitute a reduction of the Purchase Price and any payment made by the Purchasing Parties pursuant to this Article 8 shall constitute an increase in the Purchase Price. In either case, each of the Vendors and the Purchaser shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two months of such payment, request all amendments to its current or past Tax Returns as may be necessary to reflect the foregoing. For greater certainty, any such reduction of, or increase in, the Purchase Price shall only adjust the amount of the Purchase Price allocated to goodwill unless the indemnity relates to a specific asset, then to the Purchase Price allocated to that asset.

8.6 Set-off Against Indemnification Escrow Amount

In accordance with the terms of the Escrow Agreement, the Purchasing Parties shall be entitled to set-off and deduct from the Indemnification Escrow Amount (which shall be a reduction of the Purchase Price), any amounts on account of Losses to which the Purchasing Parties are entitled to recover pursuant to the provisions of this Article 8.

8.7 Single Recovery, Sole and Exclusive Remedy

Subject to the last sentence of this Section 8.7, the rights of indemnity set forth in this Article 8 are the sole and exclusive remedy of each Party in respect of the matters described in Section 8.1 or Section 8.2, as applicable under this Agreement. Accordingly, the Parties waive, from and after the Closing, any and all rights, remedies and Claims that one Party may have against the other, whether at Law, under any statute or in equity (including Claims for contribution or other rights of recovery arising under any Environmental Laws, Claims for breach of contract, breach of representation and warranty, negligent misrepresentation and all Claims for breach of duty), or otherwise, directly or indirectly, relating to the provisions of this Agreement or the transactions contemplated by this Agreement other than as expressly provided for in this Article 8 and other than those arising with respect to any wilful misconduct, intentional misrepresentation or fraud. The Parties agree that if a Claim for indemnification is made by one Party in accordance with Section 8.1 or Section 8.2, as the case may be, and there has been a refusal by the other Party to make payment or otherwise provide satisfaction in respect of such Claim, then a legal proceeding is the appropriate means to seek a remedy for such refusal. This Article 8 shall remain in full force and effect in all circumstances and shall not be terminated by any breach (fundamental, negligent or otherwise) by any Party of its representations, warranties or covenants under this Agreement or under any Closing document or by any termination or rescission of this Agreement by any Party. Notwithstanding the foregoing, either Party may bring an action for specific performance or injunction in connection with the rights and obligations set forth herein.

8.8 GST/HST Gross Up

If any payment made by the Vendors or the Purchaser pursuant to this Article 8 is deemed by the ETA to include GST/HST, or is deemed by any applicable provincial or territorial legislation to include a similar value added or multi-staged Tax, the amount of such payment shall be increased accordingly.

ARTICLE 9
TERMINATION

9.1 Termination

This Agreement:

- (a) may be terminated and the transactions contemplated hereby may be abandoned, at any time prior to the Closing:
 - (i) by mutual written consent of the Parties;
 - (ii) by the Purchaser on written notice to Energy LP (on its own behalf and on behalf of the Vendors) if the Closing shall not have occurred on the Closing Date and any of the conditions set forth in Section 6.1 hereof shall not have been satisfied, provided that the Purchasing Parties shall have complied in all material respects with their obligations hereunder; or
 - (iii) by Energy LP (on its own behalf and on behalf of the Vendors) on written notice to the Purchaser if the Closing shall not have occurred on the Closing Date and any of the conditions set forth in Section 6.2 hereof shall not have been satisfied, provided that the Vendors shall have complied in all material respects with their respective obligations hereunder;

and any such notice of termination given by a Party shall specify the basis on which the Party seeks to terminate this Agreement.

9.2 Effect of Termination

In the event of termination of this Agreement pursuant to Section 9.1, this Agreement shall thereupon cease to have any further force and effect and each Parties shall thereafter have no further Liability thereunder to any other Party, except that the provisions of Article 8, Section 9.1, this Section 9.2, Section 11.1, Section 11.2, Section 11.5 and Section 11.13 shall survive any termination of this Agreement and provided that the requirements of the "Non-Disclosure Agreement" dated August 19, 2013 among the Vendors and Purchaser, including the preservation of confidentiality and the return and destruction of information and materials as to the Vendors and all aspects thereof remain in full force and effect. Nothing in this Section 9.2 shall relieve any Party of Liability for any breach of this Agreement.

9.3 Survival

Subject to the limitations and provisions set forth in this Agreement, notwithstanding the occurrence of Closing and the items delivered at Closing pursuant hereto, the representations, warranties, covenants and indemnities contained in this Agreement shall survive the Closing and the delivery of the items delivered at Closing pursuant hereto for the benefit of the Parties in accordance with terms hereof, in each case for the same period of time during which an obligation to indemnify exists pursuant to Sections 8.1 or 8.2. Notwithstanding any other provision of this Agreement, no limitation in respect of the survival of any provision of this Agreement or the period in respect of which any Claims or other recourse may be made shall apply insofar as the breach of the provision or the matter in respect of which recourse is sought involves wilful misconduct, intentional misrepresentation or fraud on the part of the Party or Parties against whom the provision is sought to be enforced or from whom such recourse is sought. If any document executed at or after Closing pursuant hereto is inconsistent with the provisions

of this Agreement, the provisions of this Agreement shall prevail unless the Parties expressly and explicitly agree to the contrary.

ARTICLE 10
NOTICES

10.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party to any other Party shall be in writing and shall be delivered by hand delivery, facsimile transmission, registered mail (postage prepaid) (provided that the mailing Party does not know and should not reasonably have known of any disruption or anticipated disruption of postal service which might affect delivery of the mail) or by electronic mail, addressed to the Party to whom the notice is to be given, at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall: (i) if hand delivered, on the day of delivery if that day is a Business Day and it was received before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (ii) if sent by fax, on the day of transmission if that day is a Business Day and the fax transmission was made before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (iii) if sent by registered mail, on the fourth Business Day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth Business Day thereafter there is a disruption of postal service then notice must be given by means other than mail, or (iv) if sent by electronic mail, on the day the sender receives confirmation of receipt by return electronic mail from the recipient if that day is a Business Day and if that confirmation was received before 5:00 p.m. local time in the place of receipt, and otherwise on the next Business Day.

10.2 Address for Service

The address for service of each of the Parties hereto shall be as follows:

(a) if to the Vendors:

c/o Pioneer Energy LP
1122 International Boulevard, Suite 700
Burlington, ON L7L 6Z8
Attention: [REDACTED]
Facsimile: [REDACTED]
Email: [REDACTED]

with a copy to:

Cassels Brock & Blackwell LLP
40 King Street West
2000 Scotia Plaza
Toronto, ON M5H 3C2

Attention: [REDACTED]
Facsimile: [REDACTED]
Email: [REDACTED]

- (b) if to the Purchasing Parties:

Parkland Industries Ltd.
5101, 333 - 96th Avenue NE
Calgary AB T3K 0S3

Attention: [REDACTED]
Facsimile: [REDACTED]
Email: [REDACTED]

with a copy to:

Bennett Jones LLP
4500 Bankers Hall East
855 - 2nd Street SW
Calgary AB T2P 4K7

Attention: [REDACTED]
Facsimile: [REDACTED]
Email: [REDACTED]

or such other address as may be designated by notice to the other Parties.

ARTICLE 11 **MISCELLANEOUS**

11.1 Retention of Records and Confidential Information

The Purchaser acknowledges and agrees that the Vendors will be permitted to retain copies of the Books and Records for such period after the Closing Date as is required by any applicable Law. Both before and after the Closing Date, the Vendors will, and will cause each of their advisors and other representatives to:

- (a) promptly provide to the Purchaser all information in their possession or under their control relating to the Purchased Assets;
- (b) keep strictly confidential all information relating to the Purchased Assets unless: (i) such information (other than Transferred Information) is or becomes generally available to the public other than as a result of a disclosure by the Vendors in violation of this Agreement; (ii) the disclosure of such information is expressly permitted, in writing, by the Purchaser; or (iii) the disclosure of such information is required by applicable Law or by a Governmental Authority (provided that the Vendors shall provide the Purchaser with prompt written notice of same so that the Purchasing Parties may either seek a protective Order or other appropriate remedy, and the Vendors shall furnish only the disclosure that is required); and
- (c) not use or permit any other Person to use any information relating to any of the Purchased Assets for any purpose whatsoever, unless such information (other than Transferred Information) is or becomes generally available to the public, other than as a result of a disclosure by the Vendors in violation of this Agreement, or the use of such information is expressly permitted, in writing, by the Purchaser.

11.2 Privacy

- (a) The Vendors covenant and agree to advise the Purchaser of all purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates and all additional purposes where the Vendors have notified the individual of such additional purpose, and where required by Law, obtained the consent of such individual to use or disclose.
- (b) The Purchaser covenants and agrees: (i) prior to the completion of the transactions contemplated herein, to collect, use and disclose the Transferred Information solely for the purpose of reviewing and completing the transactions contemplated herein, including determining to complete such transactions; (ii) after the completion of the transactions contemplated herein, to collect, use and disclose the Transferred Information only for those purposes for which the Transferred Information was initially collected from, or in respect of, the individual to which such Transferred Information relates or for the completion of the transactions contemplated herein, unless (A) the Vendors or the Purchaser has first notified such individual of such additional purpose, and where required by all applicable Laws, obtained the consent of such individual to such additional purpose, or (B) such use or disclosure is permitted or authorized by Law, without notice to, or consent from, such individual; (iii) where required by Law, promptly notify the individuals to whom the Transferred Information relates that the transactions contemplated herein have taken place and that the Transferred Information has been disclosed to the Purchaser; (iv) to return or destroy the Transferred Information, at the option of the Vendors, should the transactions contemplated herein not be completed; and (v) use all reasonable efforts to protect and safeguard the Transferred Information including to protect the Transferred Information from loss or theft, or unauthorized access disclosure, copying, use, modification, disposal or destruction and promptly advise the Vendors should any such loss, theft or unauthorized activity occur prior to the completion of the transactions contemplated herein.

11.3 Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

11.4 Time of the Essence

Time shall be of the essence of this Agreement.

11.5 Public Announcements

No public announcement, press release or any other public filing which references or concerns the sale and purchase of the Purchased Assets shall be made by a Party or its Affiliates without the prior written consent and joint approval of the other Parties, which consent and approval shall not be unreasonably withheld or delayed; provided that nothing contained herein shall prevent Parkland or the Purchaser or any of their respective Affiliates at any time furnishing any information to the public if required by Laws or the rules of an applicable stock exchange. Without limiting the foregoing, the Vendors acknowledge that Parkland will be required by applicable Law and/or the rules of the TSX: (a) to issue a news release and file a material change report with the applicable securities regulatory authorities providing the disclosure required by applicable Law with respect to this Agreement and the

transactions contemplated hereby; and (b) file a copy of this Agreement with the applicable securities regulatory authorities redacted to exclude any sensitive business or personal information, which redacted copy shall be provided to the Vendors for their review and comment not later than 48 hours prior to the intended public filing thereof and Parkland shall, subject to ensuring that it will meet its obligations under applicable securities Laws, as determined in its sole discretion, accept any reasonable comments received thereon from the Vendors.

11.6 Amendments and Waiver

No modification of or amendment or supplement to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties hereto and no waiver of any breach of any term or provisions of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived. No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law or in equity or by statute or otherwise conferred.

11.7 Entire Agreement

This Agreement together with the agreements and other documents to be delivered pursuant to this Agreement (including the Transaction Documents) constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, including the Letter of Intent. There are no warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document delivered pursuant to this Agreement.

11.8 Applicable Law

This Agreement shall be construed and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action, application, reference or other proceeding arising out of or related to this Agreement and agree that all Claims in respect of any such action, application, reference or other proceeding shall be heard and determined in such Ontario courts. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application, reference or proceeding.

11.9 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

11.10 Execution in Counterpart

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written. Delivery of counterparts may be effected by facsimile transmission or scanned emails.

11.11 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. No Person other than the Parties and their respective successors and permitted assigns shall be entitled to any rights or benefits hereunder.

11.12 Assignment

This Agreement may not be assigned by any Party without the prior consent of the other Parties provided that the Purchaser may assign its rights and obligations under this Agreement to an Affiliate of the Purchaser (without novation) if, contemporaneous therewith, such Affiliate of the Purchaser agrees to be bound by all representations, warranties, covenants and indemnities of the Purchaser, provided that, notwithstanding any such agreement, the Purchaser continues to be bound by this Agreement and such agreement shall be in form and substance satisfactory to the Vendors, acting reasonably.

11.13 Costs

Except as otherwise provided in this Agreement, each Party shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel and other advisors) incurred by it in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby.

11.14 No Partnership

It is not the intent or purpose of the Agreement to create, and this Agreement shall not be construed as creating, any association, partnership or syndicate.

11.15 Waiver of Bulk Sales Compliance

The Purchaser hereby waives compliance with the provisions of bulk sales legislation in the jurisdictions in which any of the Purchased Assets are located, and including the *Bulk Sales Act* (Ontario).

11.16 Reliance

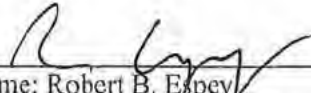
The Parties acknowledge and agree that they have entered into this Agreement in reliance upon each of the representations, warranties, covenants and agreements herein of the other Parties.

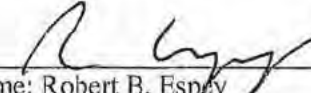
(signature page follows)


IN WITNESS WHEREOF the Parties hereto have executed this Asset Purchase Agreement as of the date first above written.


PARKLAND FUEL CORPORATION

PARKLAND INDUSTRIES LTD.

Per: 
Name: Robert B. Espey
Title: President and Chief Executive Officer

Per: 
Name: Robert B. Espey
Title: President and Chief Executive Officer

Per: 
Name: Irhan A. Rawji
Title: Vice President of Strategy and Corporate Development

Per: 
Name: Irhan A. Rawji
Title: Vice President of Strategy and Corporate Development

**PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP,
by its general partner,
PIONEER PETROLEUMS HOLDING INC.**

**PIONEER ENERGY LP,
by its general partner,
PIONEER ENERGY MANAGEMENT INC.**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

PIONEER PETROLEUMS TRANSPORT INC.

PIONEER ENERGY INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

PIONEER FUELS INC.

668086 N.B. LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

3269344 NOVA SCOTIA LIMITED

1796745 ONTARIO LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

PIONEER PETROLEUMS HOLDING INC.

PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

IN WITNESS WHEREOF the Parties hereto have executed this Asset Purchase Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

PARKLAND INDUSTRIES LTD.

Per: _____
Name:
Title:

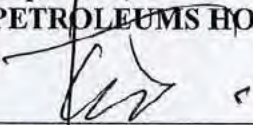
Per: _____
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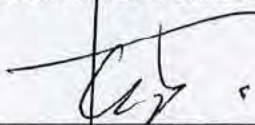
Per: _____
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Title:

Per: _____
Name:
Title:

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, by its general partner, PIONEER PETROLEUMS HOLDING INC.

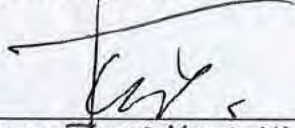
PIONEER ENERGY LP, by its general partner, PIONEER ENERGY MANAGEMENT INC.

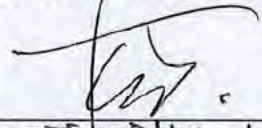
Per: 
Name: Timothy W. Hagarth
Title: President

Per: 
Name: Timothy W. Hagarth
Title: President

PIONEER PETROLEUMS TRANSPORT INC.

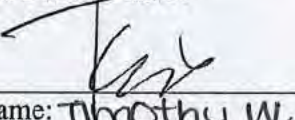
PIONEER ENERGY INC.

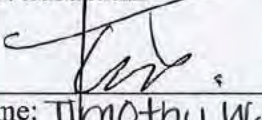
Per: 
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Title: President

Per: 
Name: Timothy W. Hagarth
Title: President

PIONEER FUELS INC.

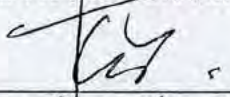
668086 N.B. LIMITED

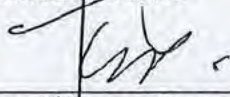
Per: 
Name: Timothy W. Hagarth
Title: President

Per: 
Name: Timothy W. Hagarth
Title: Director

3269344 NOVA SCOTIA LIMITED

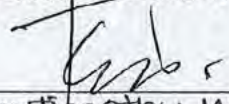
1796745 ONTARIO LTD.

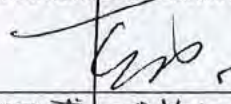
Per: 
Name: Timothy W. Hagarth
Title: President

Per: 
Name: Timothy W. Hagarth
Title: President

PIONEER PETROLEUMS HOLDING INC.

PIONEER ENERGY MANAGEMENT INC.

Per: 
Name: Timothy W. Hagarth
Title: President

Per: 
Name: Timothy W. Hagarth
Title: President

January 20, 2015

Parkland Fuel Corporation
Parkland Industries Ltd.
5101, 333 - 96th Avenue NE
Calgary AB T3K 0S3

Dear Sirs:

Re: Closing Date Extension

Reference is made to the Asset Purchase Agreement made as of September 17, 2014 (the "**Purchase Agreement**"), among Parkland Fuel Corporation (the "**Parent**"), Parkland Industries Ltd., Pioneer Petroleum Holding Limited Partnership ("**Holding LP**"), Pioneer Energy LP ("**Energy LP**"), Pioneer Petroleum Transport Inc. ("**Transport Inc.**"), Pioneer Energy Inc. ("**Energy Inc.**"), Pioneer Fuels Inc. ("**Fuels Inc.**"), Pioneer Petroleum Holding Inc. ("**Holding GP**"), Pioneer Energy Management Inc. ("**Energy GP**"), 668086 N.B. Limited ("**NB Ltd.**"), 3269344 Nova Scotia Limited ("**NS Ltd.**") and 1796745 Ontario Ltd. ("**Ontario Ltd.**") and, together with Holding LP, Energy LP, Transport Inc., Energy Inc., Fuels Inc., Holding GP, Energy GP, NB Ltd. and NS Ltd., collectively, the "**Vendors**"), as amended or supplemented from time to time.

This letter agreement (the "**Supplemental Agreement**") supplements and, where inconsistent, shall be deemed to amend and supersede, the terms and conditions contained in the Purchase Agreement in accordance with Section 11.6 of the Purchase Agreement. Unless so supplemented or amended by this Supplemental Agreement, all of the terms and conditions contained in the Purchase Agreement shall remain unchanged and in full force and effect.

1. The parties hereto agree to amend the Purchase Agreement by replacing "January 31, 2015" with "March 31, 2015" in the definition of "Closing Date" in Section 1.1(r) of the Purchase Agreement.
2. Each Party shall, from time to time, and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.
3. This Supplemental Agreement shall be construed and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action, application, reference or other proceeding arising out of or related to this Agreement and agree that all Claims in respect of any such action, application, reference or other proceeding shall be heard and determined in such Ontario courts. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application, reference or proceeding.
4. This Supplemental Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written. Delivery of counterparts may be effected by facsimile transmission or scanned emails.

(signature page follows)

IN WITNESS WHEREOF the Parties hereto have executed this Second Supplemental Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

Per: [Signature]
Name: **Robert B. Espey**
Title: **President and Chief Executive Officer**

Per: [Signature]
Name: **Irwan A. Rawji**
Title: **Vice President Strategy and Corporate Development**

PARKLAND INDUSTRIES LTD.

Per: [Signature]
Name: **Robert B. Espey**
Title: **President and Chief Executive Officer**

Per: [Signature]
Name: **Irwan A. Rawji**
Title: **Vice President Strategy and Corporate Development**

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, by its general partner, PIONEER PETROLEUMS HOLDING INC.

Per: _____
Name: _____
Title: _____

PIONEER ENERGY LP, by its general partner, PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS TRANSPORT INC.

Per: _____
Name: _____
Title: _____

3269344 NOVA SCOTIA LIMITED

Per: _____
Name: _____
Title: _____

PIONEER FUELS INC., as successor in interest to Pioneer Energy Inc., Pioneer Fuels Inc. and 1796745 Ontario Ltd. by way of amalgamation

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS HOLDING INC.

Per: _____
Name: _____
Title: _____

PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

668086 N. B. LIMITED

Per: _____
Name: _____
Title: _____

IN WITNESS WHEREOF the Parties hereto have executed this Second Supplemental Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

PARKLAND INDUSTRIES LTD.

Per: _____
Name: _____
Title: _____


Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, by its general partner, PIONEER PETROLEUMS HOLDING INC.

PIONEER ENERGY LP, by its general partner, PIONEER ENERGY MANAGEMENT INC.

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER PETROLEUMS TRANSPORT INC.

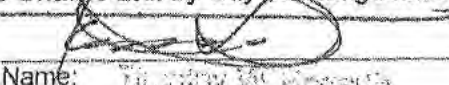
3269344 NOVA SCOTIA LIMITED

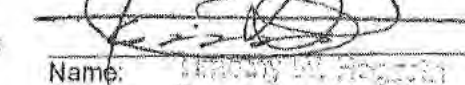
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PIONEER PETROLEUMS HOLDING INC.

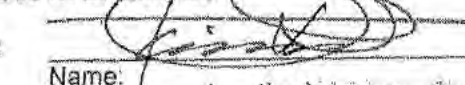
Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER ENERGY MANAGEMENT INC.

688086 N. B. LIMITED

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

March 17, 2015

Parkland Fuel Corporation
Parkland Industries Ltd.
5101, 333 - 96th Avenue NE
Calgary AB T3K 0S3

Dear Sirs:

Re: Closing Date Extension

Reference is made to the Asset Purchase Agreement made as of September 17, 2014 (the "**Purchase Agreement**"), among Parkland Fuel Corporation (the "**Parent**"), Parkland Industries Ltd., Pioneer Petroleum Holding Limited Partnership ("**Holding LP**"), Pioneer Energy LP ("**Energy LP**"), Pioneer Petroleum Transport Inc. ("**Transport Inc.**"), Pioneer Energy Inc. ("**Energy Inc.**"), Pioneer Fuels Inc. ("**Fuels Inc.**"), Pioneer Petroleum Holding Inc. ("**Holding GP**"), Pioneer Energy Management Inc. ("**Energy GP**"), 668086 N.B. Limited ("**NB Ltd.**"), 3269344 Nova Scotia Limited ("**NS Ltd.**") and 1796745 Ontario Ltd. ("**Ontario Ltd.**" and, together with Holding LP, Energy LP, Transport Inc., Energy Inc., Fuels Inc., Holding GP, Energy GP, NB Ltd. and NS Ltd., collectively, the "**Vendors**"), as amended or supplemented from time to time.

This letter agreement (the "**Supplemental Agreement**") supplements and, where inconsistent, shall be deemed to amend and supersede, the terms and conditions contained in the Purchase Agreement (or any supplemental or amending agreements executed prior to the date hereof, including without limitation, the supplemental letter agreement dated January 20, 2015 among Parkland and the Vendors relating to the extension of the closing date) in accordance with Section 11.6 of the Purchase Agreement. Unless so supplemented or amended by this Supplemental Agreement, all of the terms and conditions contained in the Purchase Agreement shall remain unchanged and in full force and effect.

1. The parties hereto agree to amend the Purchase Agreement by replacing, in its entirety, the definition of "Closing Date" in Section 1.1(r) of the Purchase Agreement with the following:

"(r) "**Closing Date**" means the earlier of April 30, 2015 and the date that is five Business Days after the conditions in Article 6 have been satisfied or waived (other than those conditions that by their terms are satisfied at Closing) provided that the Parties may extend the Closing Date at any time and from time to time by mutual written consent;"

2. Each Party shall, from time to time, and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

3. This Supplemental Agreement shall be construed and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action, application, reference or other proceeding arising out of or related to this Agreement and agree that all Claims in respect of any such action, application, reference or other proceeding shall be heard and determined in such Ontario courts. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application, reference or proceeding.

4. This Supplemental Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written. Delivery of counterparts may be effected by facsimile transmission or scanned emails.

(signature page follows)

IN WITNESS WHEREOF the Parties hereto have executed this Second Supplemental Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

Per: [Signature]
Name: **Robert B. Espey**
Title: **President and Chief Executive Officer**
Per: [Signature]
Name: **Andrew S. Crulchansk**
Title: **Vice President Finance**

PARKLAND INDUSTRIES LTD.

Per: [Signature]
Name: **Robert B. Espey**
Title: **President and Chief Executive Officer**
Per: [Signature]
Name: **Andrew S. Crulchansk**
Title: **Vice President Finance**

NEW ENERGY HOLDING LP,
by its general partner,
2456194 ONTARIO INC. (as successor in
interest to PIONEER PETROLEUMS HOLDING
LIMITED PARTNERSHIP)

Per: _____
Name: _____
Title: _____

PIONEER ENERGY LP, by its general partner,
PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS TRANSPORT INC.

Per: _____
Name: _____
Title: _____

3269344 NOVA SCOTIA LIMITED

Per: _____
Name: _____
Title: _____

PIONEER FUELS INC., as successor in interest
to Pioneer Energy Inc., Pioneer Fuels Inc. and
1796745 Ontario Ltd. by way of amalgamation

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS HOLDING INC.

Per: _____
Name: _____
Title: _____

PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

668086 N. B. LIMITED

Per: _____
Name: _____
Title: _____

2456194 ONTARIO INC.

Per: _____
Name: _____
Title: _____

IN WITNESS WHEREOF the Parties hereto have executed this Second Supplemental Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

PARKLAND INDUSTRIES LTD.

Per: _____
Name: _____
Title: _____


Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

**NEW ENERGY HOLDING LP,
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2456194 ONTARIO INC. (as successor in
interest to PIONEER PETROLEUMS HOLDING
LIMITED PARTNERSHIP)**

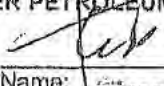
**PIONEER ENERGY LP, by its general partner,
PIONEER ENERGY MANAGEMENT INC.**

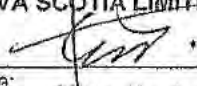
Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER PETROLEUMS TRANSPORT INC.

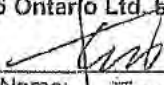
3269344 NOVA SCOTIA LIMITED

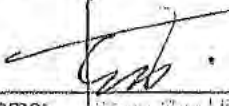
Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

**PIONEER FUELS INC., as successor in interest
to Pioneer Energy Inc., Pioneer Fuels Inc. and
1796745 Ontario Ltd. by way of amalgamation**

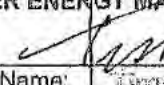
PIONEER PETROLEUMS HOLDING INC.

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO


PIONEER ENERGY MANAGEMENT INC.

668086 N. B. LIMITED

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

2456194 ONTARIO INC.

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

April 16, 2015

Parkland Fuel Corporation
Parkland Industries Ltd.
5101, 333 - 96th Avenue NE
Calgary AB T3K 0S3

Dear Sirs:

Re: Closing Date Extension

Reference is made to the Asset Purchase Agreement made as of September 17, 2014 (the "**Purchase Agreement**"), among Parkland Fuel Corporation (the "**Parent**"), Parkland Industries Ltd., Pioneer Petroleum Holding Limited Partnership ("**Holding LP**"), Pioneer Energy LP ("**Energy LP**"), Pioneer Petroleum Transport Inc. ("**Transport Inc.**"), Pioneer Energy Inc. ("**Energy Inc.**"), Pioneer Fuels Inc. ("**Fuels Inc.**"), Pioneer Petroleum Holding Inc. ("**Holding GP**"), Pioneer Energy Management Inc. ("**Energy GP**"), 668086 N.B. Limited ("**NB Ltd.**"), 3269344 Nova Scotia Limited ("**NS Ltd.**") and 1796745 Ontario Ltd. ("**Ontario Ltd.**" and, together with Holding LP, Energy LP, Transport Inc., Energy Inc., Fuels Inc., Holding GP, Energy GP, NB Ltd. and NS Ltd., collectively, the "**Vendors**"), as amended or supplemented from time to time.

This letter agreement (the "**Supplemental Agreement**") supplements and, where inconsistent, shall be deemed to amend and supersede, the terms and conditions contained in the Purchase Agreement (or any supplemental or amending agreements executed prior to the date hereof, including without limitation, the supplemental letter agreements dated January 20, 2015 and March 17, 2015 among Parkland and the Vendors relating to the extension of the closing date) in accordance with Section 11.6 of the Purchase Agreement. Unless so supplemented or amended by this Supplemental Agreement, all of the terms and conditions contained in the Purchase Agreement shall remain unchanged and in full force and effect.

1. The parties hereto agree to amend the Purchase Agreement by replacing, in its entirety, the definition of "Closing Date" in Section 1.1(r) of the Purchase Agreement with the following:

"(r) "**Closing Date**" means the earlier of May 11, 2015 and the date that is five Business Days after the conditions in Article 6 have been satisfied or waived (other than those conditions that by their terms are satisfied at Closing), provided that the Parties may extend the Closing Date at any time and from time to time by mutual written consent;"

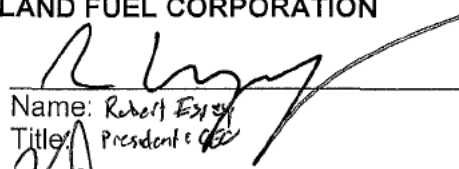
2. Each Party shall, from time to time, and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.


3. This Supplemental Agreement shall be construed and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action, application, reference or other proceeding arising out of or related to this Agreement and agree that all Claims in respect of any such action, application, reference or other proceeding shall be heard and determined in such Ontario courts. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application, reference or proceeding.

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IN WITNESS WHEREOF the Parties hereto have executed this Second Supplemental Agreement as of the date first above written.

PARKLAND FUEL CORPORATION


Per: 
Name: Robert Essey
Title: President & CEO

Per: 
Name: Kendall Waitting
Title: General Counsel & Corporate Secretary


PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, by its general partner, PIONEER PETROLEUMS HOLDING INC.

Per: 
Name: Timothy W. Hogarth
Title: President & CEO


PIONEER PETROLEUMS TRANSPORT INC.

Per: 
Name: Timothy W. Hogarth
Title: President

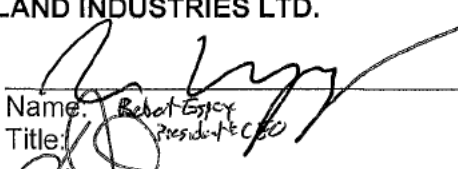
PIONEER FUELS INC., as successor in interest to Pioneer Energy Inc., Pioneer Fuels Inc. and 1796745 Ontario Ltd. by way of amalgamation

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER ENERGY MANAGEMENT INC.


Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PARKLAND INDUSTRIES LTD.


Per: 
Name: Robert Essey
Title: President & CEO

Per: 
Name: Kendall Waitting
Title: General Counsel & Corporate Secretary


PIONEER ENERGY LP, by its general partner, PIONEER ENERGY MANAGEMENT INC.

Per: 
Name: Timothy W. Hogarth
Title: President & CEO


3269344 NOVA SCOTIA LIMITED

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER PETROLEUMS HOLDING INC.

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

668086 N. B. LIMITED

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

April 24, 2015

Parkland Fuel Corporation
Parkland Industries Ltd.
5101, 333 - 96th Avenue NE
Calgary AB T3K 0S3

Dear Sirs:

Re: Closing Date Extension

Reference is made to the Asset Purchase Agreement made as of September 17, 2014 (the "**Purchase Agreement**"), among Parkland Fuel Corporation (the "**Parent**"), Parkland Industries Ltd., Pioneer Petroleum Holding Limited Partnership ("**Holding LP**"), Pioneer Energy LP ("**Energy LP**"), Pioneer Petroleum Transport Inc. ("**Transport Inc.**"), Pioneer Energy Inc. ("**Energy Inc.**"), Pioneer Fuels Inc. ("**Fuels Inc.**"), Pioneer Petroleum Holding Inc. ("**Holding GP**"), Pioneer Energy Management Inc. ("**Energy GP**"), 668086 N.B. Limited ("**NB Ltd.**"), 3269344 Nova Scotia Limited ("**NS Ltd.**") and 1796745 Ontario Ltd. ("**Ontario Ltd.**" and, together with Holding LP, Energy LP, Transport Inc., Energy Inc., Fuels Inc., Holding GP, Energy GP, NB Ltd. and NS Ltd., collectively, the "**Vendors**"), as amended or supplemented from time to time.

This letter agreement (the "**Supplemental Agreement**") supplements and, where inconsistent, shall be deemed to amend and supersede, the terms and conditions contained in the Purchase Agreement (or any supplemental or amending agreements executed prior to the date hereof, including without limitation, the supplemental letter agreements dated January 20, 2015, March 17, 2015 and April 16, 2015 among Parkland and the Vendors relating to the extension of the closing date) in accordance with Section 11.6 of the Purchase Agreement. Unless so supplemented or amended by this Supplemental Agreement, all of the terms and conditions contained in the Purchase Agreement shall remain unchanged and in full force and effect.

1. The parties hereto agree to amend the Purchase Agreement by replacing, in its entirety, the definition of "Closing Date" in Section 1.1(r) of the Purchase Agreement with the following:

"(r) "**Closing Date**" means the earlier of May 13, 2015 and the date that is five Business Days after the conditions in Article 6 have been satisfied or waived (other than those conditions that by their terms are satisfied at Closing), provided that the Parties may extend the Closing Date at any time and from time to time by mutual written consent;"

2. Each Party shall, from time to time, and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

3. This Supplemental Agreement shall be construed and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action, application, reference or other proceeding arising out of or related to this Agreement and agree that all Claims in respect of any such action, application, reference or other proceeding shall be heard and determined in such Ontario courts. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application, reference or proceeding.

4. This Supplemental Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written. Delivery of counterparts may be effected by facsimile transmission or scanned emails.

IN WITNESS WHEREOF the Parties hereto have executed this Second Supplemental Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

Per: _____
Name: _____
Title: **Robert B. Espey**
President and Chief Executive Officer

Per: _____
Name: _____
Title: **Kendall Waiting**
General Counsel & Corporate Secretary

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, by its general partner, PIONEER PETROLEUMS HOLDING INC.

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS TRANSPORT INC.

Per: _____
Name: _____
Title: _____

PIONEER FUELS INC., as successor in interest to Pioneer Energy Inc., Pioneer Fuels Inc. and 1796745 Ontario Ltd. by way of amalgamation

Per: _____
Name: _____
Title: _____

PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

PARKLAND INDUSTRIES LTD.

Per: _____
Name: _____
Title: **Robert B. Espey**
President and Chief Executive Officer

Per: _____
Name: _____
Title: **Kendall Waiting**
General Counsel & Corporate Secretary

PIONEER ENERGY LP, by its general partner, PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

3269344 NOVA SCOTIA LIMITED

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS HOLDING INC.

Per: _____
Name: _____
Title: _____

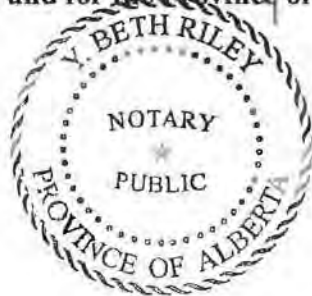
668086 N. B. LIMITED

Per: _____
Name: _____
Title: _____

**THIS IS EXHIBIT "F" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



A Commissioner for Taking Affidavits
in and for the Province of Alberta



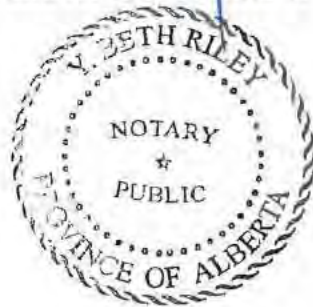
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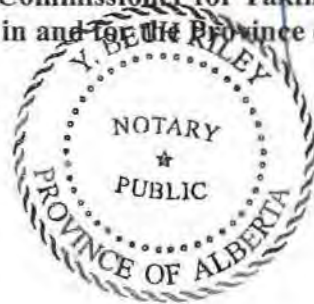
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5TH DAY OF MAY, 2015**



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in and for the Province of Alberta**



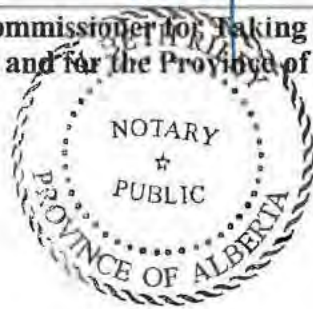
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SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**






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Parkland Fuel Corporation Enters Agreement to Acquire Pioneer Energy, Canada's Largest Private Independent Fuel Marketer

Pioneer Energy is Expected to Add More Than Two Billion Litres in Fuel Sales and \$55 million in EBITDA During its First Year With Parkland. Parkland, Which Now Expects to Achieve the Penny Plan One Year Earlier than Expected, Increases 2015 Adjusted EBITDA Guidance to \$250 million

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RED DEER, ALBERTA--(Marketwired - Sept. 17, 2014) - Parkland Fuel Corporation ("Parkland" or the "Corporation") (TSX:PKI), North America's fastest growing distributor and marketer of fuels and lubricants, today announced that it has entered into a definitive agreement to acquire the assets (the "Acquisition") of Pioneer Energy ("Pioneer"). All financial figures are expressed in Canadian dollars.

Subject to the satisfaction of closing conditions and closing adjustments, the assets of Pioneer will be purchased for \$378 million, including \$259 million in cash, \$119 million in common shares of Parkland, and the assumption of standard operating liabilities. At 6.9 times Pioneer's trailing twelve month EBITDA of approximately \$55 million, this acquisition is both accretive and attractively priced for a premier retail fuel network.

Pioneer's current joint owners, The Pioneer Group Inc. and Suncor Energy Inc., will receive consideration as follows:

- The Pioneer Group Inc. will receive \$76 million or 39% of their total consideration in cash and \$119 million or 61% of their total consideration in common shares of Parkland. One third of the common shares held by The Pioneer Group Inc. will be subject to a one year minimum

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- holding period, and the remaining two thirds are subject to a two year minimum holding period; and
- Suncor Energy Inc. will receive \$183 million in cash.

Parkland remains poised for further growth with a strong balance sheet. Parkland's existing credit facility can be utilized to fund the cash consideration of the Acquisition.

"We have long recognized the Ontario retail marketplace as a critical growth opportunity for Parkland, aligning with Parkland's overarching supply strategy. We also recognize Pioneer Energy as one of Canada's most respected independent retail fuel marketers, having built Pioneer into the strongest independent retail fuel brand in Ontario. Given the Pioneer Group's sophisticated understanding of the retail fuel industry, their investment in Parkland is a strong endorsement of our strategy, and we look forward to welcoming their team," said Bob Espey, President and Chief Executive Officer of Parkland. "Our five year growth plan has progressed rapidly as a result of our team's ability to identify and execute disciplined transactions. We continue to anticipate additional accretive acquisitions, adhering to our disciplined approach to growth."

Including the Acquisition, since 2011 Parkland has successfully added six billion litres in petroleum volume, \$115 million in annualized EBITDA through acquisitions and their associated synergies, and \$11 million from the Give me Five! initiative. With the Acquisition, Parkland is expected to attain its goal to add \$125 million in additional Adjusted EBITDA by 2015, a full year earlier than expected.

Acquisition Highlights:**Grow**

- Adds 319 gas stations in Ontario and 74 gas stations in Manitoba, increasing Parkland's national footprint to more than 1,000 gas stations, or roughly 9 percent of the Canadian retail fuel market;
- Includes 148 Pioneer-branded and 228 Esso-branded gas stations, many of which are in prime urban locations;
- Increases distributable cash flow by \$0.26 per share annually; and
- Achieves annual Adjusted EBITDA of \$250 million by 2015.

Supply

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- Adds scale and diversity to Parkland's central Canadian supply portfolio; and
- Generates material supply synergies.

Operate

- Integration of Pioneer operations is expected to occur over the course of 24 months;
- Pioneer's Network of 393 gas stations includes 152 company and 241 independent dealer stations; and
- Pioneer's commercial fuel business is similar to Parkland.

Founded in 1956 by the late Murray Hogarth, Pioneer has built a premier network of gas stations throughout Ontario and Manitoba, operating primarily under the Pioneer and Esso brands. Today, Pioneer distributes more than two billion litres of fuel annually through 393 gas stations and a recently acquired commercial operation in Ontario, New Brunswick and Nova Scotia. Pioneer currently distributes 5.1% of total retail fuel volumes across Canada and has a 12% share of the Ontario and Manitoba retail gas markets.

Pioneer founder Murray Hogarth commented before his recent passing, "It is extremely gratifying to me that the Pioneer team and brand will continue driving forward with Parkland along with our successful legacy that began in 1956."

"I want to thank everyone in the Pioneer family for their tremendous work and dedication over the years in making Pioneer a great success and one of Canada's most respected independent fuel marketers," said Tim Hogarth, Chief Executive Officer and Executive Chairman of Pioneer. "The Pioneer Group chose to invest the majority of its proceeds in Parkland because of our long term industry commitment and belief in Parkland's ability to continue its aggressive growth path."

Tim Hogarth, Chief Executive Officer and Executive Chairman of Pioneer, is expected to be appointed to Parkland's Board of Directors conditional upon completion of the Acquisition.

The Acquisition is subject to the receipt of customary third party consents and regulatory approvals, including approvals from the Toronto Stock Exchange and the Competition Bureau.

2014-2015 Adjusted EBITDA Guidance Revised:

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While the Acquisition of Pioneer is expected to boost Parkland's 2015 Adjusted EBITDA expectations to \$250 million, it is not expected to close before the end of 2014. Parkland's expected case forecast for 2014 of \$200 million in Adjusted EBITDA included \$12 million in acquisitions. As timing for the completion of the Acquisition is expected to be later than originally anticipated, Parkland's expected case for 2014 has been reduced by \$12 million (acquired EBITDA assumption) to \$188 million and the low and high cases have also been adjusted down by the corresponding assumption for acquired EBITDA (\$7 million and \$15 million respectively).

<i>Adjusted EBITDA Forecast (\$ millions)</i>	2014	2015
<i>Expected Case</i>	188	250
<i>Low Case</i>	178	235
<i>High Case</i>	194	265

Investor Event and Conference Call Information

Parkland Fuel Corporation will host an investor event and webcast at 9:30 a.m. MT (11:30 a.m. ET) on September 18th, 2014 to discuss the acquisition of Pioneer Energy and Parkland's guidance.

President and Chief Executive Officer Bob Espey, Vice President of Strategy and Corporate Development, Irfhan Rawji, and Vice President, Retail Operations Peter Kilty will be available to take questions from securities analysts, brokers and investors following their formal comments.

Please log into the webcast slide presentation 10 minutes before the start time at:

<http://www.gowebcasting.com/5887> (<http://www.gowebcasting.com/5887>)

To access the conference call by telephone from within Canada dial toll free 1-800-952-4972. International callers or callers from the Toronto area should use 416-340-9432. Please connect approximately 10 minutes prior to the beginning of the call.

The webcast will be available for replay within 24 hours of the end of the conference call.

Forward Looking Information

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Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the value of the common shares to be issued and cash to be paid in consideration for the Acquisition, the aggregate purchase price for the Acquisition, the successful completion of the Acquisition and the timing thereof, the anticipated benefits, including, without limitation, the opportunities, capabilities and synergies, that may result as a consequence of the Acquisition, the sources of funding for the Acquisition, the accretive impact of the Acquisition, the operations of Pioneer and Parkland following the completion of the Acquisition, the satisfaction of all conditions to the completion of the Acquisition, including, without limitation, obtaining all necessary third party and regulatory consents and approvals, Parkland's expectation of its future financial position, distributable cash, Adjusted EBITDA pro forma the Acquisition, expected Adjusted EBITDA of Pioneer, business and growth strategies, including the manner in which such strategies will be implemented, budgets, projected costs, sources of growth, capital expenditures, financial results, future acquisitions and the efficiencies to be derived therefrom and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words and include, but are not limited to, statements regarding the accretive effects of acquisitions and the anticipated benefits of acquisitions. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in Parkland's annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause Parkland's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

Such factors include, but are not limited to: failure to complete the Acquisition, failure to obtain the necessary regulatory approvals or other third party consents, failure to achieve the anticipated benefits of the Acquisition, failure to meet financial, operational and strategic objectives and plans, general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond

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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.

Non-GAAP Financial Measures

This press release includes references to Adjusted EBITDA and EBITDA, which are both non-GAAP financial measures.

Adjusted EBITDA is generally used in reference to Parkland's consolidated performance. For a definition of Adjusted EBITDA, please see Adjusted EBITDA in the Non-GAAP financial measures section of Parkland's Management's Discussion and Analysis for the six months ended June 30, 2014. Management uses Adjusted EBITDA to set targets and assess performance of the Corporation.

EBITDA is generally used in reference to the performance of acquired companies. EBITDA is defined simply as net earnings (loss) before interest, income tax (recovery) expense, depreciation and Amortization.

Parkland believes the presentation of Adjusted EBITDA and EBITDA provides useful information to investors and shareholders as it provides increased transparency and predictive value.

About Parkland Fuel Corporation

Parkland Fuel Corporation is North America's fastest growing 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. 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.

We are unique in our ability to provide customers with dependable access to fuel and petroleum products, utilizing a portfolio of supply relationships, storage infrastructure and third party rail and highway carriers to rapidly respond to supply disruptions in order to protect our customers' operations.

To sign up for Parkland's investor information services, please go to <http://bit.ly/PKI-Info>

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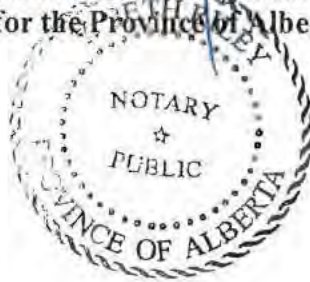
(<http://bit.ly/PKI-Info>) or visit www.parkland.ca (<http://www.parkland.ca/>).

For investor and media inquiries please contact
Tom McMillan
Director of Corporate Communications and Investor Relations
403-567-2533
<http://bit.ly/PKIContact>

**THIS IS EXHIBIT "J" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



Beth Riley
Partner
Direct Line: 403.298.3096
e-mail: rileyb@bennettjones.com
Our File No.: 54655-111

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Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, Canada T2P 4K7
Tel: 403.298.3100 Fax: 403.265.7219

PROTECTED AND CONFIDENTIAL

November 18, 2014

VIA COURIER AND E-MAIL

Mr. Alexander Jokic
Competition Law Officer
Competition Bureau
Industry Canada
21st Floor, 50 Victoria Street
Gatineau, Québec K1A 0C9

Dear Mr. Jokic:

Re: Proposed Acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation, of substantially all of the assets of Pioneer Petroleum Holding Limited Partnership, Pioneer Energy LP, Pioneer Petroleum Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleum Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd. (the "Proposed Transaction")

This letter is supplemental to the request for an advance ruling certificate dated October 3, 2014 in respect of the Proposed Transaction (the "**ARC Request**"). Unless otherwise defined in this letter, all capitalized terms within this letter have the meaning ascribed to those terms in the ARC Request.

This submission provides an overview of independent dealer gas stations that are owned/leased and operated by independent third parties ("**independent dealers**"), the relationship between independent dealers and Parkland and Pioneer and the dynamics between independent dealers and company controlled gas stations (as defined herein).

We believe that understanding the role of independent dealers is necessary in order to identify the relevant markets in which the Parties compete and to assess the potential impact on competition resulting from the Proposed Transaction. The Parties submit that insufficient information as it relates to independent dealers and their relationships with Parkland or Pioneer, as applicable, has resulted in independent dealers being incorrectly characterized as either "Parkland" or "Pioneer" retail gas stations by the Bureau in its preliminary overlap analysis. We believe that previously reviewed transactions in the retail gas industry have not provided the Bureau an opportunity to consider the relationship of independent dealers with their suppliers, especially since those transactions dealt with gas stations that were company owned or controlled by the parties involved in those transactions.

A. Summary

As set out in more detail below, the Parties submit that independent dealers are vigorous and independent competitors to both Parkland and Pioneer at the retail level in selling fuel to end-use consumers, and will continue to be so subsequent to closing of the Proposed Transaction. As the independent dealers set their retail pricing (charged to end-use consumers) independently and will continue to do so post-merger, it is not

appropriate to consider them as "Parkland" or "Pioneer" gas stations, respectively, for the purpose of assessing the potential impact on competition of the Proposed Transaction in respect of the sale of fuel to end-use consumers from retail gas stations. For reasons set forth herein, the Parties' position is that the focus of the Bureau's review of the potential impact of the Proposed Transaction should be limited to areas where there is an overlap between retail gas stations where both Parkland and Pioneer control the retail fuel price charged to end-use consumers.

In summary:

- The Parties' relationship with their respective independent dealers is limited to the wholesale supply of fuel on a buy-sell basis to such independent dealers who are the owners/operators of the stations (and certain branding requirements where applicable) and specifically does not include any sale of fuel to or relationship with the end-use consumer.
- Neither Parkland nor Pioneer has the ability to influence the economic behavior (including any decisions regarding the retail price of fuel charged by independent dealers to end-use consumer or any other competitive factors) of the independent dealers to whom they supply fuel on a wholesale basis and do not have any access to retail fuel pricing information, business plans or strategies or end-use consumer information of such dealers.¹
- Independent dealers supplied by Parkland/Pioneer compete directly with Pioneer/Parkland company controlled gas stations and view themselves as retail competitors to Pioneer/Parkland company controlled stations.
- Parkland sells fuel to independent dealers on a wholesale basis, without regard to fluctuations in retail fuel prices to end-use consumers.
- The Parties are exclusive suppliers of branded fuel to the independent dealers for the duration of a given supply agreement. It is important to note that the Parties influence only a small portion of the wholesale sale price of fuel charged to independent dealers. Parkland and Pioneer have less influence on the pricing of independent dealers than refinery suppliers, as Parkland's/Pioneer's refinery suppliers set the fuel prices charged to Parkland/Pioneer and these prices are then flowed through to such independent dealers by Parkland/Pioneer.
- The Bureau has accepted that independent retailers should, as the term implies, be treated as being independent for the purpose analyzing the competitive effects of a proposed transaction. This is demonstrated by the fact that, in the context of Agrium's acquisition of retail sites from Glencore, the Bureau accepted as a remedy, the divestiture of retail sites to an unintegrated independent retailer and permitted the continued supply of a critical product by Agrium. In short, the remedy imposed in context of the Agrium/Glencore transaction is analogous to the current structure of the Parties' relationship with the independent dealers they supply. Following the same line of reasoning used to develop the remedy in the Agrium case, the Bureau should treat the independent dealers as competitors for the purpose of analyzing the potential competitive impact of the Proposed Transaction in the retail gas sector.

¹ Each of Parkland and Pioneer has access to certain historical point of sale information for Parkland's Fas Gas branded stations and Pioneer's Pioneer branded stations.



B. Background**(i) Parkland and Pioneer Retail Gas Stations**

While the Parties refer to the operation of a "network" of gas stations that include both company-controlled gas stations and independent dealer gas stations, their retail operations consist of two distinct components:

- retail gas stations, which involves the ownership/operation of company retail gas stations, where the retail fuel prices charged to end-use consumers are set by Parkland/Pioneer, as applicable; and
- wholesale supply operations, which involves the wholesale supply of fuel by Parkland/Pioneer to independent dealers (on an exclusive supply basis for the duration of the given supply agreement), who in turn set their own strategy regarding retail fuel prices charged to end-use consumers and other terms of trade.

Within the Parties' respective businesses, these are distinct operations, with distinct personnel and business objectives.²

Within Ontario and Manitoba, Parkland has 14 company controlled stations and supplies fuel to 151 independent dealer stations, and Pioneer has 181 company controlled stations and supplies fuel to 206 independent dealer stations. Note that the number of independent dealer stations and company controlled stations fluctuates regularly to recognize lost and gained dealers accounts, stations that are temporarily or permanently closed and new stations

(a) Company Controlled Gas Stations*Parkland Company Controlled Gas Stations*

Parkland's company controlled stations are owned or leased by Parkland and operated by independent operators that provide and manage staff in exchange for a commission on fuel volumes sold and pay rent to Parkland based on a percentage of non-fuel sales revenue (e.g., convenience store merchandise). Parkland owns the fuel up to the time of final sale to end-use consumers, and all business decisions at these gas stations (including the price at which fuel is sold to end-use consumers) are controlled by Parkland. Operators of Parkland company controlled gas stations do not have any discretion regarding prices. Instead the operators are required to report competitive activity to Parkland Territory Managers, who then provide instructions to the operators regarding pricing for fuel to end-use consumers.

Parkland only has 2 company controlled stations in Ontario (1 "Race Trac" and 1 unbranded station) and 12 company controlled stations in Manitoba (2 Fas Gas, 9 Fas Gas Plus and 1 Esso station).

Pioneer Company Controlled Gas Stations

As described below, Pioneer company controlled gas stations are operated either through one of two commission models. In both cases, Pioneer owns the fuel up to the time of final sale to the end-use consumer,

² For example, the objectives of Parkland's "Territory Manager, Company" (in respect of company controlled stations) is to maximize profitability and growth in assigned geographic area, the principal duties including increasing sales and reducing expenses through motivating the retailer (company controlled operators), gathering profit and loss information, fuel sales and increasing sales through ensuring fuel pricing is competitive (among other factors). On the other hand, the objectives of Parkland's "Territory Manager, Dealer" (in respect of independent dealers) is to maintain and retain existing independent dealers while acquiring new accounts, with the principal duties including maintaining existing independent dealer accounts, maximizing volume and EBITDA and obtaining new accounts.

retains retail pricing control and 100% of the gross retail margin on all fuel sales. The two commission models are as follows:

- (i) Retail Direct Licensee model: Pioneer owns or leases the gas station premises which are operated by independent business people/operators (Licensee's) who hire and manage staff for their own account, own the convenience store inventory and in addition to the net proceeds of the sale of the convenience store items receive a commission on fuel volumes sold to end-use consumers. Pioneer owns the fuel up to the time of final sale, and all business decisions at these gas stations pertaining to the sale of fuel, including the price at which fuel is sold, are determined by Pioneer. Licensees of Pioneer company controlled gas stations do not have any authority to establish retail fuel prices. Instead the Licensees are required to report competitive activity to Pioneer Territory Managers, who then provide instructions to the Licensees regarding changes in the retail price of fuel for end-use consumers.
- (ii) Retail Direct Consignment Dealer model: The operator of the station owns or controls the premises (owned or leased), is responsible for the operation of the station and owns the convenience store inventory, while Pioneer owns the fuel until sold to the end-use consumer and directs the retail pricing of the same.

Company controlled stations are operated under the Pioneer, Esso and Top Valu brands. Pioneer has 172 company controlled stations in Ontario (21 "Esso", 147 "Pioneer", 3 "Top Valu", 1 "Petro Canada") and 9 company controlled stations in Manitoba all branded "Esso".

(b) Independent Dealer Gas Stations

Independent dealer gas stations are owned or leased by third parties who enter into contracts with Parkland, Pioneer and other fuel distributors for wholesale fuel supply, the rights to a brand offering and, in certain cases, a point of sale system.³ Independent dealers enter into wholesale fuel supply agreements with Parkland/Pioneer in respect of Parkland/Pioneer's proprietary brands, Esso brands or on an unbranded basis.⁴

As a wholesale business, Parkland/Pioneer's margins per litre remain fairly fixed in this segment. Parkland/Pioneer supply fuel on a wholesale basis to independent dealers (on an exclusive supply basis for the duration of the contract). Parkland/Pioneer's profits from the independent dealer gas stations are exclusively derived from the revenue from the fuel sold by Parkland/Pioneer to these dealers and are not linked to or influenced by retail prices charged by these dealers to end-use consumers.

Independent dealers can choose from a variety of wholesale suppliers and this will continue to be the case post-merger.

Parkland is a "National Branded Wholesaler" (previously referred to as a "Retail Branded Distributor" or "RBD") ("NBW")⁵ for Imperial Oil (under the Esso brand) and also maintains proprietary "Fas Gas" and

³ Gas stations that are branded under the Esso banner use Imperial Oil's point of sale system. Parkland has a loyalty program ("Litre Log") for its Fas Gas branded gas stations in Manitoba. Parkland does not offer a loyalty program in respect of its Fas Gas branded stations in Ontario. Parkland's Race Trac brand does not include any loyalty program. Pioneer has a loyalty program ("Pioneer Bonus Bucks") for its Pioneer branded gas stations. For more information about Pioneer's loyalty program, please visit www.bonusbucks.ca.

⁴ The most complicated and detailed branded supply agreements relate to the use of the Esso brand, with many provisions mandated by Imperial Oil, and the least detailed branded supply agreements are in respect of the Race Trac brand, which includes very limited provisions regarding the Race Trac marks and does not include a loyalty program. See attached hereto at Schedule "B" a summary of the principal provisions of the Esso branded supply agreements between Parkland and independent dealers. A copy of a form of supply agreement in respect of each of Parkland's three brands (i.e., Esso, Fas Gas and Race Trac) was included in the ARC Request at Schedule "E".

⁵ Imperial Oil changed the term "Retail Branded Distributor" to "National Wholesale Distributor" in late 2012, which reflects the role of the fuel distributors (i.e., the wholesale supply of Esso branded fuel) and the national scope of a fuel distributor's territory.



"Race Trac" brands and, accordingly, has separate forms of branded supply agreements with its independent dealers for each brand, being Esso, Fas Gas and Race Trac. Of the 151 independent dealers with which Parkland has supply agreements in Ontario and Manitoba, 116 are Esso branded, 6 are Fas Gas branded, 17 are Race Trac branded, 5 are Cango branded and 2 are unbranded.

Pioneer is also an Imperial Oil NBW (under the Esso brand) in Ontario and Manitoba. It also maintains proprietary "Pioneer" and "Top Valu" brands in Ontario and Manitoba. Of the 206 independent dealers Pioneer has supply agreements with in Ontario and Manitoba, 193 are Esso branded, 1 is Pioneer branded, 3 are Top Valu branded and 9 are unbranded.

Copies of the Parkland wholesale supply agreements with the independent dealers that they supply in the 21 geographic regions identified by the Bureau as raising possible concerns based on the Bureau's preliminary triaging exercise were sent by separate cover dated November 17, 2014 to the Bureau. We understand that copies of the Pioneer wholesale supply agreements in the 21 geographic regions were provided to the Bureau on November 14, 2014.

Wholesale Fuel Prices Charged by Parkland and Pioneer

Under their respective dealer wholesale supply agreements, Parkland/Pioneer establish the wholesale fuel prices charged to independent dealers through a simple "rack price" (the price at Parkland's/Pioneer's respective designated loading rack at the time that the fuel is loaded for delivery to a designated independent dealer) plus the cost of delivery and all applicable taxes.⁶ Parkland's/Pioneer's rack price is the supplier "rack price" with a small profit margin.

Wholesale supply agreements between Parkland/Pioneer and its independent dealers do not include any price support mechanisms or guarantees as to margin for independent dealers. The independent dealers are solely responsible for establishing their respective price strategies for retail fuel prices charged to end-use consumers. From a pricing perspective, neither Parkland nor Pioneer is involved in the local market dynamics in which an independent dealer operates, as it is purely a "buy-sell" relationship with the independent dealer and in no way involves the end-use consumer. The prices charged by Parkland/Pioneer to independent dealers are not influenced by the market conditions of a local independent dealer but rather are determined by considerations relevant to the supply of wholesale fuel, such as the cost of fuel sold through the relevant point of supply (i.e., the rack price being charged to Parkland by the refiners).⁷ Examples of recent communications between certain independent dealers and Parkland regarding Parkland's wholesale pricing strategy will be sent by separate email to the Bureau.

C. Competition for the Wholesale Supply of Fuel to Gas Stations

There are many wholesale fuel distributors operating within Manitoba and Ontario, each of whom is seeking to increase its sales of fuel to independent dealers and other customers. Sales of fuel to gas stations may be made pursuant to multiple arrangements, including branded or unbranded supply agreements.

(i) Branded Wholesale Supply Agreements

As noted above, branded wholesale supply agreements with independent dealers (whether it be an Esso, Petro Canada, Shell, Fas Gas, Pioneer or other brand) require such dealers to secure their wholesale supply of fuel exclusively from a designated NBW for the duration of the contract. For example, Imperial Oil requires that

Historically, NBWs competed on a provincial basis; however, NBWs now are permitted to sell Esso branded fuel to wholesale customers (including independent dealers) throughout Canada.

⁶Note also the additional Esso "brand fee" charged to independent dealers operating under the Esso brand.

⁷Similarly, Imperial Oil does not provide any price support mechanisms or guarantees as to margins to Esso branded dealers.



all Esso branded gas stations enter into wholesale fuel supply agreements that include requirements that all fuel to be sold by the gas station be Esso-branded motor fuel and acquire such fuel from an Imperial Oil NBW. Imperial Oil NBWs in Ontario and Manitoba, other than Pioneer and Parkland, include: McDougall Energy Inc. (www.mcdougallcorp.com), MacEwen Petroleum (www.macewan.ca), Global Fuels Inc. (www.globalfuels.ca),⁸ Mac's Convenience Stores (Couche-Tard) (www.mymacs.ca), Econo (www.econopetro.com), CST Brands (Ultramar) (as at July 2014) (www.cstbrands.com) and Marsollier Petroleum Ltd.

While historically NBWs were assigned specific territories by their suppliers, there are no exclusive geographic territories within Canada in which a particular NBW has exclusivity over a particular brand (such as Esso) and, accordingly, NBWs compete vigorously with one another to supply fuel to independent dealers throughout Canada, both on a branded or unbranded basis.

The independent dealers own/lease and control their retail gas stations. Accordingly, upon the expiry of the term of a wholesale supply agreement, such dealer has the right to and may seek out other distributors to supply its fuel requirements and may even change brands. Wholesale fuel distributors compete against one another among a variety of aspects including price, capital investment (e.g., refurbishing a gas station, buying additional gas pumps or a combination thereof), forgivable loans, credit and debit card fees, credit terms and brand offerings (e.g., Esso, Petro Canada, Shell, Fas Gas, etc.).

Approximately [REDACTED] of the Parties' respective supply agreements with independent dealers terminate each year. Moreover, the threat of independent dealers switching NBW supplies is ever constant. In 2013 and the 2014 year to date, Parkland has lost an aggregate 16 independent dealer accounts in Manitoba and Ontario to competitors and also won an aggregate 7 independent dealer accounts in Ontario and Manitoba. For the contact information of such lost dealer accounts and the name of the competitors to whom the dealer accounts were lost, please refer to Schedule "C" hereto. Similarly, Pioneer lost 8 independent dealer accounts and gained 9 independent dealer accounts for the two fiscal years ending September 30, 2013 and 2014.

Ultimately, all Esso gas stations are supplied indirectly by Imperial Oil, which uses multiple NBWs (each of which competes against one another) to distribute Esso branded fuel directly to independent dealers. Post-merger, in the event Parkland/Pioneer no longer supplied fuel to an Esso branded gas station (either at the option of the independent dealer or otherwise), such dealer gas station may either: (i) simply continue to secure Esso branded fuel from another NBW, or (ii) switch from the Esso brand should the dealer determine it is in its best interest to do so.

(ii) Unbranded Wholesale Supply Agreements

Fuel distributors such as Parkland /Pioneer also actively supply fuel on a wholesale, unbranded basis to other resellers, including resellers who own, operate or supply fuel to third party, independent gas station operators.

Product is either delivered directly by Parkland/Pioneer or through third party carriers by Parkland/Pioneer to the reseller or the reseller can pick up the product at Parkland's/Pioneer's local bulk plants or at major supply terminals (i.e., the rack) under Parkland's/Pioneer's account. A resellers decision to purchase from Parkland/Pioneer may be influenced by several factors, including: (i) to secure a lower price than they would otherwise pay if they purchased product directly from the majors, (ii) to secure diversity of supply, (iii) to accommodate logistics, and (iv) other factors.

Parkland, more so than Pioneer, has a significant independent reseller business. Parkland's top Wholesale, Supply and Distribution division customers include many resellers who compete directly against Parkland for

⁸As part of the Proposed Transaction, as noted in the ARC Request, Parkland will acquire Global Fuels' transportation business that has been and continues to be exclusively dedicated to transporting Pioneer fuel.



the sale of fuel to the motoring public (the end-use consumers), which top customers include Costco and Federated Co-op. Parkland does not have any more control over the retail fuel prices charged to end-use consumers by independent dealers than it does over the retail price charged to end-use consumers by its unbranded wholesale customers, such as Costco or Federated Co-op. The primary differences between branded wholesale supply agreements with independent dealers and unbranded wholesale supply agreements with customers such as Costco and Federated Co-op is that the agreements with independent dealers are exclusive in nature for the duration of the contract, include branding requirements, offer additional services by Parkland (such as loyalty programs, credit card services, etc.) and require shorter time periods to pay (typically concurrently with the supply of fuel for independent dealers as opposed to 10 days for unbranded wholesale supply arrangements). As is the case with branded independent dealers, unbranded independent dealers/resellers (such as Costco and Federated Co-op) should not be considered Parkland company controlled gas stations for purposes of approving the Proposed Transaction. See Appendix 4.3 of the Parkland Notification for a list of the top wholesale customers of Parkland.

Sales to wholesale/reseller customers are a material portion of Parkland's total sales and Parkland intends to continue to sell products to independent resellers through both its Wholesale, Supply and Distribution division and its Commercial Fuels division post-closing of the Proposed Transaction. For example, for the three months ended December 31, 2013, fuel volumes sold by Parkland's Wholesale, Supply and Distribution division alone accounted for 51% of Parkland's total fuel distributed during this period.

D. Bureau's Past View of Independent Resellers

The Parties submit that, in their view, independent dealers compete with Parkland/Pioneer company controlled stations and should not be taken into account in the Bureau's overlap analysis. This is supported by how the Bureau has treated independent resellers in the past – in particular the approach taken in the recent Agrium/Glencore transaction.

In the consent agreement implemented in the context of Agrium's acquisition from Glencore of a significant number of Viterra agri-products retail outlets⁹ the remedy to the retail level concerns was the divestiture of outlets to an unintegrated independent retailer. Further, the remedy provided for continued supply of a critical product, anhydrous ammonia, by Agrium to the independent retailer at set prices. In short, the remedy imposed in context of the Agrium/Glencore transaction is analogous to the current structure of the Parties' relationship with the independent dealers they supply.

Given that a divestiture to an independent retailer was the remedy in the Agrium/Glencore transaction, logic suggests that the same analytical approach should be used when considering the competitive role of independent dealers in the context of the Proposed Transaction. Using the same analytical approach in the case at hand dictates that the Bureau's focus should be limited to geographic areas where there is an overlap between the Parties' company-controlled retail gas stations.

E. Remedy Involving Independent Dealers

Any remedy involving an independent dealer would be challenging, largely for the same reasons that independent dealers should properly be characterized as vigorous and independent competitors to both Parkland/Pioneer in respect of the retail sale of fuel to end-use consumers. The relationship between Parkland/Pioneer and their respective independent dealers is a "buy-sell" wholesale supply relationship, and neither Parkland/Pioneer owns/leases or controls such independent dealers nor the retail prices they charge end-use consumers. Accordingly, Parkland/Pioneer does not have the legal right to sell or otherwise divest

⁹The Commissioner of Competition and Agrium Inc., Consent Agreement, CT-2013-006, April 23, 2014, available online at: <http://www.ct-tc.gc.ca/CMFiles/CT-2013-006_Revised%20Registered%20Consent%20Agreement_4_65_4-23-2014_2768.pdf>.

any independent dealer's stations, and a decision to discontinue the wholesale fuel supply by Parkland/Pioneer to such independent dealers would result in a breach of the wholesale supply agreements between such independent dealers and Parkland/Pioneer, thus exposing Parkland/Pioneer, to significant liabilities. Moreover, in the event Parkland/Pioneer discontinued the supply of wholesale fuel to such independent dealers, such independent dealers would continue to secure the supply of fuel from other NBWs or other fuel distributors, which agreements would be substantially similar to those offered by Parkland and Pioneer, especially with regard to the Esso brand.

F. Overlap of Parkland and Pioneer Company Controlled Retail Gas Stations

The only geographic areas in Ontario and Manitoba in which Parkland operates company controlled station are limited to Bolton and Kapuskasing, Ontario, and Brandon, Carmen, Dauphin, Morden, Neepawa, Portage la Prairie, Selkirk, Steinbach, Swan River, The Pas, Thompson and Winkler, Manitoba. Pioneer does not have any company controlled gas stations within the Bolton area of Ontario or the Brandon, Carmen, Dauphin, Morden, Neepawa, Portage la Prairie, Selkirk, Steinbach, Swan River, The Pas, Thompson or Winkler areas of Manitoba. However, both Parkland and Pioneer control a retail gas station in Kapuskasing, Ontario. With regard to Ontario, the Bureau has identified Kapuskasing, Ontario as raising possible concerns (based solely on a preliminary assessment of market share).

* * *

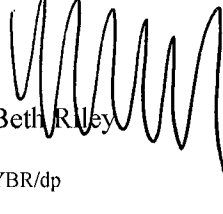
Based on the forgoing, we submit that independent dealers are truly independent competitors to Parkland/Pioneer at the retail level, which independence will continue subsequent to closing of the Proposed Transaction. As the independent dealers set their retail pricing to end-use consumers independently and will continue to do so post-merger, it is not appropriate to consider them as "Parkland" or "Pioneer" company controlled stations, respectively, for the purpose of assessing the potential impact on competition of the Proposed Transaction in respect of the sale of fuel to the motoring public from retail gas stations. Accordingly, the focus of the Bureau's review of the potential impact of the Proposed Transaction should be limited to areas where there is an overlap between retail gas stations where both Parkland and Pioneer control the retail fuel price offered to end-use consumers, i.e., overlap of company controlled retail gas stations.

We believe that resolution of this issue will greatly assist in the Bureau's review of the likely impact on competition resulting from the Proposed Transaction and the focus of the Supplementary Information Requests issued by the Bureau on November 6, 2014 and the ability of the Parties to respond efficiently to such requests.

If you have any questions or require any additional information, please do not hesitate to contact me directly at (403) 298-3096.

Yours truly,

BENNETT JONES LLP



Beth Riley

YBR/dp

cc: Chris Hersh, Cassels, Brock and Blackwell, LLP



SCHEDULE "A"

Parkland and Pioneer Gas Stations in Ontario and Manitoba

The following is a breakdown of the Parties' respective company controlled stations and independent dealer stations they supply.

Parkland

Ontario

Brand	Count	Independent Dealer	Company
Fas Gas Plus	5	5	—
Esso	116	116	—
Race Trac	15	14	1
Unbranded	3	2	1
Cango	5	5	—
Ontario Total	144	14	2

Manitoba

Brand	Count	Independent Dealer	Company
Fas Gas	3	1	2
Fas Gas Plus	14	5	9
Esso	1	—	—
Race Trac	3	3	1
Manitoba Total	21	9	12

Pioneer

Ontario

Brand	Count	Independent Dealer	Company
Esso	149	128	21
Pioneer	148	1	147
Top Valu	6	3	3
Petro Canada	1	0	1
Unbranded	9	9	0
Ontario Total	313	141	172

Manitoba

Brand	Count	Independent Dealer	Company
Esso	74	65	9
Pioneer	0	0	0
Top Valu	0	0	0
Unbranded	0	0	0
Manitoba Total	74	65	9



SCHEDULE "B"

Esso Supply Agreement (Summary)

The following sets forth a brief summary of the principal provisions of the standard form of Motor Fuels Supply Agreement: Esso-Branded Motor Fuels (the "**Esso Supply Agreement**") entered into between Esso branded independent dealers and Parkland:

- Esso Brand. Parkland grants to the independent dealer the "Esso" mark for use in connection with the sale of Esso-branded fuels (which right Parkland holds as an Esso NBW). *Imperial Oil requires this provision be included in Esso Supply Agreements.*
- Esso Brand Control. There are many provisions that protect the Esso brand, including:
 - The independent dealer may operate additional businesses at the premises, but Parkland may require the independent dealer to stop operating such additional business and may withdraw the right to use the "Esso Mark".
 - The independent dealer must maintain certain minimum image requirements.
 - The independent dealer must comply with the Imperial Oil Operating Standards Manual and other operation requirements.
 - The independent dealer must maintain in a safe condition fuel handling equipment.
 - The independent dealer indemnifies Parkland harms from its operations and agrees to maintain certain specified levels of insurance.

Imperial Oil requires that these provisions be included in Esso Supply Agreements,

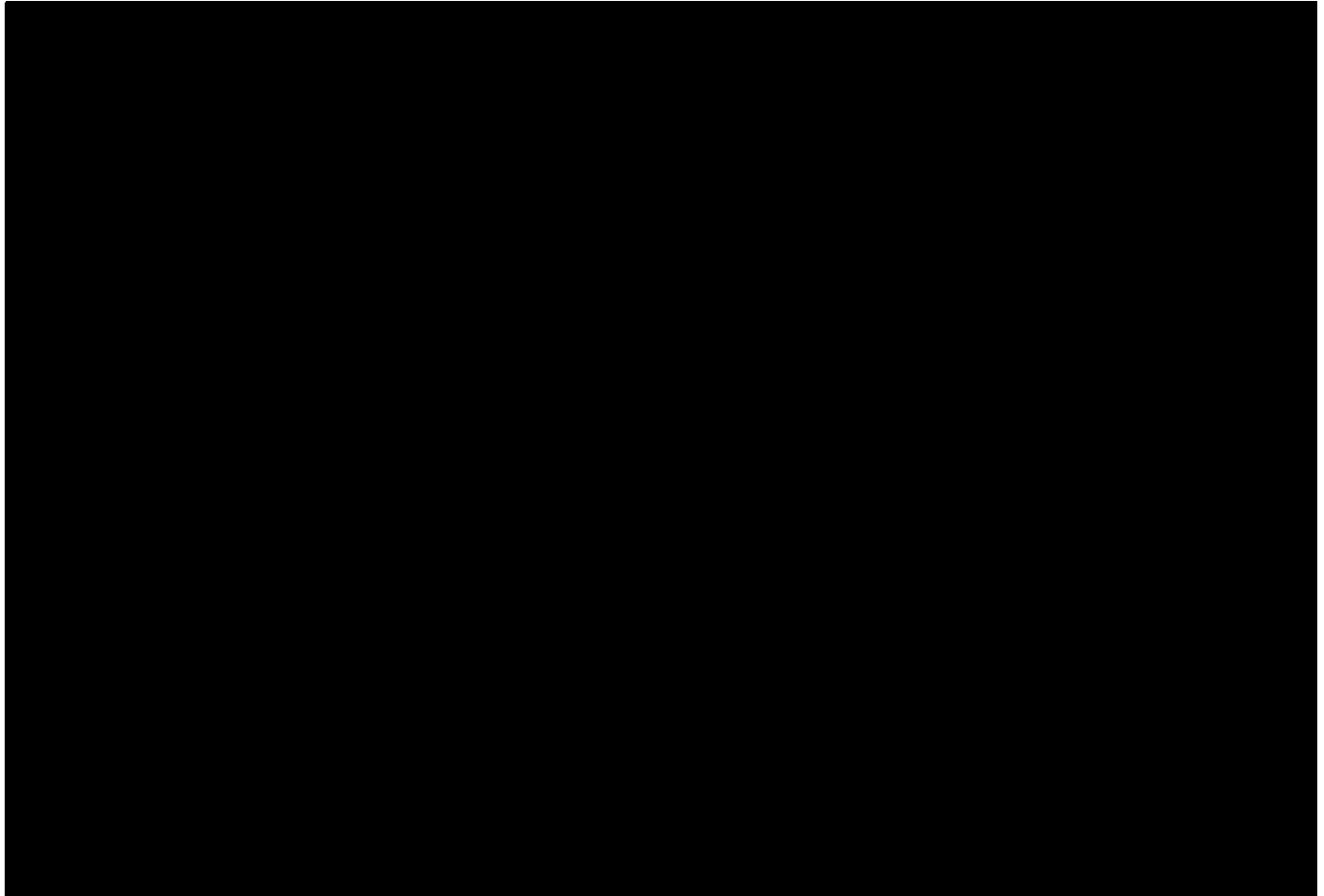
- No Exclusive Marketing Rights. The Supply Agreement does not give the independent dealer an exclusive right in any market or geographic area to sell Esso-branded fuel or conduct any related businesses, *Imperial Oil requires that this provision be included in Esso Supply Agreements and, accordingly, there are often multiple Esso branded gas stations operating within the same local geographic regions.*
- Term Linked to the Esso NBW. If the term of the Supply Agreement extends beyond the term of Parkland's Esso NBW agreement, this Supply Agreement will expire concurrent with the expiry of the Esso NBW agreement. *Imperial Oil requires that this provision be included in Esso Supply Agreements.*
- Esso Product.
 - All of the independent dealer's requirements of Esso-branded motor fuel for sale at the premises in the quantities and at the prices and terms and conditions set out in the Supply Agreement are to be supplied by Parkland, and the independent dealer shall use its efforts to maximize the sale of Esso-branded fuels. *Imperial Oil requires that this provision be included in Esso Supply Agreements.*
 - Parkland includes minimum annual volumes of Esso-branded fuel which, if not satisfied, Parkland may terminate the Supply Agreement.

- ROFR. Parkland may elect to purchase, lease or sublease the site if the independent dealer receives a bona fide offer that it is willing to accept.
- Fuel Price. The independent dealer pays to Parkland for the Esso-branded fuels purchased the price thereof in effect at Parkland's designated loading rack at the time that the fuels are loaded for delivery to the independent dealer (which are changed daily), plus the cost of delivery, plus all applicable taxes. *Unlike Parkland's Fas Gas and Race Trac branded dealers, Esso branded independent dealers also are required to make an additional payment (which is included in the Parkland rack price for Esso dealers), (currently set at 0.5¢/litre) as an Esso "brand fee" that is charged by Imperial Oil and passed on to Esso dealers by Parkland.*
- Dealer Payment. Parkland pays Esso independent dealers a payment (the "**dealer payment**") (based on the number of litres of the Esso-Branded motor fuels purchased), which is to be paid to the dealer unless the independent dealer fails to purchase a percentage (i.e., 80%) of the minimum annual volume of fuel or if the independent dealer fails to comply with the provisions of the Esso branded supply agreement. Parkland typically pays a dealer payment that ranges from 0.5¢ - 2.5¢ per litre. Notwithstanding the condition that the minimum annual volume must be purchased to receive the payment, Parkland is not aware of cases where a dealer payment has not been paid to independent dealers, even where such dealers have not achieved the minimum annual volume requirements.
- POS System. The Dealer shall use the retail credit and debit system and point of sale services prescribed by Imperial Oil from time to time. *Imperial Oil requires that this provision be included in Esso Supply Agreements.*
- Delivery. Delivery will be by tank truck into the independent dealer's storage tanks at the site.
- Transfer of Title. Property, title and risk of loss of the fuel shall pass to the independent dealer as the fuel is discharged from Parkland's tank truck and passes the collar of the fill pipe of the independent dealer's storage tanks at the premises.
- Loaned Equipment. Parkland loans certain equipment (principally canopies and signage) to the independent dealers.

SCHEDULE "C"

Parkland: Recent Dealer Accounts Lost to Competitors

NOTE: The contact information is the most recent contact information on Parkland's files and may no longer be accurate as Parkland no longer has a supply relationship with these dealers.



**THIS IS EXHIBIT "K" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**

Memorandum

To: Beth Riley and Randy Hughes CRA No. D20630-00

From: Andy Baziliauskas and Margaret Sanderson

Date: February 23, 2015

Subject: Parkland/Pioneer: Economic Analysis

This memorandum provides our preliminary assessment of the likely competitive effects of the proposed acquisition by Parkland Industries Ltd. (together, with its affiliates, "Parkland") of the retail gasoline station assets of various companies held by Pioneer Petroleum Holding Limited Partnership ("Pioneer"). In Ontario Pioneer has 176 company-owned or controlled retail gasoline sites, and has wholesale supply agreements with 146 retailers (i.e. independent dealers).¹ In Manitoba, Pioneer has 9 company-owned or controlled sites and has wholesale agreements with retailers.² Parkland has wholesale agreements with 142 retailers in Ontario and owns two retail sites. In Manitoba, Parkland has 12 company-owned sites and wholesale agreements with 11 dealers. The overlap in the parties' operations in Ontario consist, with two exceptions, of one or more retailers that have wholesale agreements with Parkland having operations in the same city, town, or rural area that has a Pioneer company-owned station. In Manitoba, in the markets of concern to the Competition Bureau Parkland company-owned sites and sites that have independent dealer agreements with Parkland overlap with retailers that have supply agreements with Pioneer.

Even though Parkland does not set retail prices for its independent dealers and as such these dealers are independent competitors to Parkland, in this memorandum we consider whether post-merger Parkland would have an incentive to increase its wholesale prices to its independent dealers in the local markets that overlap with Pioneer and which we understand are of potential concern to the Competition Bureau ("Bureau"). Any increase in wholesale prices is very likely to be fully passed on to consumers at retail, rather than being absorbed by independent dealers, given that retail gasoline markets are highly competitive and an increase in wholesale prices is very likely to be fully passed on to retail customers in highly competitive markets.

¹ Since the Parties notified the Bureau of the proposed transaction, Pioneer has added two company price-controlled stations, one in Mississauga (previously an unbranded independent dealer who is now a Pioneer dealer on consignment) and one in Blenheim (previously a Loblaw gas bar). Pioneer has added four independent dealer locations (two in Mississauga (one of which is a new build), one in Sarnia (a rebranded Petro Canada) and one is in Hamilton (new build)) and lost two stations (one in St. Thomas (now operating as an independent station and supplied by someone other than Pioneer) and one in Watford (closed down)).

² Previously, Pioneer had indicated that it has 10 company-controlled sites in Manitoba. However, site number 273, located in Winnipeg is a vacant property, with no operating retail facility.

We understand the Bureau has identified 22 retail locations where it has some competitive concerns. In Kapuskasing, we understand the parties propose to divest one company-owned site and hence we do not address Kapuskasing here. We focus on the interaction between wholesale and retail competition, given Parkland is predominantly a wholesale supplier of gasoline to independent dealers and will continue to be so post-acquisition.

For the reasons described herein, the transaction is not likely to increase Parkland's incentive or ability to raise wholesale prices to its independent dealers in 18 of the 21 retail locations which we consider. We first discuss the linkage between wholesale and retail incentives, following which we discuss the transaction's limited influence on Parkland's wholesale pricing to its independent dealers. Most of the overlaps in the Bureau's markets of concern involve Parkland acquiring company-owned stations from Pioneer, and in markets where there may be insufficient competition remaining Parkland could theoretically have the post-merger incentive and ability to increase retail prices at these company-owned stores, notwithstanding its limited incentive to increase wholesale prices on sales to Parkland dealers. In the third section, we examine market conditions in the retail markets of concern to the Bureau and explain our conclusion that the transaction is unlikely to substantially lessen competition in all but possibly three of the Bureau's retail markets of concern. While there are five Bureau markets of concern where post-merger retail shares will be relatively high (generally, where Parkland and Pioneer company-owned stations and independent dealers supplied by the parties account for 50% or more of total stations or volumes and there is limited competition from competing stations in nearby areas), in two of these locations, the share of Parkland wholesale sales within a price zone that is accounted for by dealers located in markets of concern to the Bureau is not sufficiently large to materially alter Parkland's incentives to provide competitive pricing at wholesale to independent dealers following the merger.

Incentive to Raise Wholesale Prices Depends on Retail Competition

The independent dealers supplied by Parkland in the Ontario retail locations of concern to the Bureau are generally ESSO branded dealers. ESSO-branded independent dealers supplied by Parkland purchase gasoline from Parkland at wholesale for a price that is equal to the Imperial Oil rack price plus freight and taxes to the dealer's location plus a wholesale margin earned by Parkland. The wholesale margin is set by Parkland and is set to be uniform within each price zone. Parkland refers to this wholesale margin as its "rack forward" margin. In Manitoba, Fas Gas and Race Trac independent dealers supplied by Parkland purchase gasoline from Parkland at a wholesale price that is equal to the Shell rack price plus freight and taxes to the dealer's location plus Parkland's rack forward margin, and the rack forward margin is uniform across all dealers in a price zone that sell the same retail brand.

The Imperial Oil and Shell rack prices and the rack prices of other refiners are not determined by Parkland and Parkland has no influence in the setting of any of these rack prices. All independent dealers with the same branding within a single price zone are charged the same rack forward margin.³ The influence that Parkland ultimately has over its independent dealers'

³ A price zone is not equivalent to a relevant geographic market in either the wholesale or retail sales of gasoline. In order to determine relevant geographic market for the wholesale supply of gasoline to retailers and independent dealers the hypothetical monopolist test needs to be applied. There are very small differences in rack forward margins earned by Parkland across a number of its price zones supporting having multiple price zones within a single wholesale geographic market. While we have not tested the extent of the wholesale gasoline geographic market in this matter, in prior work which we have done in this industry using data from 2001 to 2009, we found that wholesale rack prices in Toronto were strongly cointegrated with New York Harbor rack prices such that any differential was essentially equal to freight costs, and any temporary deviation in one location was quickly eliminated.

retail prices is the rack forward margin, since Imperial Oil and Shell set the rack price, and freight to the dealer's location is set based on cost.

If a wholesale distributor is able to price discriminate in the setting of its wholesale prices to distinct local markets, and retailers in these local markets cannot substitute to alternative distributors (by virtue of exclusive long-term contracts) then the distributor may have an incentive to charge higher wholesale prices to locations where its retailers have significant market power. If its retailers do not have significant market power then any wholesale price increase that is passed on to retailers ultimately results in lost volume to the upstream distributor as final consumers purchase from alternative retailers to which the upstream distributor does not sell.

In other words, if Parkland increases its wholesale price to its independent dealers which they pass on to final consumers, Parkland will lose volume if consumers switch their purchases to Shell, Petro-Canada, Co-op, Costco, other ESSO dealers and other rival retailers. Parkland will only maintain volumes from a wholesale price increase by its independent dealers if the independent dealers to which Parkland supplies gasoline have significant market power at the retail level such that they can pass on the wholesale cost increase without losing sufficient volume to make the increase unprofitable to Parkland. As a result, Parkland will have no incentive to increase its wholesale prices to the independent dealers that it supplies in any markets in which this would cause its independent dealers and Parkland retailers to lose sufficient retail volumes to rival retailers who do not purchase wholesale volumes from Parkland.

Further, it is Parkland's policy to charge a uniform rack forward margin to all of its dealers that sell a given brand within a given price zone. Parkland likely has a limited ability to price discriminate in any meaningful way because its price zones do not align with locations where its independent dealers and retailers might have significant market power. We understand that Parkland achieves significant administrative and other cost savings from setting a uniform wholesale price within each price zone, and these savings would be lost if Parkland price discriminated among dealers within a given price zone. In addition, we understand that dealers' wholesale pricing is somewhat transparent (especially as the rack prices of Imperial Oil and other refiners are known and published in many cases) so that each Parkland dealer generally knows the wholesale prices that other Parkland dealers are paying, and as a result if Parkland were to set different prices to dealers within a given price zone this would potentially cause dealers that pay a higher price or who were subject to a price increase not based on an increase in a refiner's rack price to consider dealing with a competing distributor when its agreement with Parkland expires.

As we demonstrate in our analysis of retail markets below, in almost all markets of concern to the Bureau it is highly unlikely that Parkland would materially increase its market power with the merger and as a result any hypothetical benefits that could be achieved by Parkland from deviating from uniform rack forward margins within price zones are likely to be very small, if they exist at all, and would therefore be outweighed by the administrative and other costs of differential pricing within a price zone.

Relating these issues to the merger with Pioneer, the only potential retail locations of concern are those where the transaction increases Parkland's post-merger retail shares to the point of significant market power and the Parkland dealers in these retail locations represent a sizeable fraction of the wholesale supply in the respective price zone. Significant market power would be

Our conclusions from this prior analysis linked Ontario, Quebec and New York Harbor within a single wholesale gasoline market.

required in any given retail location in order for a group of stations to be able to sustain higher prices following a wholesale price increase because consumers readily switch stations for very small differences in price. Significant market power is required because consumers are highly sensitive to price differentials in retail gasoline and will readily switch suppliers for small differences in price. In academic work using data from Quebec, Houde estimates the average station-level elasticity of demand to be between -10 and -15.⁴ As a result, demand for gasoline at a given retail location is extremely elastic. Given these elasticity estimates and the fact that competing gasoline retailers are not capacity constrained, the parties would need substantially more control over retail supply within a given retail market (through unilateral or coordinated conduct) than that implied by the Bureau's 35 percent safe harbour threshold used in the *Merger Enforcement Guidelines* in order to exercise market power in retail markets. Much higher shares than 35 percent are needed given the station-level elasticity of demand estimates estimated by Houde.

Parkland's pricing incentives within a given price zone are unlikely to be significantly affected by the merger if the Parkland dealers within the retail area of concern do not account for most of the wholesale supply to all Parkland dealers within the given price zone. For example, if a given price zone is large and includes many Parkland independent dealer stations that do not overlap with Pioneer stations then the transaction will not change Parkland's incentive to increase rack forward margins across the entire price zone.⁵

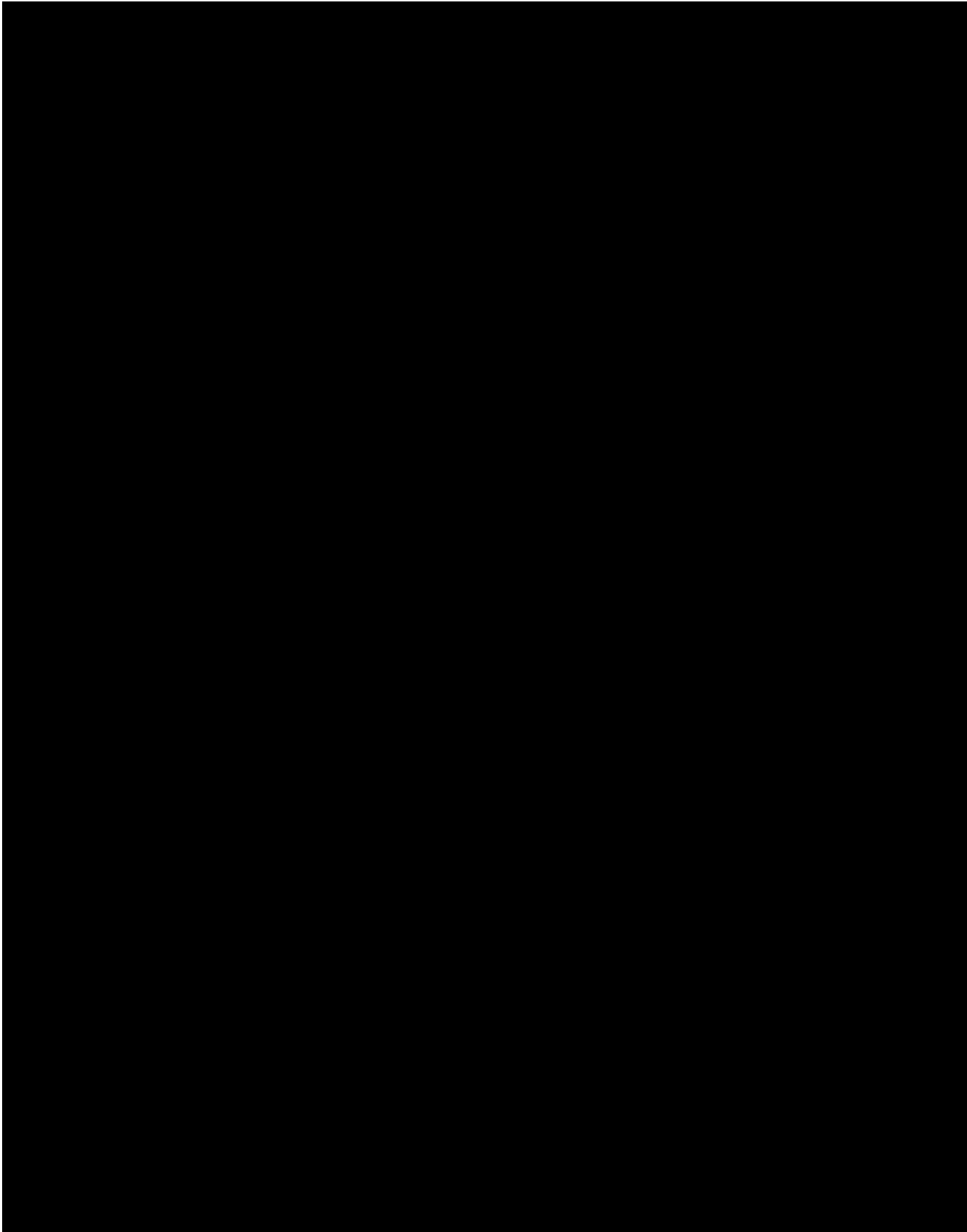
We currently have the allocation of all Parkland stations to price zones, which we have mapped to the locations of concern to the Bureau. While Parkland has different price zones to which it assigns stations, many of these price zones have the same or similar rack forward margins.

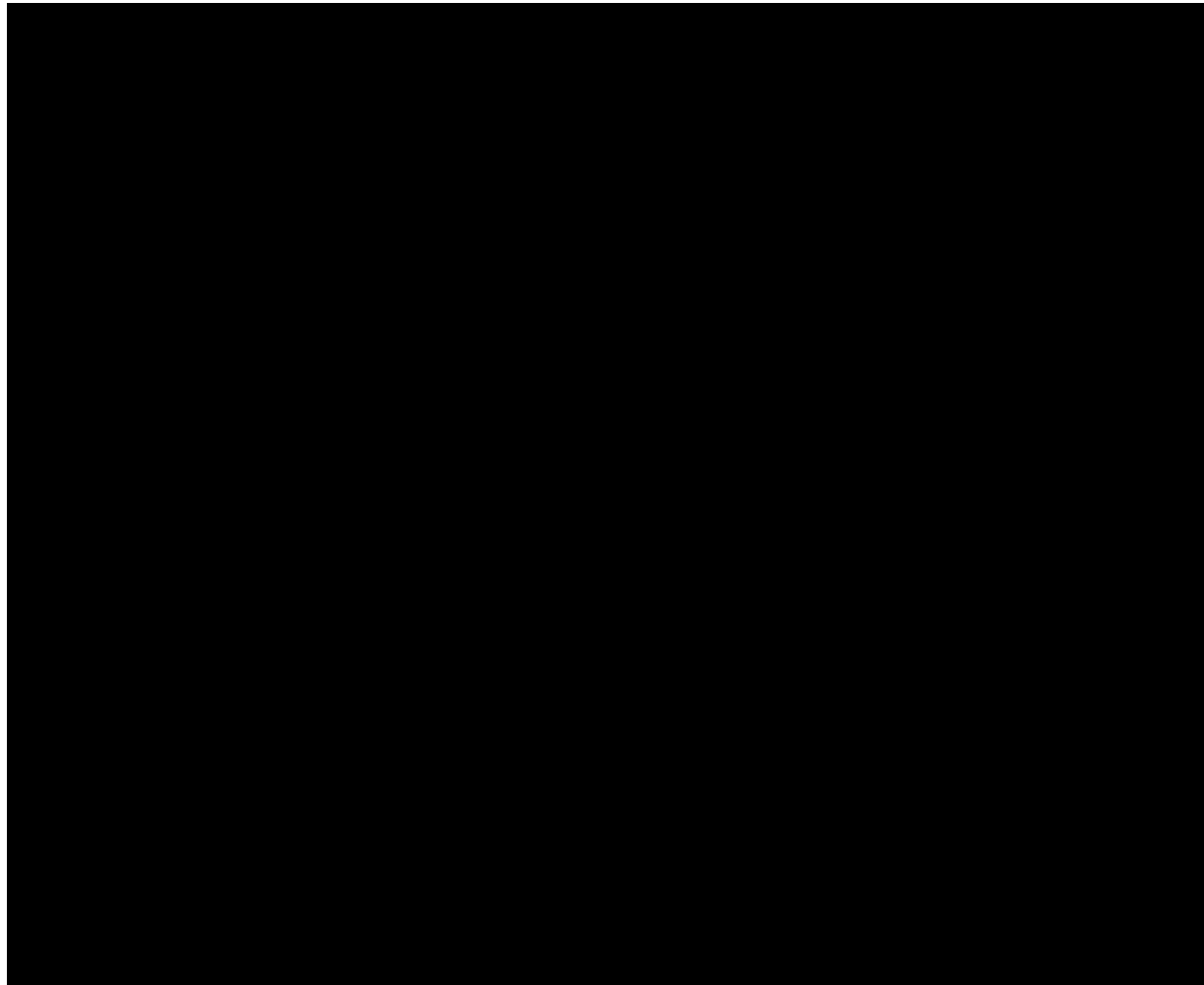
4 Jean-François Houde, *Spatial differentiation and vertical mergers in retail markets for gasoline*, available for download at http://bwl.univie.ac.at/fileadmin/user_upload/lehrstuhl_ind_en_uw/lehre/ws1213/SE_Energy_WS12_13/spatial_differentiation_and_vertical_mergers_in_retail_markets_for_gasoline.pdf. Houde estimates an average station-level elasticity of demand between -10 and -15 using data from Quebec.

5 We understand that Parkland sets the same rack forward margin for all dealers with the same branding in a given price zone.

6 [REDACTED]

7 An immediate observation from these rack forward margins in Ontario is that a 10 percent change in the rack forward margin, if fully passed on at retail, would only change retail prices by 0.115 cents, which assuming retail prices including taxes at \$1.00 would represent a 0.1 percent change in retail gasoline prices. If the standard is a material change in retail prices, this would require a massive change in the rack forward margin.

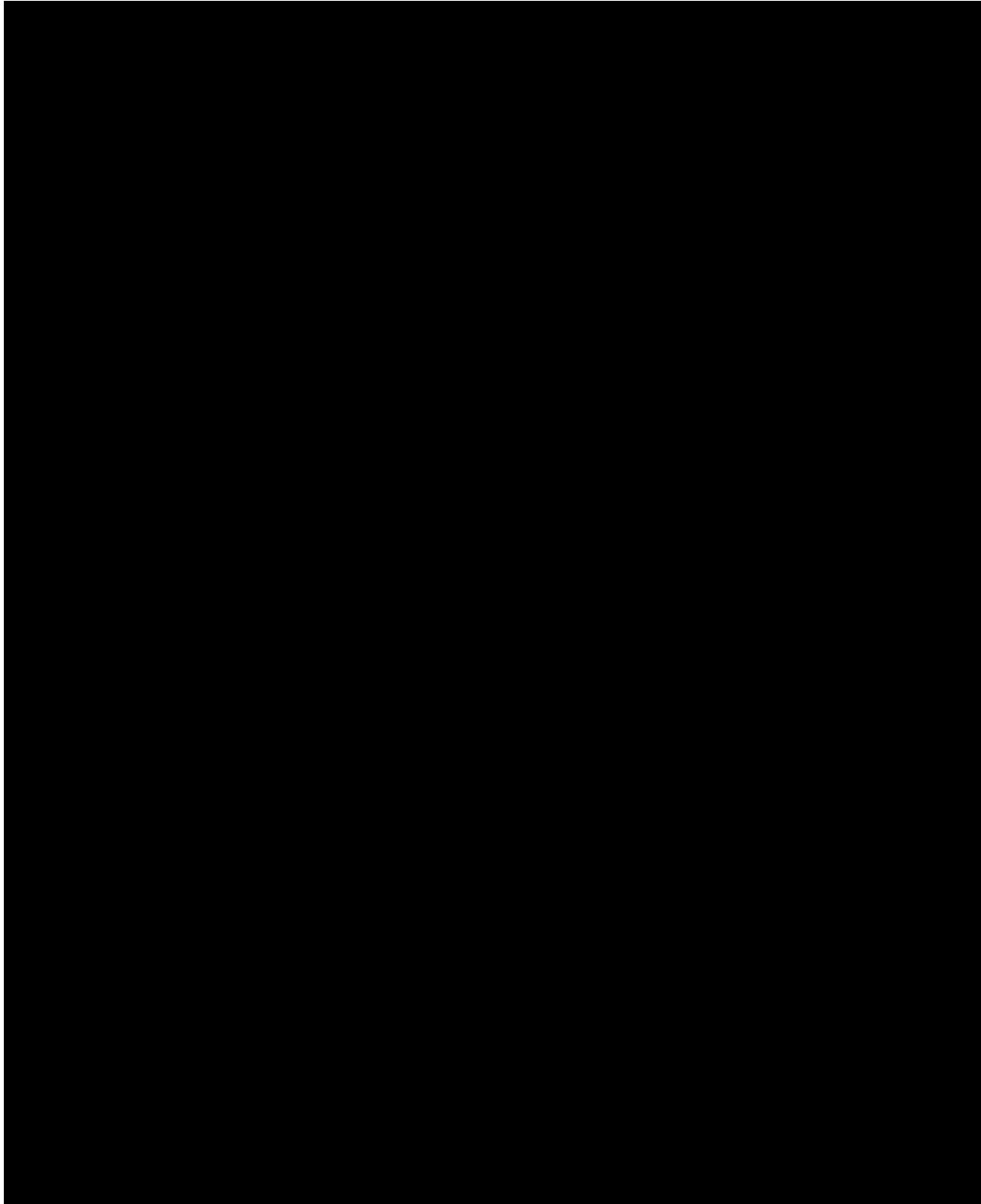


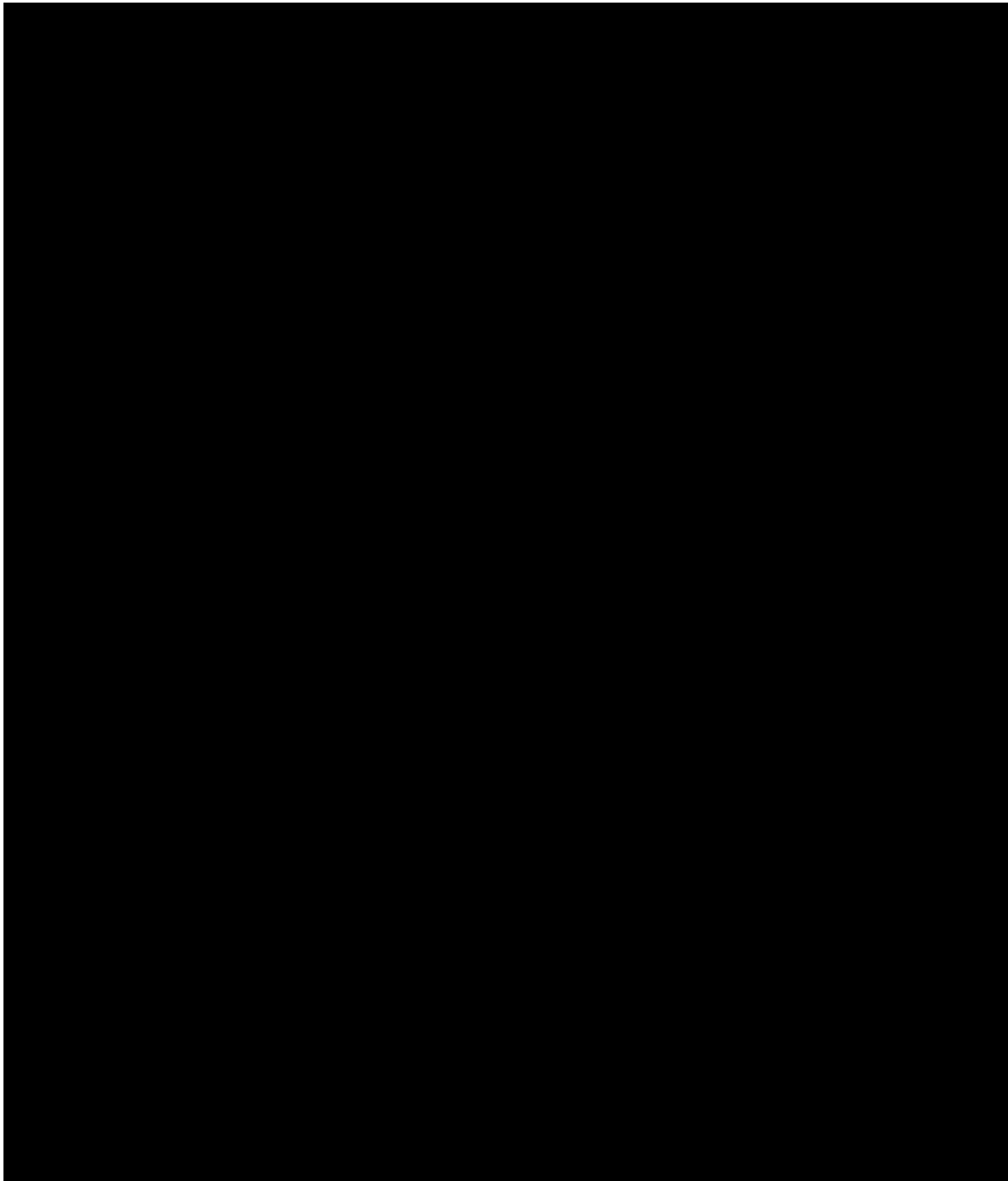


There is considerable competition among wholesale suppliers for independent dealers. Petro-Canada, Shell, Husky, Suncor, Ultramar and several Esso branded wholesalers, including Global Fuels and MacDougall, compete for independent dealers. Wholesale suppliers compete for independent dealers in order to have assured long-term outlets for supply. Similarly, dealers are interested in having assured long-term supply. In the case of Parkland, for example, the volume discounts that it earns from Imperial Oil depend on the volumes of Imperial Oil fuels that Parkland's ESSO-branded retailers sell. As a result, Parkland is incentivized to expand the number of ESSO-branded independent dealers with which it has wholesale supply contracts and to ensure that the wholesale prices that it provides to these dealers are competitive so that its ESSO-branded dealers sell as much volume as possible within their local retail markets. Parkland also receives substantial volume discounts from Shell, Suncor, and Valero, which also creates a substantial incentive for Parkland to increase wholesale sales to dealers.

Even if individual price zones are considered separately, in many instances the independent dealers supplied by Parkland in locations of concern to the Bureau are outnumbered by independent dealers supplied by Parkland within the price zone that are not of concern to the Bureau. In such circumstances, an increase in rack forward margins across the entire price zone is unlikely to be profitable. If Parkland were to increase rack forward prices across the price zone, we expect these to be fully passed on to retail consumers by dealers given the highly competitive nature of retail gasoline markets. The independent dealers supplied by Parkland with

higher prices in locations where these dealers and Pioneer combined do not have significant market power will lose volumes to rival retailers.





Analysis of Post-Merger Market Power in Markets of Concern to the Bureau

The Bureau has defined 22 areas of preliminary concern in respect of the transaction (“Bureau problematic markets”). Of these 22 areas, eight are based on Kent markets or combinations thereof and 14 are local areas that are not Kent markets, or combinations thereof. For each of the 22 problematic Bureau markets, the Bureau has identified the company-owned and independent dealer stations supplied by Parkland and Pioneer, but has not identified competitor stations. Parkland has provided a Kent data file that identifies stations (including addresses and volumes) for stations in each Kent area (the “Kent data”), but in some areas the company and independent dealer stations supplied by Parkland and Pioneer listed by the Bureau as being in a

Kent market are not in the Kent data, which likely means that some competitor stations may also be missing from the Kent data (Kent acknowledges the fact that it does not report data for all stations in each Kent area).

Geographic market boundaries for gasoline retailing are determined by how far consumers will drive to purchase gasoline. Although most consumers will likely not drive a significant incremental distance from one retailer to another that offers a price that is lower by one or two cpl (assuming a 50 litre tank, a price difference of 2 cpl, or about 2 percent at a price of \$1.00 per litre, results in savings of \$1.00 on a full tank), many consumers regularly drive past multiple gasoline retailers outside of their own towns or cities, as they drive to work or for other purposes. The extent of the geographic market will therefore depend largely on consumers' driving patterns, including commuting patterns: in general, if many drivers who live in area A frequently drive to area B for work or any other reason, gasoline retailers located in area B will constrain the pricing of retailers in area A, notwithstanding that consumers in area A will not incur the costs of an incremental trip to area B just to fill up their gas tanks (and save about \$1.00, as noted above). In our analysis of the Bureau's retail markets of concern, we rely on [REDACTED] and on public information about the locations of competing stations in nearby towns and likely driving patterns to assess consumers' competitive alternatives to the Parkland and Pioneer stations in the markets of concern. [REDACTED]

We have also calculated market shares, subject to data availability, for the Bureau's retail markets of concern and, in cases where the evidence suggests that the Bureau's geographic markets should be broadened to include nearby towns and cities that constrain the pricing of gasoline stations in the Bureau's markets we have calculated market shares in broader markets that include these nearby towns. Our share calculations are included in the local market summaries that have been provided by counsel and the parties and which are attached hereto. In other cases where the evidence does not definitively indicate that nearby towns should be included in the same geographic market as the Bureau's markets, we nevertheless account for the competitive constraints imposed by these competitors, generally by increasing the market share threshold that would likely trigger a concern that the acquisition would result in a substantial lessening of competition. This discussion is also included in the local market summaries for the retail locations in Ontario and Manitoba. In our analysis of competitive effects, we also consider whether company-owned and independent dealer stations supplied by Parkland and Pioneer likely compete directly with each other, or whether competitor sites that may be closer to these sites are more direct competitors. This analysis is based primarily on locations of retail sites within markets. In general, we calculate market shares only for Kent markets, because we only have competitor volume data for stations in these markets. We do not have the data on competitor volumes required to calculate volume shares in non-Kent markets.

It is our understanding that the Bureau may consider that the acquisition will result in a substantial lessening of competition in retail markets where the combined volume share of any company-owned stations and any independent dealer stations supplied by the parties is 35 percent or more. When calculating the parties' shares the Bureau attributes to a post-merger Parkland both the volumes sold by the parties' company-owned stations and the volumes sold at retail by independent dealers currently supplied by Parkland and Pioneer.⁸ In our opinion, application of a

⁸ The Bureau may attribute the volumes sold by the parties' consignment stations to the parties.

35 percent market share threshold without consideration of other important factors is incorrect. First, as noted above, the station-level elasticity of demand is extremely high,⁹ which would make it impossible for stations representing only 35 percent of the stations in a given market to unilaterally materially increase prices if other stations do not immediately follow.¹⁰ Second, Parkland and Pioneer sites located in many of the Bureau's markets of concern compete, at least for some consumers, with stations in nearby towns or locations, and hence strict application of a 35 percent threshold within the Bureau's markets of concern would overstate the parties' true share position. Third, there are some markets where the parties' locations are more distant from each other, such that they compete more directly with competitors than with each other. Finally, our analysis of Parkland's incentives to increase wholesale prices to its dealers indicates that, post-merger, Parkland would not have the ability or incentive to increase wholesale prices to dealers in the Bureau's markets of concern because in doing so it would have to increase prices to all dealers in the same price zone, which would result in an offsetting loss in profits. As a result, to the extent that Parkland would have increased market power in a given retail market post-merger, its ability to exploit any such market power would be constrained relative to a market where these wholesale incentives did not exist, and therefore if a market share threshold is applied the level of the threshold should be increased accordingly. For all these reasons, in most of the Bureau's markets of concern, the market share threshold for a possible substantial lessening of competition should be well above 35 percent.

Except as otherwise noted, all retail market shares are based on 2013 gasoline volumes reported in the Kent data, supplemented by Pioneer and Parkland volumes from data provided by the parties for stations that are not included in the Kent data but that are included in Kent markets by the Bureau, and for sites for which volumes in the Kent data are zero. The shares cited herein and in the referenced local market summaries are likely conservative, and likely overstate Parkland's post-merger market share because there may be competitor stations that are not included in the Kent data as noted above. In some of the maps contained in the referenced local market summaries, competitor stations that are not included in the Kent data for which we have information on their locations have been plotted.

⁹ A station-level elasticity of demand of -10, as is noted above, means that a 1 percent increase in price will cause a 10 percent loss in volume if other stations do not follow the price increase, and hence no single station will find it profitable to increase price without its rivals following. While price increases across many stations occur within retail gasoline; indeed, there are well-documented, price cycles in the industry (referred to as "Edgeworth cycles"), such price increases take place from the bottom of a price cycle when margins are especially low. Pricing in the following cities has been studied: (i) Guelph, ON studied in Benjamin Atkinson, "Retail Gasoline Cycles: Evidence from Guelph, Ontario Using Bi-Hourly, Station Specific Retail Price Data", *mimeo*, January 31, 2008; (ii) Vancouver, BC studied in Andrew Eckert and Douglas West, "Retail Gasoline Price Cycles Across Spatially Dispersed Gasoline Stations", *Journal of Law and Economics*, April 2004; (iii) Vancouver, BC and Ottawa, ON studied in Andrew Eckert and Douglas West titled "A Tale of Two Cities: Price Uniformity and price volatility in Gasoline Retailing", *The Annals of Regional Science*, v. 38, 2004; (iv) Windsor, ON studied in Andrew Eckert, "Retail Price Cycles and Response Asymmetry", *Canadian Journal of Economics*, February 2002; (v) Toronto, ON studied in Michael Noel, "Edgeworth Price Cycles: Evidence from the Toronto Retail Gasoline Market", *Journal of Industrial Economics*, March 2007; (vi) 19 cities across Canada studied in Michael Noel titled "Edgeworth Price Cycles, Cost-based Pricing and Sticky Pricing in Retail Gasoline Markets", *The Review of Economics and Statistics*, May 2007; and (vii) 110 markets across Ontario in David P. Byrne and Roger Ware, "Price Cycles and Price Leadership in Gasoline Markets: New Evidence from Canada", August 2011.

¹⁰

The following table summarizes our conclusions with respect to the effects of the Bureau's markets of concern. Of the 21 markets of concern to the Bureau which we consider here, there are five that will have relatively high concentration post-merger if the volumes sold by independent dealers supplied by Parkland and Pioneer are attributed to the parties. Of these five retail locations, Bancroft and Tillsonburg are part of larger Parkland price zones (Belleville price zone and Brantford-Woodstock price zone respectively) that are sufficiently broad that the limited area within the price zone with high retail concentration is unlikely to change Parkland's incentives to provide competitive wholesale pricing to its independent dealers and the Pioneer independent dealers that it acquires within these price zones.

Table 4: Summary of Conclusions on Bureau’s Markets of Concern Considered

<p>No likely substantial lessening of competition <i>22 Independent Dealers Supplied by Parkland</i> <i>3 Parkland Company-Owned Stations</i></p> <p><i>17 Independent Dealers Supplied by Pioneer</i> <i>45 Pioneer Company-Owned Station</i></p>	<ul style="list-style-type: none"> • Aberfoyle, ON • Caledon & Erin, ON • Gananoque, ON • Hamilton & Grimsby, ON • Hanover, ON • Innisfil, ON • Kettleby and Pottageville, ON • Port Perry & Uxbridge, ON • Sudbury, ON • Tavistock & Shakespeare, ON • Thorold & Welland, ON • Wasaga Beach, ON • Oakbank & Dugald, MB • Swan River, MB • The Pas, MB • Thompson, MB
<p>High retail concentration post-merger but part of a large price zone <i>3 Independent Dealers Supplied by Parkland</i> <i>3 Pioneer Company-Owned Station</i></p>	<ul style="list-style-type: none"> • Bancroft, ON • Tillsonburg, ON
<p>High retail concentration post-merger and part of a small price zone <i>2 Independent Dealers Supplied by Parkland</i> <i>2 Independent Dealers Supplied by Pioneer</i></p>	<ul style="list-style-type: none"> • Lundar, MB • Neepawa, MB • Warren, MB

No Likely Substantial Lessening of Competition

Aberfoyle, ON (Kent Market)

Pioneer owns one station and Parkland supplies one independent dealer in the Aberfoyle Kent market (where there are two competitors), with a combined share of 50 percent in this Kent area. But the Kent area of Aberfoyle is not a relevant geographic market. [REDACTED]

[REDACTED] Guelph is approximately 12 km north of Aberfoyle, and in a market that includes Aberfoyle and Guelph, the parties have a combined volume share of about 30 percent (the

independent dealer supplied by Parkland has a share of 12.4 percent, and the Pioneer stations' share is 17.5 percent).

The Aberfoyle map in the local market summaries shows the stations in the Aberfoyle/Guelph/Cambridge Kent markets. In summary, the stations in Aberfoyle compete at least with stations in Guelph, and the combined share of the Parkland independent dealer and the Pioneer station in a broader market is well below 35 percent. The merger does not likely result in a substantial lessening of competition in Aberfoyle.

Caledon and Erin, ON (Not a Kent Market)

Parkland and Pioneer each supply one independent dealer in Caledon, and Parkland also supplies one independent dealer located in Erin. Parkland also supplies an independent dealer in Hillsburgh, which is about 7 km from Erin. There are two competing stations in Caledon Village and one Petro-Canada in Erin. As well, there is an additional competitor in Alton and two additional competitors in Caledon East. Orangeville is 11.5 km north of Caledon on Highway 10, which is a heavily-trafficked highway, and as such gasoline retailers in Caledon likely compete to a significant extent with retailers in Orangeville. Parkland supplies two independent dealers in Orangeville, and these dealers have a 21.6 percent market share in the Orangeville Kent market. Parkland and Pioneer are the suppliers to 40% of the total number of stations in the Caledon/Erin/Orangeville/Hillsburgh/Alton area (six out of a total of fifteen). The stations in Caledon also compete to some extent with stations in Brampton, located about 29 km south on Highway 10; the two Pioneer-owned stations and one independent dealer supplied by Parkland have a combined 3.6 percent market share in Brampton. In addition, there is one competitor and Pioneer supplies one independent dealer in Inglewood, which is about 14 km south of Caledon on Highway 10. The Caledon and Erin map in the local market summaries shows the locations of the stations noted above in the Caledon, Erin, and surrounding areas.

Gananoque, ON (Kent Market)

Parkland supplies one independent dealer and Pioneer owns one station Gananoque, and these two stations have a combined share of 47 percent. There are two competing stations in Gananoque. The independent dealer supplied by Parkland station has a 4 percent volume share, and the Pioneer station has a 43 percent share.

The independent dealer supplied by Parkland is a small station located on Highway 32, just south of Highway 401, while three other stations are located in the town of Gananoque, on Highway 2. The Pioneer station is located between the two competing stations (Canadian Tire, with a 28 percent volume share, and Ultramar, with a 24 percent share), against which the Pioneer station likely competes most intensely rather than with the more distant Parkland-supplied independent dealer. The pre-merger competition that exists between the Pioneer, Canadian Tire and Ultramar stations that are within Gananoque is unlikely to be materially diminished by the addition of the Parkland independent dealer to the parties' post-merger volumes. One of the Gananoque maps in the local market summaries shows the four stations in Gananoque, and it is clear from this map that the Pioneer site likely competes most closely with the two other nearby competitor stations.

[REDACTED] If Kingston is included in a market with Gananoque, the combined market share (including the volumes sold by independent dealers supplied by the parties) is 16 percent (with less than 1 percent for dealers supplied by Parkland). [REDACTED]

[REDACTED] Mallorytown is 30 km from Gananoque but only 22 km from Brockville, so that it is likely that Brockville is a competitive option to the Gananoque stations for customers in Mallorytown. A Gananoque map in the local market summaries shows the location of stations between the Kingston and Brockville areas.

In summary, the independent dealer supplied by Parkland in Gananoque has a very low volume share; within Gananoque, the Pioneer station likely competes primarily with the Canadian Tire and Ultramar stations that are nearby on Highway 2, and the Gananoque stations compete for some customers with stations in at least Kingston and Brockville.

Hamilton & Grimsby, ON (Kent Market)

Parkland supplies five independent dealers that have a 2 percent volume share in the Hamilton + Grimsby Kent areas, while Pioneer supplies eight independent dealers and owns 23 stations which combined have a 41.4 percent volume share. The combined share of sites supplied or owned by Parkland and Pioneer is less than 44 percent of these combined Kent areas. There are two independent dealers supplied by Parkland on the Bureau's list that are not in the Kent data (Kent 51329 in Mount Hope, and 51249 in Grimsby). The combined Kent areas of Hamilton and Grimsby do not represent a relevant geographic market.

Grimsby is approximately the same distance from both central Hamilton and St. Catharines (about 28 km), [REDACTED]

[REDACTED] This suggests that if Grimsby is in the same market as Hamilton, then, at the least, St. Catharines exerts a constraining influence on stations in Grimsby. The combined share of stations that are either owned by or supplied by the parties in St. Catharines is about 16 percent.

In addition, central Burlington is only about 15 km from central Hamilton (much closer than Grimsby is), many parts of both cities (which are adjacent to each other) are much closer to each other and many parts of each city are very close to Highway 403/QEW, which is a major and well-travelled highway between the GTA and the US border. [REDACTED]

[REDACTED] In a combined Hamilton + Grimsby + Burlington market, the combined share of stations owned or supplied by Parkland and Pioneer is less than 35 percent.

12 Pioneer Site 199.

13 In particular, Pioneer sites 28, 92, and 244.

The Hamilton & Grimsby map in the local market summaries shows the Kent stations (including two independent dealers supplied by Parkland added by the Bureau that are not in the Kent data) in the Burlington/Hamilton/Grimsby/St. Catharines area. It is clear from this map that there is no clear separation between the Hamilton and Burlington, and St. Catharines stations are close enough to Grimsby to have some competitive constraint on Grimsby retailers. In summary, pricing of stations in Hamilton and Grimsby is constrained by stations in Burlington and the area to the west of Grimsby, including St. Catharines. The stations owned or supplied by the parties have a low share in these neighbouring cities (12.6 percent in Burlington and 16 percent in St. Catharines), and their combined share in a broader market including Burlington and St. Catharines is about 31 percent. Furthermore, the low share of independent dealers supplied by Parkland, even in a narrow market consisting of only Hamilton & Grimsby, indicates that other competitors, and not the dealers supplied by Parkland, constrain the pricing of stations owned and supplied by Pioneer. It is therefore unlikely that the merger would result in a substantial lessening of competition in the Hamilton/Grimsby area. Note that there may be stations in this area that are not included in the Kent data, and there are several competitor stations in the Kent data that we understand are currently operating but are reported as having zero volumes by Kent, and as a result our calculations of the parties' market shares overstate their actual shares.

Hanover, ON (Kent Market)

Parkland supplies one independent dealer and Pioneer owns one station in Hanover, and the combined share of these stations is 50 percent in Hanover-only market. There are three competing stations in Hanover.

[REDACTED]

[REDACTED] There are two competing stations (neither is a Parkland or Pioneer owned station or is supplied by the parties) in Walkerton, and in a broader market that includes stations in both Hanover and Walkerton, the parties' volume shares are 11 percent for Parkland owned and supplied stations and 27 percent for Pioneer stations, for a combined total of 38 percent.

Durham is located about 20 km east of Hanover, [REDACTED]

[REDACTED] There are three stations in Durham, and one is an independent dealer supplied by Parkland,¹⁴ which is relatively small ([REDACTED])

[REDACTED] Durham is not a Kent market and therefore we do not have volumes for the other stations in Durham. If Durham is included in the same market as Hanover and Walkerton, then Parkland would supply two independent dealers in this market, and Pioneer would own one, for a total of three out of ten stations in Hanover + Walkerton + Durham. If we (conservatively, because the Parkland-supplied dealer is small) assume that the competing stations in Durham have the same volumes as the Parkland-supplied dealer, the combined volume share of the company-owned and independent dealer stations supplied by Parkland and Pioneer in this broader market is [REDACTED]

¹⁴ Parkland Site Number 51305.

The Hanover map in the local market summaries shows the stations in the Walkerton/Hanover/Durham area. In summary,

[REDACTED] the relevant market consists of at least Hanover and Walkerton. In this market, the combined market share of the parties' owned and supplied stations is 38 percent. In a market that also includes Durham, the combined share is (conservatively) 38 percent. The merger is unlikely to substantially lessen competition in the Hanover area.

Innisfil, ON (Not a Kent Market)

The independent dealer supplied by Parkland and the Pioneer company owned station are located about 5 km from each other in Innisfil. The independent dealer supplied by Parkland likely competes most directly with the Petro-Canada station that is also in the town of Innisfil, while the Pioneer station is on Highway 21 towards Highway 400. There is an additional competitor site in Innisfil, and there are also competitors in Thornton, within 10 km of the Pioneer site, and a competitor in Lefroy, which is located within 8 km of the independent dealer supplied by Parkland. There are seven competitors in the Barrie Kent market with positive gasoline volumes in 2013 located along Mapleview Drive, and these stations are located less than 10 km from the Pioneer station in Innisfil. [REDACTED]

Although we do not have data for the two competitor stations in Innisfil, we conservatively assign these stations the same volume as the smallest of the nine stations for which we have data in the Innisfil + Mapleview market, which is a volume of 1.9 million litres. Note that in making this assumption we implicitly assume that the dealer supplied by Parkland sells more than twice the volume, and the Pioneer station sells more than ten times the volume of the Shell and Petro-Canada stations located in Innisfil which is likely to be an overstatement of the parties' volume shares. The independent dealer supplied by Parkland accounts for 5.4 percent of volume and the Pioneer station accounts for 23.4 percent of volume in this area, for a combined share of 28.8 percent, well below the 35 percent threshold outlined in the Merger Enforcement Guidelines. For these reasons, and the fact that the independent dealer supplied by Parkland likely competes more directly with the Petro-Canada station in Innisfil rather than the Pioneer station, the acquisition is unlikely to result in a substantial lessening of competition in Innisfil. The Innisfil map in the local market summaries shows the gas stations in Innisfil.

Kettleby and Pottageville, ON (Not a Kent Market)

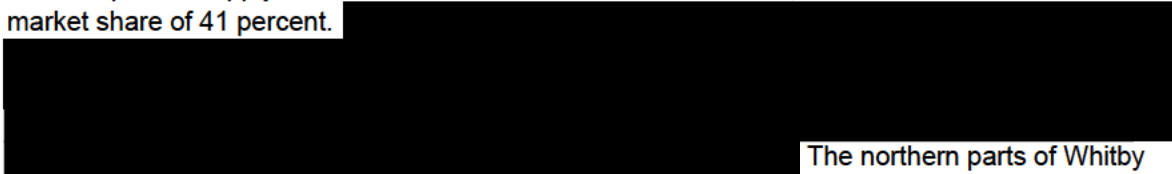
The independent dealer supplied by Parkland in Kettleby is located about 4.5 km east of the independent dealer supplied by Pioneer in Pottageville. The independent dealer supplied by Parkland in Kettleby is currently closed, and we understand that the owner of that site is searching for a buyer. The new owner would be bound by the existing wholesale supply agreement with Parkland. Kettleby is only about 13 km from Newmarket, a major population centre where there is only one Pioneer station and 17 competitor locations. In a combined Kettleby-Pottageville-Newmarket market, the parties' combined market share (comprised of independent dealers) is only around 7.4 percent. Furthermore, the station in Kettleby and the independent dealer supplied by Pioneer in Pottageville likely compete in a 'Highway 400 market', as this highway is the major route from the GTA to cottage country in Muskoka. Vaughan, which is located about 20 – 25 km south of Kettleby along Highway 400, has more than 50 competitors, and neither Pioneer nor Parkland owns a site or supplies an independent dealer in Vaughan. Retailers in Vaughan likely also constrain pricing at retailers in Kettleby and Pottageville to some extent. The Kettleby and Pottageville map in the local market summaries shows the locations of

the stations in Kettleby, Pottageville, Newmarket, and Vaughan. As a result of the competition from stations in Newmarket, Vaughan, and along Highway 400, the acquisition is unlikely to result in a substantial lessening of competition in Kettleby and Pottageville.

Port Perry & Uxbridge, ON (Kent Market)

In a combined Port Perry + Uxbridge market, the parties own or supply five out of 11 stations (Parkland supplies two independent dealers, including one station that is not in the Kent data, and Pioneer owns three stations), with a combined share of just under 40 percent. The share of the two independent dealers supplied by Parkland is about 7.3 percent.

Uxbridge is about 16 km west of Port Perry, and if the geographic market is limited to Port Perry, then the parties supply or own a combined three out of six stations, which have a combined market share of 41 percent.



The northern parts of Whitby and Oshawa are located about 20 km south of Port Perry. The stations in these markets have some constraining effect on stations in Port Perry. The combined share of company-owned and independent dealers supplied by the parties in a market that includes the Oshawa and Whitby Kent market (Oshawa and Whitby are combined as a market in the Kent data), as well as Port Perry and Uxbridge, is less than 11 percent.

The Port Perry and Uxbridge map in the local market summaries shows the Kent stations in the Port Perry/Uxbridge/Oshawa/Whitby area. In summary, in a geographic market consisting only of Port Perry and Uxbridge, the combined market share of the independent dealers supplied by the parties and their company-owned stations is just under 40 percent. Oshawa and Whitby stations have some constraining effect on the independent dealer stations supplied by Parkland and the Pioneer owned stations in Port Perry and Uxbridge, such that, given that the parties' shares of the Oshawa and Whitby markets is low, the 40 percent share in Port Perry and Uxbridge significantly overstates their combined market power. The merger is unlikely to result in a substantial lessening of competition in this area.

Sudbury, ON (Kent Market)

Parkland supplies one independent dealer with a 0.9 percent share of the Sudbury Kent market, and Pioneer supplies two independent dealers and owns 11 stations which have a combined share of 35.9 percent; there are 34 competitor stations in Sudbury. The independent dealer supplied by Parkland is located in Azilda, a community located about 12 km from central Sudbury. The Sudbury map in the local market summaries shows the locations of the gas stations in the Sudbury Kent market, including the independent dealer supplied by Parkland located in Azilda.

Given the fact that the independent dealer supplied by Parkland station is a small station, located in a community outside of Sudbury, with a volume share of less than 1 percent in the Sudbury Kent market, it likely does not materially constrain pricing by competitors in this market. This, combined with the fact that the 36 percent market share of Pioneer owned stations and dealers in this market implies that it does not currently have market power, implies that the acquisition is unlikely to result in a substantial lessening of competition in the Sudbury area.

Tavistock & Shakespeare, ON (Not a Kent Market)

The independent dealer supplied by Pioneer in Shakespeare is located about 5.5 km north of the independent dealers supplied by Parkland in Tavistock. The independent dealer in Tavistock supplied by Parkland likely competes most directly with the competing Shell station in Tavistock, while the dealer supplied by Pioneer located in Shakespeare likely competes most directly with stations in Stratford, which is about 15 km west on Highway 8 from Shakespeare. Pioneer supplies one relatively small independent dealer in Stratford, which has a market share of less than 3 percent. There are no stations owned or supplied by Parkland and 10 competing stations in Stratford. In a combined Tavistock/Shakespeare/Stratford market, the market share of the dealers supplied by the parties' is only about 8 percent (the parties own no stations in this combined market), and this does not include volumes for the competing station in Tavistock, for which we have no data. Furthermore, Highway 8 is the main highway from Kitchener/Waterloo/Cambridge to Stratford, which is the site of a major theatre festival which attracts consumers from larger centres during festival season and draws tourists throughout the year to its attractions; Shakespeare is on this highway between Kitchener/Waterloo/Cambridge and Stratford. The Tavistock and Shakespeare map in the local market summaries shows the locations of the stations in this area. The acquisition is unlikely to result in a substantial lessening of competition in the Tavistock/Shakespeare area.

Thorold & Welland (Kent Market)

Parkland supplies four independent dealers which have a 15 percent volume share, and Pioneer owns three stations with a 30 percent volume share in the Thorold and Welland Kent markets.¹⁵ The combined share of stations owned or supplied by the parties in Thorold + Welland is 45 percent based on the Kent data.

Central Thorold is within about 10 km from both St. Catharines and Niagara Falls, but the dealer in Thorold supplied by Parkland and the Pioneer station in Thorold are in fact just as close to Niagara Falls as they are to central Thorold, as can be seen in the Thorold and Welland map in the local market summaries. The combined share of stations owned or supplied by Parkland and Pioneer in the Niagara Kent market is about 9 percent, Central Thorold is less than 10 km from St. Catharines, and the combined share of stations owned or supplied by the parties in the St. Catharines Kent market is about 16 percent. Thorold is further from central Welland (16 km) than it is from either Niagara Falls or St. Catharines, so if Thorold and Welland are in the same geographic market then it is highly likely that St. Catharines and Niagara Falls are also in this market. Furthermore, the Pioneer station in Thorold draws 14 percent of its loyalty card revenues from customers in Niagara Falls and 9 percent of its loyalty card revenues from customers in St. Catharines, which, combined, is more than the 17 percent of loyalty revenues that this station draws from customers in Welland.

The Thorold and Welland map shows the stations in the Thorold/Welland/St. Catharines/Niagara/Falls Kent markets. In summary, because of their proximity to Thorold, Niagara Falls and St. Catharines are in the same geographic market with Thorold and Welland. In a market consisting of the Thorold, Welland, Niagara Falls, and St. Catharines Kent markets, the combined market share of stations owned by the parties and independent dealers supplied by

¹⁵ Parkland and Pioneer each have one station in Thorold; Parkland has two stations in Welland and one in Fenwick (12 km west of Welland) , and Pioneer has two stations in Welland.

the parties is about 21 percent. As a result of this low combined market share, the acquisition is unlikely to result in a substantial lessening of competition in the Thorold and Welland area.

Wasaga Beach, ON (Not a Kent Market)

The Pioneer company-owned station in Wasaga Beach is located approximately 9 km from the independent dealer that is supplied by Parkland in Wasaga Beach. There are two competing stations in Wasaga Beach that are much closer to the Parkland station compared to the Pioneer station: one is about 4 km away, while the other is on the same intersection as the Parkland station. Furthermore, there are four competitor stations in Stayner, which is about 8 km from the independent dealer supplied by Parkland in Wasaga Beach. In a Wasaga Beach plus Stayner market, the stations owned or supplied by the parties would have two out of eight stations. The Wasaga Beach map in the local market summaries identifies the stations in the Wasaga Beach area. Since the independent dealer that is supplied by Parkland in Wasaga Beach is likely constrained by the competitor stations in Wasaga Beach and Stayner, rather than by the Pioneer station 9 km away, the acquisition is unlikely to result in a substantial lessening of competition in Wasaga Beach.

Oakbank & Dugald, MB (Not a Kent Market)

Pioneer supplies one independent dealer in Oakbank, which is 6 km north of Dugald, where the independent dealer supplied by Parkland is located. There is one competing station (Co-op) in Oakbank. Dugald is about 12 km from the eastern parts of Winnipeg and therefore the stations in Dugald likely compete to some extent with stations in Winnipeg, and especially with the eastern suburb of Transcona.

[REDACTED] Parkland does not own or supply any stations located in the Winnipeg Kent market and stations owned or supplied by Pioneer have a volume market share of less than 7 percent in Winnipeg. In the eastern suburb of Transcona, which is the closest part of Winnipeg to Dugald, Parkland owns or supplies no stations and Pioneer supplies only one dealer, and there are 12 competitor stations. Pioneer's volume share in Transcona is about 2 percent. Given the proximity of Dugald to Transcona, where the parties have a very low market share and where the stations exert some constraint on the dealer in Dugald supplied by Parkland, and the fact that the dealer supplied by Pioneer in Oakbank competes most closely with the other (competitor) station in Oakbank rather than with the dealer supplied by Parkland in Dugald, the merger is unlikely to result in a substantial lessening of competition in this area. The Oakbank and Dugald map in the local market summaries shows the proximity of the independent dealers supplied by Pioneer and Parkland that are located in Oakbank and Dugald, relative to Winnipeg.

Swan River, MB (Not a Kent Market)

In addition to the one Parkland company-owned station and one independent dealer supplied by Pioneer in Swan River, there are two competing stations in Swan River: one Co-op and one Extra Foods. The Co-op station sells approximately [REDACTED] per year, and the Extra Foods site sells about [REDACTED] both of which are substantially more than the approximately [REDACTED]

[REDACTED] There is also a competing station in Minitonas, which is located approximately 18 km east of Swan River as shown in the Swan River map in the local market summaries. The competition from the two larger stations in Swan River, and from the competing

site in Minitonas is likely sufficient to ensure that a substantial lessening of competition in Swan River is unlikely to result from the proposed transaction.

The Pas, MB (Not a Kent Market)

Parkland owns one station and Pioneer supplies one independent dealer in The Pas, where there are three competing sites. The XTR site is small, and sells only about 0.5 million litres per year. The Extra Foods site sells about [REDACTED] per year, while the Shell station located just north of The Pas sells [REDACTED]. There are no other stations in nearby areas as shown in the map for The Pas in the local market summaries. Given the large size of the Shell station, which sells significantly more gasoline than either the Parkland station or the independent dealer supplied by Pioneer, plus the presence of two other competitors in The Pas, there is unlikely to be a substantial lessening of competition resulting from the acquisition in The Pas.

Thompson, MB (Not a Kent Market)

In addition to the one independent dealer supplied by Pioneer and one Parkland company-owned station, there are three competitor stations (one Petro Canada, one Co-op, and one Shell station) in Thompson. The Parkland station at 55 Cree Rd. is in the northern part of Thomson, and the independent dealer supplied by Pioneer at 216 Hayes Rd. is in the southern part of the town. All three competitor stations are closer to each of the independent dealer supplied by Pioneer and the Parkland sites than the independent dealer supplied by Pioneer and the Parkland sites are to each other and it is likely that competitors most directly constrain pricing at the parties' sites. All three competitor stations are large, with [REDACTED]

[REDACTED] Although there are no other stations in nearby areas, because of the lack of proximity of the Parkland station and the independent dealer supplied by Pioneer, and the fact that the Parkland station and the independent dealer supplied by Pioneer have a market share well below 35%, the merger is unlikely to result in a substantial lessening of competition in Thompson. See the Thompson map in the local market summaries for the location of Parkland, Pioneer dealer, and competitor sites in Thompson.

High Concentration Post-Merger but Part of a Large Price Zone

Bancroft, ON (Not a Kent Market)

Parkland supplies two independent dealers and Pioneer owns one site in Bancroft. There are two competitors in Bancroft, and one other competitor in Cardiff, about 14 km southwest of Bancroft. If Cardiff is included in the relevant market with Bancroft, the parties own or supply three out of six stations in this area. While there is no information on competitor volumes to determine final shares, the owned stations and independent dealers supplied by the parties will account for 50 percent of the stations in the area post-merger. The retail prices of the independent dealers supplied by Parkland are set by these dealers, however, and are not set by Parkland. Bancroft is part of Parkland's Belleville price zone in which there are a great many other Parkland independent dealers located in areas without any competition concerns. If Parkland were to seek to increase its wholesale prices within the Belleville price zone in order to influence retail prices in Bancroft post-merger, it risks losing its wholesale margins on 76 percent of its volumes in order to capture additional retail margins in Bancroft.

Tillsonburg, ON (Kent Market)

Pioneer owns two stations with a 65 percent share in Tillsonburg, and Parkland supplies one independent dealer which has a share of about 4 percent, for a combined share of 68.5 percent share. However, Parkland is unlikely to raise its rack forward margins across the Brantford-Woodstock price zone in order to raise retail prices at its Tillsonburg location post-merger because the profit improvement at retail in Tillsonburg is unlikely to be large enough to offset the profit reductions from lost volumes at independent dealers outside Tillsonburg throughout the Brantford-Woodstock price zone. Parkland has six dealer sites in the Brantford-Woodstock price zone, and two of these sites (Tillsonburg and Tavistock), are in Bureau markets of concern, and these two stations account for about 20 percent of Parkland's dealer volumes in this price zone. If Parkland were to increase its wholesale price throughout the Brantford-Woodstock price zone, it would risk losing its wholesale margins on 80 percent of its volumes in order to capture additional retail margins in Tillsonburg.

Since Parkland will have no post-merger incentive to increase the rack forward margin charged to its independent dealers, the only possible remaining concern is that Parkland will increase retail prices at the two Pioneer company-owned sites. However, this is highly unlikely. Parkland would realize a benefit from doing so only if a substantial proportion of volumes lost by the Pioneer sites would be diverted to the independent dealer stations that is supplied by Parkland. However, assuming that volumes are diverted to other stations in Tillsonburg in proportion to their market shares, only about 11 percent of the volumes diverted from the Pioneer sites would be diverted to the independent dealer supplied by Parkland. Assuming, more realistically, that some volumes would be diverted to stations in nearby towns such as Aylmer, Ingersoll, and Delhi, it is likely that less than 10 percent of the Pioneer stations' volumes would be diverted to the independent dealer supplied by Parkland if prices at the Pioneer sites were to increase post-merger. The incentive for Parkland to increase prices at the Pioneer station would therefore likely be *de minimus*.

High Concentration Post-Merger and Part of a Small Price Zone

Lundar MB (Not a Kent Market)

There is one independent dealer supplied by Parkland and one independent dealer supplied by Pioneer in Lundar. There is also a small competing Domo station in Lundar. There is an independent dealer supplied by Pioneer and one small competitor in Eriksdale, which is located 20 km north of Lundar. Given that the parties supply two independent dealers in Lundar where there is only one small competitor, and that one of the two stations in the nearest town, Eriksdale, is a Pioneer dealer so that three out of five stations in the Lundar plus Eriksdale area would be supplied by the parties post-merger, there may be concerns with respect to Lundar. As well, Lundar is part of the Northern Manitoba price zone in which the number of independent dealers supplied by Parkland and of concern to the Bureau account for the majority of the total number of independent dealers in this price zone.

Neepawa, MB (Not a Kent Market)

In addition to the one Parkland company-owned station and one independent dealer supplied by Pioneer in Neepawa, there are two other competing stations (Co-op and Petro Canada) in Neepawa. The Shell site in Neepawa was recently closed. Co-op is the largest gasoline retailer in the Neepawa area, with sales of approximately [REDACTED] per year. The nearest stations to Neepawa appear to be in Minnedosa which is 33.5 km west of Neepawa where there are two competing stations. Given these facts and the fact that Neepawa is part of the Northern Manitoba

price zone, there may be competition concerns in respect of this market. Any competitive concerns will depend on whether Co-op follows price increases and decreases. If Co-op is an aggressive discounter in Neepawa, there may be no competitive concerns.

Warren, MB (Not a Kent Market)

Warren is 44 km northwest of Winnipeg and has one independent dealer supplied by Parkland and one independent dealer supplied by Pioneer. There is an independent dealer supplied by Pioneer and one competitor station (a Co-op) in Stonewall, a town 19 km east of Warren, and there is also a competing station in Woodlands, which is 12 km northwest of Warren. In a market consisting of the Warren/Stonewall/Woodlands area, the parties are suppliers to three of five stations. The dealers supplied by the parties likely compete directly in Warren and are constrained by two competitors that are 12 – 19 km from Warren. Given these facts and the fact that Warren is part of a price zone where independent dealers of concern are the majority of dealers within the price zone, there may be competition concerns in this market.

APPENDIX

LOCAL MARKET SUMMARIES

**PREPARED BY
BENNETT JONES LLP AND
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WITH THE ASSISTANCE OF PARKLAND, PIONEER AND
CHARLES RIVER ASSOCIATES**

February 23, 2015

Unless otherwise stated, all market share and volume information in respect of local Kent markets is based on Kent market data for 2013.

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Pictures of Gas Stations in Certain Local Areas (other than Hamilton & Grimsby (too many stations), Kettleby & Pottagegive (not found on GasBuddy), Oakbank & Dugald (not found on GasBuddy) and Thompson (GasBuddy is missing a station)

1. Aberfoyle, Ontario

Aberfoyle is a community located in Puslinch, a township with a population of approximately 7,000 residents located in south central Ontario (see map below). Given its proximity to Guelph (12 km), Aberfoyle is considered to be part of the broader Guelph metropolitan area. In turn, Guelph is an urban centre with a population of roughly 115,000 and located in the high population density region of Southern Ontario. Aberfoyle is located at the crossroads of two major highways, Highway 401 and Highway 6.

Aberfoyle Kent Market Area

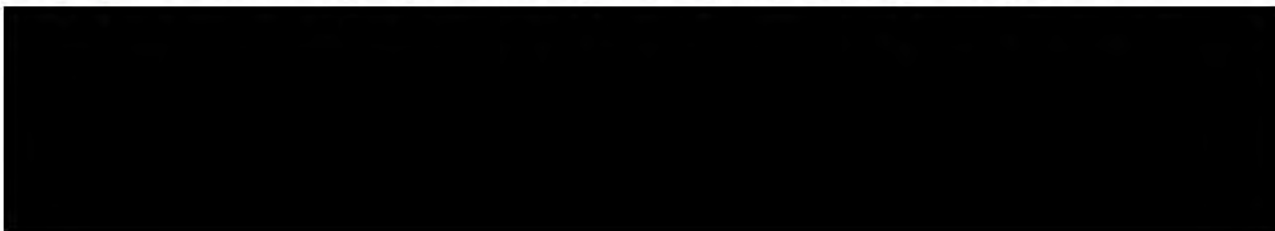
There are four gasoline stations in the “Aberfoyle Kent Market”:

- Pioneer owns a single station located at 256 Brock Road South, Guelph (site 147) which it operates under the Pioneer brand. This station sells approximately [REDACTED] of gasoline and accounts for approximately [REDACTED] of the throughput in Aberfoyle (located 24 metres from Parkland dealer station site 51298 – see below).
- Parkland does not own or operate any station in Aberfoyle. Parkland has a wholesale supply agreement with a single independent dealer station (site 51298) located at 227 Brock Road South, Guelph, which operates under the Esso brand. This station sells approximately [REDACTED] of gasoline and accounts for approximately [REDACTED] of the throughput in Aberfoyle.¹
- Petro-Canada, located at 292 Brock Road South, Aberfoyle accounts for approximately 30% of the throughput in Aberfoyle.
- Ultramar, located at 311 Brock Road South, Aberfoyle accounts for approximately 20% of the throughput in Aberfoyle.

A Costco gasoline station located at 19 Elmira Road, Guelph (located approximately 19 km from Pioneer site 147) entered the Guelph market in July 2014 and its retail pricing strategy has had an impact on gasoline prices in the broader Guelph market.²

The Relevant Geographic Market is Significantly Broader than the Aberfoyle Kent Market Area

While Kent may collect data for Aberfoyle, given its location on major transportation routes (adjacent to Highway 6 to Guelph and the Highway 401 corridor), proximity to Guelph, and the Pioneer loyalty data, it is clear that Aberfoyle is not a relevant antitrust geographic market for the purposes of assessing the potential competitive impact of the Proposed Transaction.



¹ [REDACTED]

² *Costco having a definite impact on Guelph gas market*, Guelph Mercury.com, August 12, 2014, available online at: <<http://www.guelphmercury.com/news-story/4755836-costco-having-a-definite-impact-on-guelph-gas-market/>>; *Gas retailers worried about being guzzled up by Costco's cheap prices*, CTV News Kitchener, August 13, 2014, available online at: <<http://kitchener.ctvnews.ca/gas-retailers-worried-about-being-guzzled-up-by-costco-s-cheap-prices-1.1958551>>.

Accordingly, the Parties submit that the relevant antitrust geographic market is the broader Aberfoyle/Guelph region (if not broader), which has 19 competing retail gasoline stations. This view is supported by Aberfoyle's proximity to Guelph, its location at the crossroad of two major highways and by the fact that the Pioneer loyalty data clearly indicates that the relevant geographic market is much broader than the Aberfoyle Kent Market or the 5km radius used by the Bureau review team.

Aberfoyle/Guelph

There are 27 stations (including the four Aberfoyle stations listed above) within the Aberfoyle/Guelph region, which is likely part of a broader antitrust geographic market that includes surrounding areas.

Using the Aberfoyle/Guelph Market, the Pioneer owned and Parkland supplied stations listed above account for only 7% and 6% of the broader Aberfoyle/Guelph Market, respectively. In addition to these two stations, there are five stations either owned or supplied by the Parties in the broader Aberfoyle/Guelph market:

- The Pioneer owned station located at 245 Edinburgh Road North, Guelph (site 289) sells approximately [REDACTED] of gasoline and accounts for approximately [REDACTED] of the throughput in the Aberfoyle/Guelph Market.
- The Pioneer owned station located at 715 Wellington Street West, Guelph (site 233) sells approximately [REDACTED] of gasoline and accounts for approximately [REDACTED] of the throughput in the Aberfoyle/Guelph Market.
- An independent dealer station (Esso-branded) supplied by Parkland, located at 587 York Road, Guelph (site 51250), sells approximately [REDACTED] of gasoline and accounts for [REDACTED] of the throughput in the Aberfoyle/Guelph Market.
- An independent dealer station (Esso-branded) supplied by Parkland, located at 67 Surrey Street, Guelph (site 51257), sells approximately [REDACTED] of gasoline and accounts for approximately [REDACTED] of the throughput in the Aberfoyle/Guelph Market.
- An independent dealer station, Gino's, located at 352 Elizabeth Street, Guelph, sells approximately [REDACTED] of gasoline and accounts for approximately [REDACTED] of the throughput in the Aberfoyle/Guelph Market. This station is no longer supplied by Parkland, as the independent dealer did not renew its supply agreement with Parkland on July 2014 and instead signed with another fuel distributor.

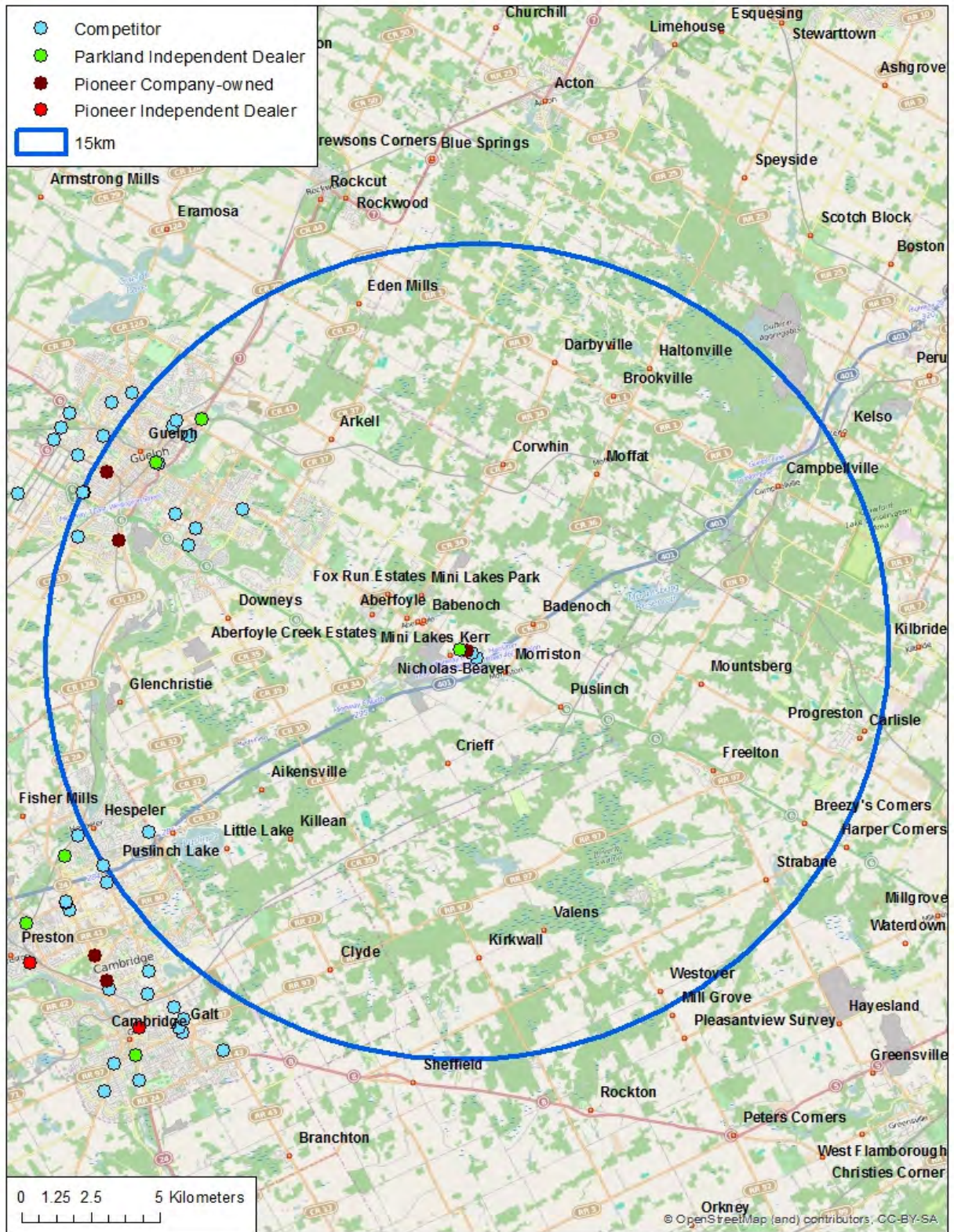
The combined market share in the broader Aberfoyle/Guelph Market for stations owned by Pioneer and the independent dealer stations supplied by Parkland is approximately [REDACTED] of the Aberfoyle/Guelph Market – which is below the 35% threshold outlined in the Bureau's *Merger Enforcement Guidelines* ("MEGs").

The Parties submit that the stations in the Aberfoyle Kent Market compete in a much broader market that at least includes Guelph (just 12 km north of Aberfoyle) as well as other nearby stations off of Highway 401. Given that the Parties' market share post-merger in a geographic market that includes Guelph is below the 35% threshold outlined in the MEGs, the merging Parties submit that they do not have market power and that a substantial lessening of competition in this market will not result.

Independent Dealers

While Pioneer owns and controls a gas station in Aberfoyle (and Guelph), Parkland does not own or control any gas stations in Aberfoyle or Guelph and therefore such station should not be considered to be a Parkland station for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Aberfoyle or Guelph.

Map of Aberfoyle/Guelph, Ontario



2. Caledon, Ontario

Caledon is a town in the Regional Municipality of Peel in southern Ontario, with a population of approximately 59,500 residents (see map below). Caledon is located slightly northwest of the city of Brampton and is at the crossroads of Highway 10 and Highway 24.

Town of Caledon

While there is no Kent market data available for Caledon, there are six gasoline stations in this town:

- Pioneer does not own or operate any station in Caledon and its presence is limited to its wholesale supply agreement with a single independent dealer (site 661) operating under the BB Fuels brand and located at 436 Charleston Sideroad, Caledon. This station sells very low volumes of gasoline [REDACTED] and is located 5 km and 3.9 km from the independent dealer stations supplied by Parkland (sites 51272 and 51304, respectively – see below).
- Parkland does not own or operate any station in Caledon. Parkland has a wholesale supply agreement with one independent dealer station (site 51304) operating under the name Amber Gas Bar under the Esso brand, located at 1521 Charleston Sideroad, Caledon. This station sells approximately [REDACTED] of gasoline. Parkland also has a wholesale supply agreement with an independent dealer station (site 51272) at 61 Main Street, Erin, which is located roughly 5 km from Caledon, which operates under the Esso Brand. This station has sales of approximately [REDACTED]
- Ace Energy, 18218 Hurontario Street, Caledon Village.
- Petro-Canada, 18423 Hurontario Street, Caledon Village.
- Petro-Canada, 9408 Wellington Rd 124, Erin.

The Relevant Geographic Market is Broader than the Town of Caledon

The Parties submit that given that each of the stations in Caledon (and Erin) supplied by Pioneer or Parkland are independent dealers, they should not be considered to be a Pioneer station or a Parkland station for the purpose of the Bureau's review. Accordingly, the Parties submit that there is no overlap between those stations and that the relevant antitrust geographic market is broader than the town of Caledon.

Caledon is a “bedroom community” and many of its residents commute daily to Toronto and Brampton for work, shopping, etc., and most of the consumers consider purchasing gasoline from stations that are located well beyond the 5 km radius used by the Bureau review team. It is clear that Caledon alone is not a relevant geographic market for the purposes of assessing the potential competitive impact of the Proposed Transaction.

The Parties believe that the appropriate market is at least Orangeville/Caledon/Erin, if not broader. Orangeville is 11.5 km north of Caledon on Highway 10, which is a heavily-trafficked highway, and gasoline stations in and around Caledon likely compete with the stations in Orangeville. Parkland has two stations in Orangeville, with [REDACTED] percent of the Orangeville Kent market share. The Parties would have [REDACTED] of total stations in the Caledon/Erin/Orangeville/area (six out of a total of 15), and therefore the merger will not result in a substantial lessening of competition in this area.

The stations in Caledon also compete to some extent with stations in Brampton, located about 29 km south on Highway 10.³ Pioneer, with two stations in Brampton, and Parkland, with one station, have a combined [REDACTED] market share in Brampton. There is also one Pioneer station and one competitor site in Inglewood, which is about 14 km south of Caledon on Highway 10. Map 7 shows the locations of stations in Caledon, Erin, and surrounding areas.

Using an overly-narrow geographic market definition (such as Caledon alone, without taking into account the other markets in which consumers in Caledon also consider when purchasing gasoline, such as Erin and Orangeville), the Proposed Transaction results in an artificially high post-merger throughput share for the Parties. The appropriate relevant market should at least incorporate Orangeville and Erin, and other markets along the commuting corridors, which have a significant number of competing retail gasoline stations.

Lastly, the Parties submit that post-merger, retail fuel pricing will remain competitive given the presence of several national competitors such as Shell and Petro-Canada.

Independent Dealers

Each of the Pioneer station and the Parkland station in Caledon (and Erin) is an independent dealer, and should not be considered to be a Pioneer station or a Parkland station for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Caledon.

Termination of Wholesale Supply Agreement

³ For example, Brampton alone has 69 gas stations, which cumulatively sell more than 506 million litres of gasoline. Of those stations, Pioneer owns only two, which sell [REDACTED] of gasoline, and Parkland owns a single station operated under the Esso brand, which sells [REDACTED] of gasoline. The Parties have a combined [REDACTED] market share in Brampton. Accordingly, the Parties submit that retail gas pricing in this area will continue to be competitive.

3. Ganonoque, Ontario

Ganonoque is a town of approximately 5,200 residents, located in the United Counties of Leeds and Grenville in eastern Ontario (see map below). It is located on the Detroit/Windsor – Montreal corridor on Highway 401 and is in close proximity to Brockville (57km) and Kingston (30km).

Ganonoque Kent Market Area

There are four gasoline stations in the “Ganonoque Kent Market”:

- Pioneer owns a single station located at 560 King Street East, Gananoque (site 257) which it operates under the Esso brand. This station sells approximately [REDACTED] of gasoline, accounts for approximately [REDACTED] of the throughput in the Ganonoque Kent Market, and is located 2 km away from the independent dealer stations supplied by Parkland (site 51310- see below).
- Parkland does not own or operate any station in Gananoque. Parkland has a wholesale supply agreement with one independent dealer station (site 51310) located at 675 Stone Street North, Gananoque, operating under the Esso brand. This station has low gasoline sales ([REDACTED] in 2014), and accounts for approximately only [REDACTED] of the throughput in the Ganonoque Kent Market. This station is considered to be a “weak” station given the low volume of gasoline it sells and its unfavourable location (it is not located in a high traffic area – as opposed to the other three gasoline stations which are located in the town of Gananoque).
- Canadian Tire Gas Plus, located at 703 King Street East, Gananoque, which accounts for approximately [REDACTED] of the Gananoque Kent Market throughput, is a significant competitor given its aggressive pricing and has grown its market share in recent years (located 450m from the Pioneer station and 2.5 km from the independent station supplied by Parkland).
- Ultramar, located at 230 King Street East, Gananoque, which accounts for approximately [REDACTED] of the throughput in the Gananoque Kent Market, has historically been aggressive in terms of retail gasoline pricing (it is located 650m from the Pioneer station and 1.4km from the independent station supplied by Parkland).

The Relevant Geographic Market is Broader than the Ganonoque Kent Market

Based on the Kent data, the Parties have a combined [REDACTED] share in the Gananoque Kent Market area. However, the Pioneer station competes mainly with nearby competing stations, and less so with the more distant Parkland station. Furthermore, there is some competition from stations in Kingston and Brockville.

As noted above, the independent dealer station supplied by Parkland is a “weak” station located on Highway 32, just south of Highway 401, while the three other stations are located in the town of Gananoque, on Highway 2. The Pioneer station is located between the two competing stations (Canadian Tire Gas Plus, with a 28% volume share, and Ultramar, with a 24% share), against which the Pioneer station likely competes most intensely rather than with the more distant Parkland station.

The Pioneer loyalty data clearly indicates that the relevant antitrust geographic market is much broader than the Gananoque Kent Market. It indicates that only [REDACTED] of the Pioneer station's loyalty sales are to customers located within a 5 km radius of the station. The majority of

Pioneer station's loyalty sales [REDACTED] are made to customers with addresses 10 km or more from the station, which clearly indicates that the relevant geographic market is much broader than the Gananoque Kent Market and the 5 km radius used by the Bureau.

The Parties submit that the relevant market should at least include Kingston, Gananoque, and Brockville. Stations in Kingston, which is about 30 km to the West of Gananoque, just off Highway 401, discipline pricing of stations located on the Highway 401 corridor near Gananoque. More than [REDACTED] of the loyalty card sales for the Pioneer station in Gananoque are made to customers with addresses in Kingston. If Kingston is included in a market with Gananoque, the Parties' combined market share is [REDACTED]. Given that the Parties' market share post-merger in a geographic market that includes Kingston is well below the 35% threshold outlined in the MEGs, the Parties submit that they do not have market power and that a substantial lessening of competition in this market will not result.

Furthermore, customers with addresses in Mallorytown [REDACTED] and Brockville [REDACTED] account for [REDACTED] of the Pioneer station's loyalty customer sales; there are 12 stations in Brockville, and only one of these stations is a Pioneer station, while there are no Parkland stations in Brockville. Mallorytown is 30 km from Gananoque but only 22 km from Brockville, so it is likely that Brockville is a competitive option to the Gananoque stations for customers in Mallorytown. Overall, less than [REDACTED] of the Pioneer's stations sales to loyalty card customers are made to customers with addresses in Gananoque, indicating that the antitrust geographic market is broader than Gananoque.

De Minimis Increase in Market Share

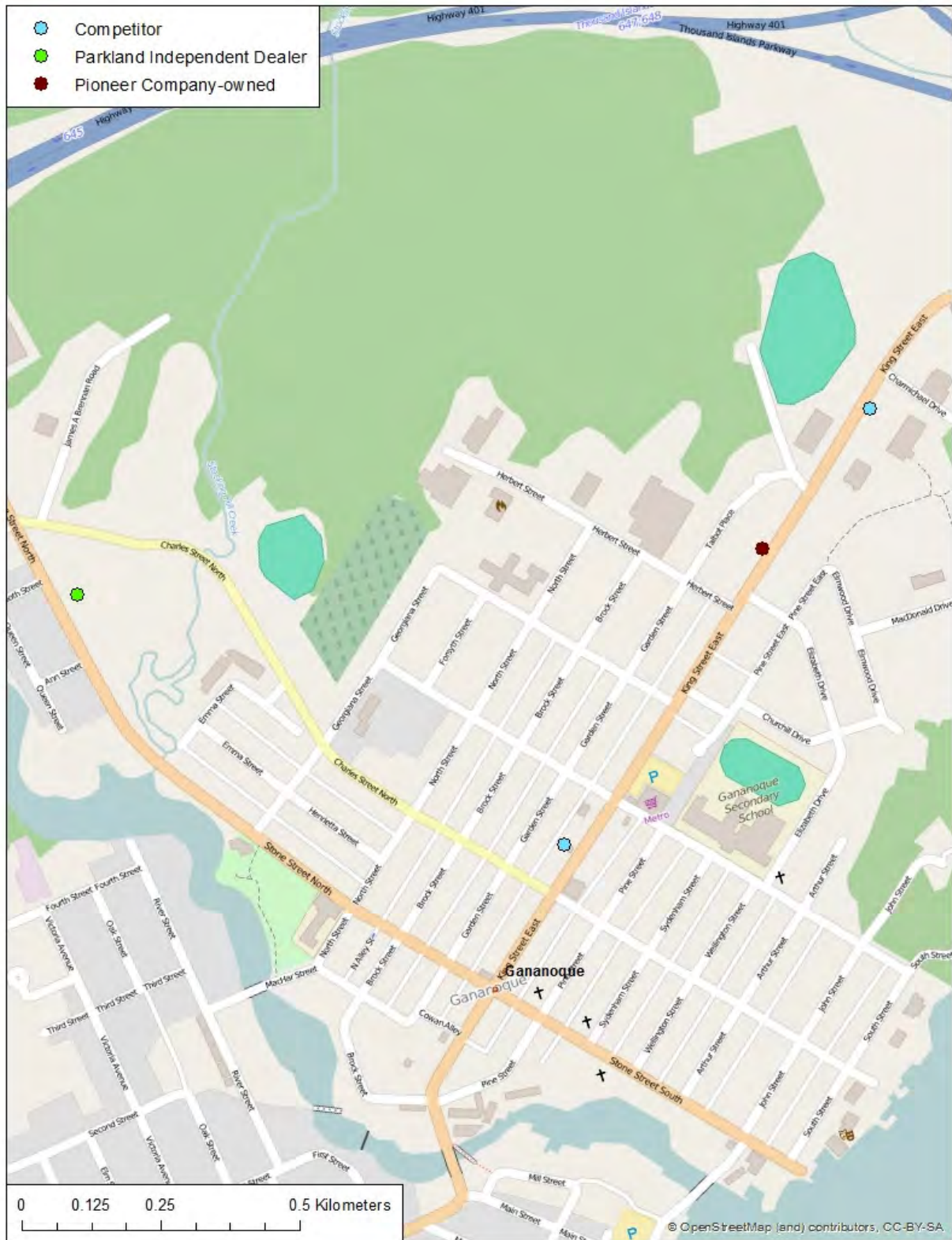
Even if the Parties were to accept that the relevant market is Gananoque (which they do not), the post-merger market share accretion would be a *de minimis* 4.4%. Using the broader Kingston/Gananoque/Brockville market, the Proposed Transaction would result in a *de minimis* 0.5% increase in the throughput of Parkland from a [REDACTED] share to a [REDACTED] share, which cannot possibly allow Parkland to price above competitive levels post transaction. This is especially so given the continued presence of strong retail competitors such as Canadian Tire Gas Plus and Ultramar within the broader Kingston/Gananoque/Brockville market.

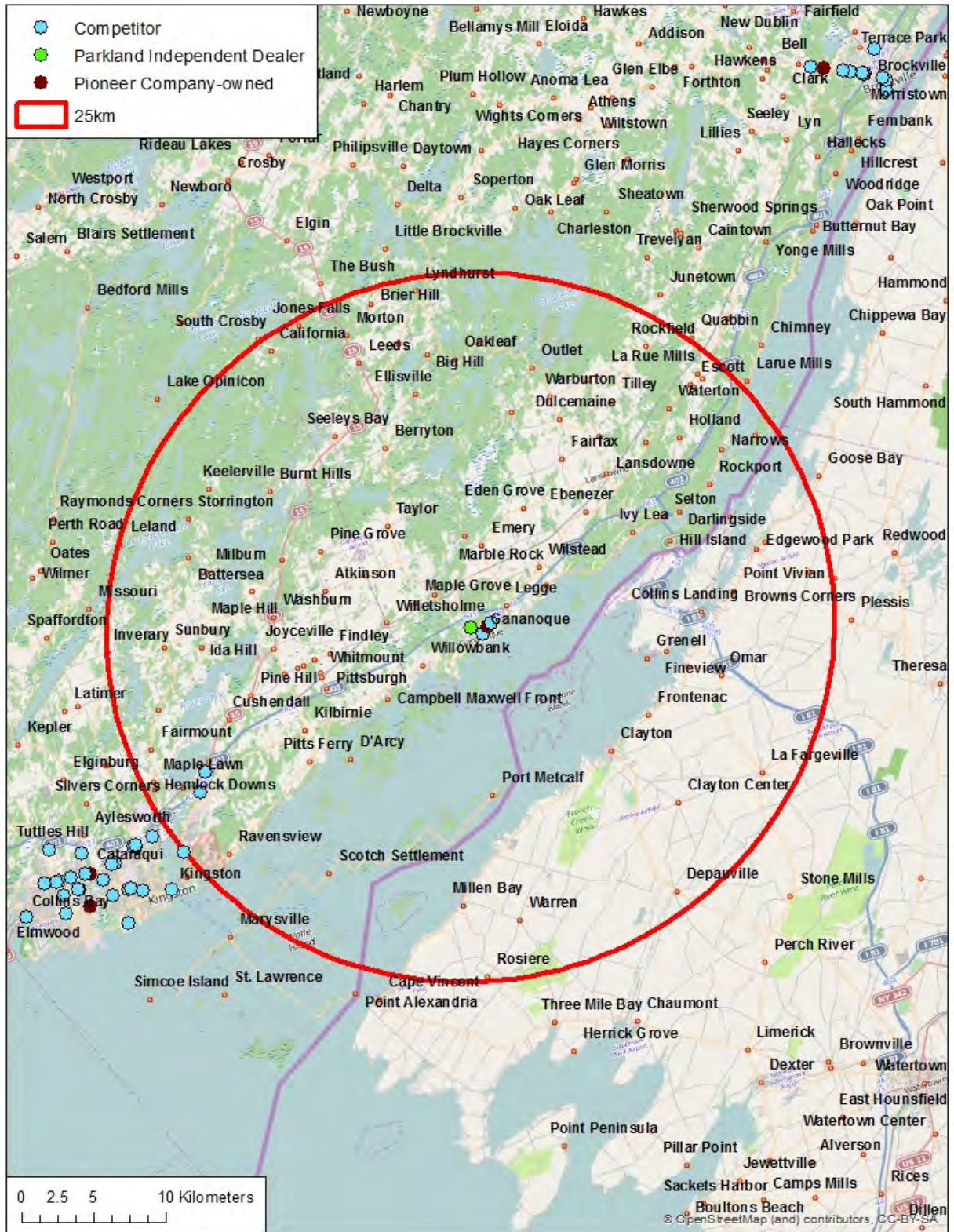
Independent Dealers

While Pioneer owns and controls a gas station in Gananoque, Parkland does not own or control any gas stations in Gananoque and therefore such station should not be considered to be a Parkland station for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). According, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Gananoque.

Termination of Wholesale Supply Agreement

Maps of Gananoque, Ontario





4. Hamilton and Grimsby, Ontario

Hamilton is a city located in southern Ontario. Hamilton is a densely populated urban centre, has a population of approximately 520,000 residents, and has the third highest population in Ontario (see map below). Hamilton is in close proximity to the Queen Elizabeth Parkway (“QEW”) and Highway 403.

Grimsby is a town on Lake Ontario in the Niagara Region of Ontario, which has a population of approximately 25,000 residents and is also in close proximity to the QEW and Highway 81. Grimsby is approximately 29 km away from Hamilton.

Hamilton Kent Market Area

There are 92 gasoline stations in the “Hamilton Kent Market”:

- Pioneer owns and operates 22 stations in the Hamilton Kent Market and accounts for approximately [REDACTED] of gasoline and [REDACTED] of throughput in the Hamilton Kent Market (see table below).
- Pioneer has a wholesale supply agreement with eight independent dealer stations (sites 806, 808, 824, 826, 829, 836, 839, and 855) all operating under the Esso brand. These stations collectively sell approximately [REDACTED] of gasoline and [REDACTED] of the throughput in Hamilton (see table below).
- Parkland does not own or operate any station in Hamilton. Parkland has a wholesale supply agreement with four independent dealer stations (sites 50584, 51300, 51308, and 51329⁴). These four stations collectively sell relatively low volumes of gasoline [REDACTED] which accounts for [REDACTED] of throughput in Hamilton.
- There are 59 competing retail gas stations in the Hamilton Kent Market.

In addition, there are nine gasoline stations in Grimsby:

- Pioneer owns a single station located at 62 Main Street East, Grimsby (site 199) which it operates under the Pioneer brand. This station sells approximately [REDACTED] of gasoline and is located 2.3 km away from the independent dealer stations supplied by Parkland (site 51249).
- Parkland does not own or operate any station in Grimsby. Parkland has a wholesale supply agreement with a single independent dealer station (site 51249) located at 310 Main Street West, Grimsby. This station sells approximately [REDACTED] of gasoline.
- Shell, located at 88 Main Street West, Grimsby.
- Unbranded station, located at 124 Mountain Road, Grimsby.
- Husky, located at 2 Livingston Ave., Grimsby.
- Canadian Tire, located at 44 Livingston Ave., Grimsby.
- Petro Canada, located at 424 S Service Road West, Grimsby.

⁴ We note that the volume of gasoline sold by site 51329 is technically not provided in the Hamilton Kent Market data. However, given that this site was flagged by the Bureau (see station list provided to the Parties on December 12, 2014), we have included its volumes in our calculation under the Hamilton Kent Market Area. If we include site 51329, there are in fact 93 stations that were taken into consideration when calculating the throughputs for the Hamilton Kent Market Area.

- Fifth Wheel, located at 298 N Service Road, Grimsby.
- Superstore, located at 357 South Service Road, Grimsby.

The Relevant Geographic Market is Broader than Hamilton and Grimsby

The Parties submit that the relevant antitrust geographic market is broader than the Hamilton and Grimsby region and should at least include Burlington.

Grimsby is approximately the same distance from both central Hamilton and St. Catharines (about 28 km), and based on Pioneer's loyalty card data for its Grimsby station, it draws about the same percentage of loyalty transactions from Hamilton (including Stoney Creek), as it does from Beamsville (which is almost half way between Grimsby and St. Catharines) and St. Catharines (about █████ in both cases). This suggests that if Grimsby is in the same market as Hamilton, then, at the very least, St. Catharines exerts a constraining influence on stations in Grimsby. The Parties' combined share in St. Catharines is about █████

In addition, central Burlington is only about 15 km from central Hamilton and is much closer than Grimsby. Further, many parts of each city are very close to Highway 403/QEW. The Parties note that the loyalty data for three Pioneer stations in Burlington indicate that these stations' customers with addresses in Hamilton and Grimsby represent █████ of their loyalty transaction revenues, suggesting that Burlington is a competitive alternative to many customers who live in Hamilton. In a combined Hamilton/Grimsby/Burlington market, the Parties' combined share is under 35%, with an accretion of only 1.4%.

Given that the Parties' market share post-merger in a geographic market that includes Grimsby and Burlington is below the 35% threshold outlined in the MEGs, the Parties submit that they do not have market power and that a substantial lessening of competition in this market will not result.

Independent Dealers

While Pioneer owns and controls 22 gas stations in Hamilton, the Parties submit that stations that are not owned and/or controlled by the Parties should not be considered in the Bureau review team's analysis, given that neither Parkland nor Pioneer have any ability to directly affect retail gasoline prices of those independent stations (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Hamilton.

De Minimis Increase in Market Share

Even if the Parties were to accept that there is an overlap between the stations owned and supplied by Pioneer and the Parkland independent dealer stations (which they do not), the post-merger accretion in market share is *de minimis*.

Parkland has four independent dealer stations and a █████ volume share in the Hamilton Kent Market, while Pioneer has 30 company controlled and independent dealer stations and a █████ volume share, for a combined share of approximately █████ of these combined Kent areas – an accretion in concentration post-merger of only 2% is *de minimis* and cannot possibly result in a substantial lessening of competition.⁵ Furthermore, the Kent data does not provide volumes for

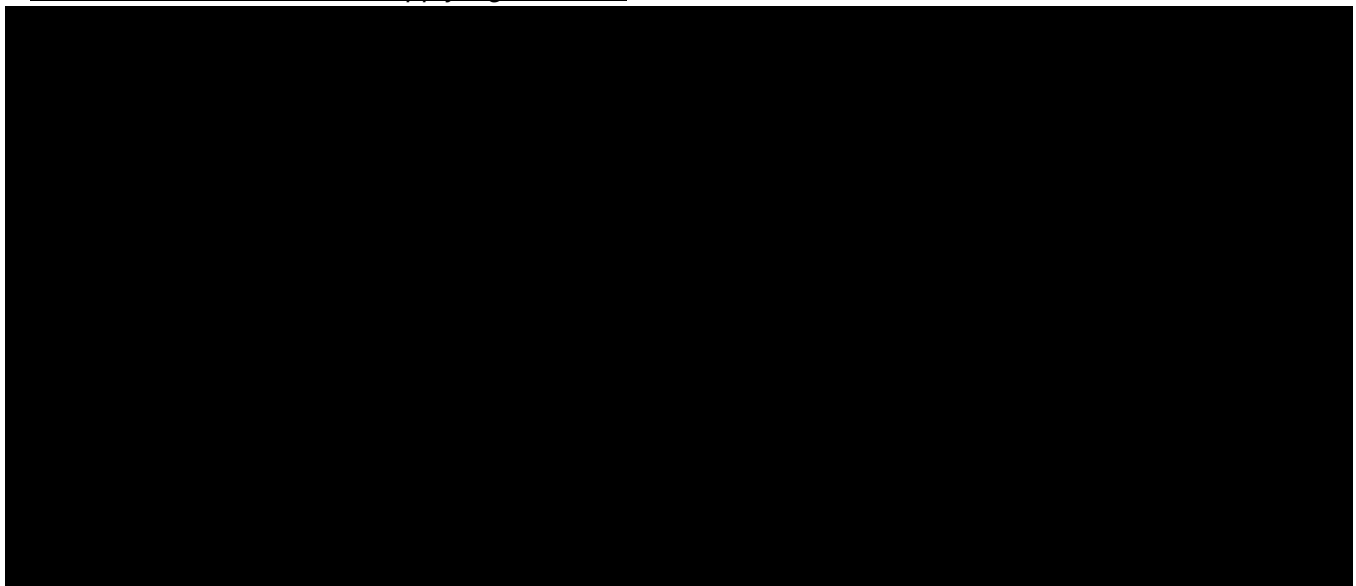
⁵ The Parties also note that there are two additional independent stations supplied by Parkland whose volumes are not provided in the Kent data (sites 51329 in Mount Hope, and 51249 in Grimsby) but that have been included in the calculations, while supplemental data was not available for competitors, thereby overstating the market share of the Parties in the narrow Hamilton and Grimsby Kent market.

the Fifth Wheel, the unbranded station, or Superstore sites in Grimsby, which are noted above, and since these are competitor stations the volume data cited above overstates the Parties' market shares in the Hamilton and Grimsby area.

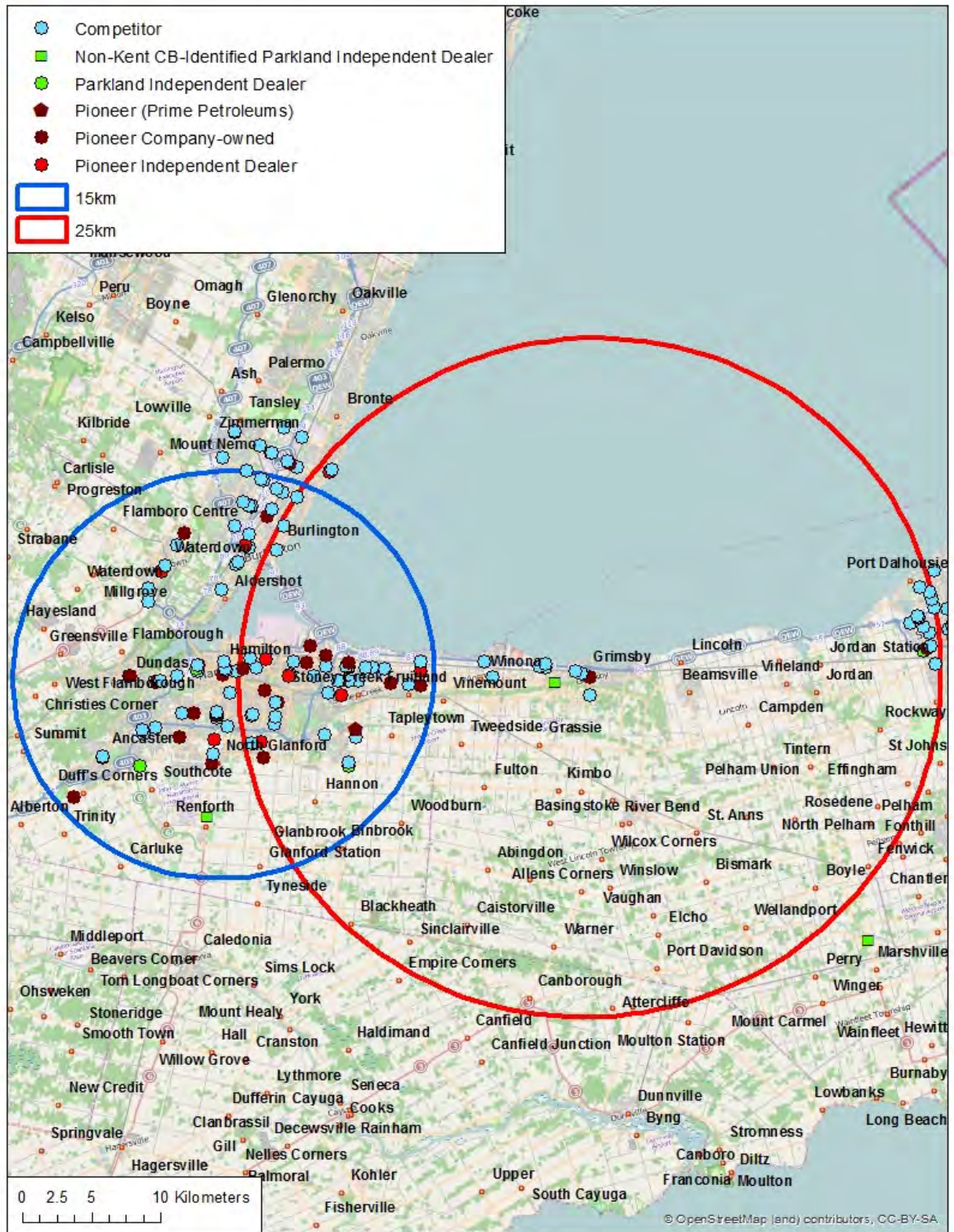
St. Catharines Constrains Retail Gasoline Prices in Burlington and West of Grimsby

Pricing of stations in Hamilton and Grimsby is constrained by stations in Burlington and the area to the West of Grimsby, including St. Catharines. The Parties have a low combined share in these neighbouring cities (██████ in Burlington and ██████ in St. Catharines), and their combined share in a broader market including Burlington and St. Catharines (as well as Hamilton and Grimsby) is about ██████. Furthermore, the Parkland supplied independent dealers' low market share, even in a narrow market consisting of only Hamilton and Grimsby, indicates that other competitors, and not the independent dealers supplied by Parkland, constrain the pricing of the Pioneer retail locations. Therefore the merger will not result in a substantial lessening of competition in the Hamilton/Grimsby area.

Termination of Wholesale Supply Agreements



Map of Hamilton, Ontario



5. Hanover, Ontario

Hanover is a town of approximately 7,500 residents, located in southern Grey County, west of Durham and east of Walkerton (see map below). Hanover is adjacent to Highways 6 and 9. The next major towns are Walkerton (15km west) and Owen Sound (60 km north along Highway 6).

Hanover Kent Market Area

There are five gasoline stations in the “Hanover Kent Market”:

- The Pioneer-owned station (site 241) operating under the Pioneer brand and located at 857 10th Street, Hanover, which accounts for approximately [REDACTED] and [REDACTED] of the throughput in the Hanover Kent Market, and is located 800 metres away from the independent dealer station supplied by Parkland (site 51287 – see below).
- Parkland does not own or operate any station in Hanover. Parkland has a wholesale supply agreement with a single independent dealer station (site 51287), located at 594 10th Street, Hanover, operating under the Esso brand. This station sold approximately [REDACTED] and accounts for [REDACTED] of throughput in Hanover.
- Canadian Tire Gas Bar, located at 896 10th Street, Hanover, which is a strong competitor, accounts for approximately 28% of the throughput in Hanover.
- Shell, located at 13553 Bruce Road 10, Hanover, which accounts for approximately 16% of the throughput in Hanover.
- Fas Gas, located at 691 10th Street, Hanover, which accounts for approximately 6% of the throughput in Hanover.

The Relevant Geographic Market is Broader than the Town of Hanover

As noted above, Parkland supplies one independent dealer station and Pioneer has one company owned station in Hanover, with a combined share of 50% in Hanover, based on the Hanover Kent data.

Approximately [REDACTED] of the Pioneer station’s loyalty card transactions are accounted for by customers with an address in Hanover, and about [REDACTED] are accounted for by customers in Walkerton, located 15 km to the West of Hanover. This suggests that stations in Walkerton constrain pricing of the Hanover stations at least to some extent. There are two competing stations (neither is a Parkland or Pioneer station) in Walkerton, and in a broader market that includes stations in both Hanover and Walkerton, the Parties’ volume shares are [REDACTED] for Parkland and [REDACTED] for Pioneer, for a combined total of [REDACTED].

Further, Durham is located about 20km east of Hanover, and about [REDACTED] of the loyalty card transactions of the Hanover Pioneer station’s transactions are accounted for by customers in Durham. There are three stations in Durham, and one is a Parkland station (which is a relatively small station with sales of approximately [REDACTED] compared to an average of almost 5 million litres each for the other stations in the Hanover and Walkerton Kent markets).

Durham is not a Kent market and therefore volumes for the other stations in Durham are not known. If Durham is included in the same market as Hanover and Walkerton, then Parkland would have two stations in this market, and Pioneer would have one, for a total of three out of ten stations in Hanover/Walkerton/Durham market. Assuming that the competing stations in

Durham have the same volumes as the Parkland station, the combined volume share in this broader market is roughly estimated to be [REDACTED]

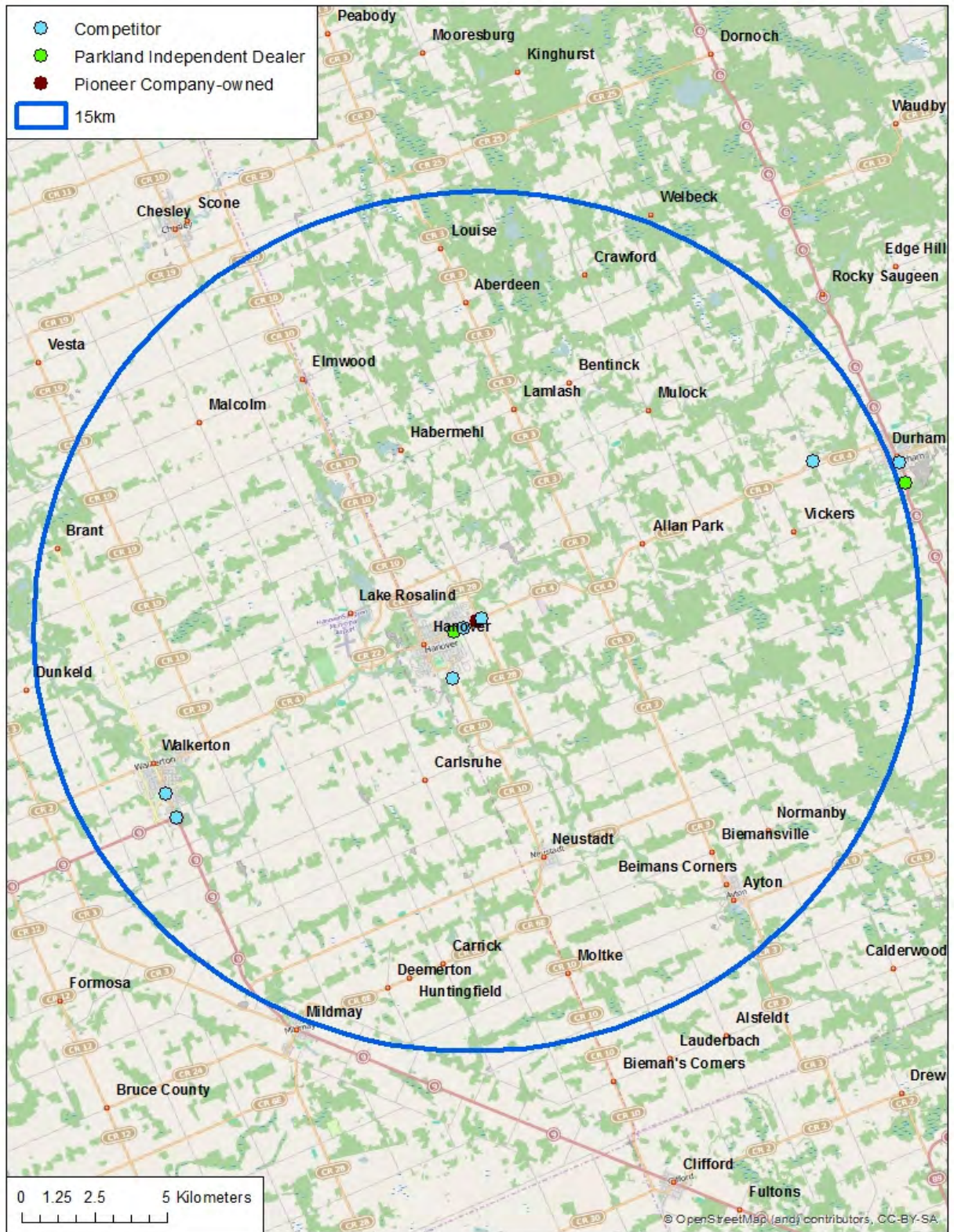
In summary, based on the fact that many of the Hanover Pioneer station's loyalty card transactions come from addresses in Walkerton, which is only 15 km from Hanover, the relevant market consists of at least Hanover and Walkerton. In this market, the combined market share is roughly estimated to be [REDACTED]. In a market that also includes Durham, the combined share is roughly estimated to be (conservatively) [REDACTED]. The merger will not result in a substantial lessening of competition in the Hanover area.

While a [REDACTED] market share is slightly above the 35% threshold outlined in the MEGs, the Parties note that post-merger, there will be several significant competitors (such as Shell and Canadian Tire Gas Bar) who will ensure that retail gas pricing in this area will continue to be competitive.

Independent Dealers

While Pioneer owns and controls a gas station in Hanover, Parkland does not own or control any gas stations in Hanover and therefore such stations should not be considered to be a Parkland station for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Hanover.

Map of Hanover, Ontario



6. Innisfil, Ontario

Innisfil is a town located in Simcoe County, with a population of approximately 32,700 residents (see map below). It is located immediately south of Barrie and 80 km north of Toronto; as such, growth in these areas has meant greater residential development in Innisfil. It is located in close proximity to Highway 400.

Town of Innisfil

While there is no Kent market data available for Innisfil, there are four gasoline stations in this town:

- Pioneer owns a single station located at 7364 Yonge Street, Highway 21, Innisfil (site 127) which it operates under the Pioneer brand. This station sells approximately [REDACTED] of gasoline and is located 5.7 km away from the independent dealer stations supplied by Parkland (site 51292- see below).
- Parkland does not own or operate any stations in Innisfil. Parkland has a wholesale supply agreement with a single independent dealer station (site 51292) located at 1080 Innisfil Beach Road, Innisfil, operating under the Esso brand. This station sells approximately [REDACTED]
- Petro Canada, located at 2371 25th Side Road, Innisfil.
- Shell, located at 2098 Commerce Park Drive, off of Highway 21, Innisfil.

Additionally, the Parties note that a new Ultramar gas station is currently under construction (approximately 10 km south of Innisfil, at the corner of Yonge Street and Shore Acres Drive) and will likely open in 2015.

The Relevant Geographic Market is Broader than the Town of Innisfil

Based on Pioneer's loyalty data, while approximately [REDACTED] of its sales are to customers located within a 5 km radius of its station (site 127), a significant percentage [REDACTED] of its sales are made to customers residing outside of the 5 km radius. This indicates that the relevant geographic market is much broader than the 5 km radius used by the Bureau review team. Cities such as Barrie (20 km), Bradford (21 km), and Newmarket (35 km) should be considered when defining the relevant antitrust geographic market. Additionally, the Parties note that Innisfil retail gasoline prices closely track prices from gasoline stations in Barrie.

Pioneer Station and Parkland Supplied Station Do not Compete

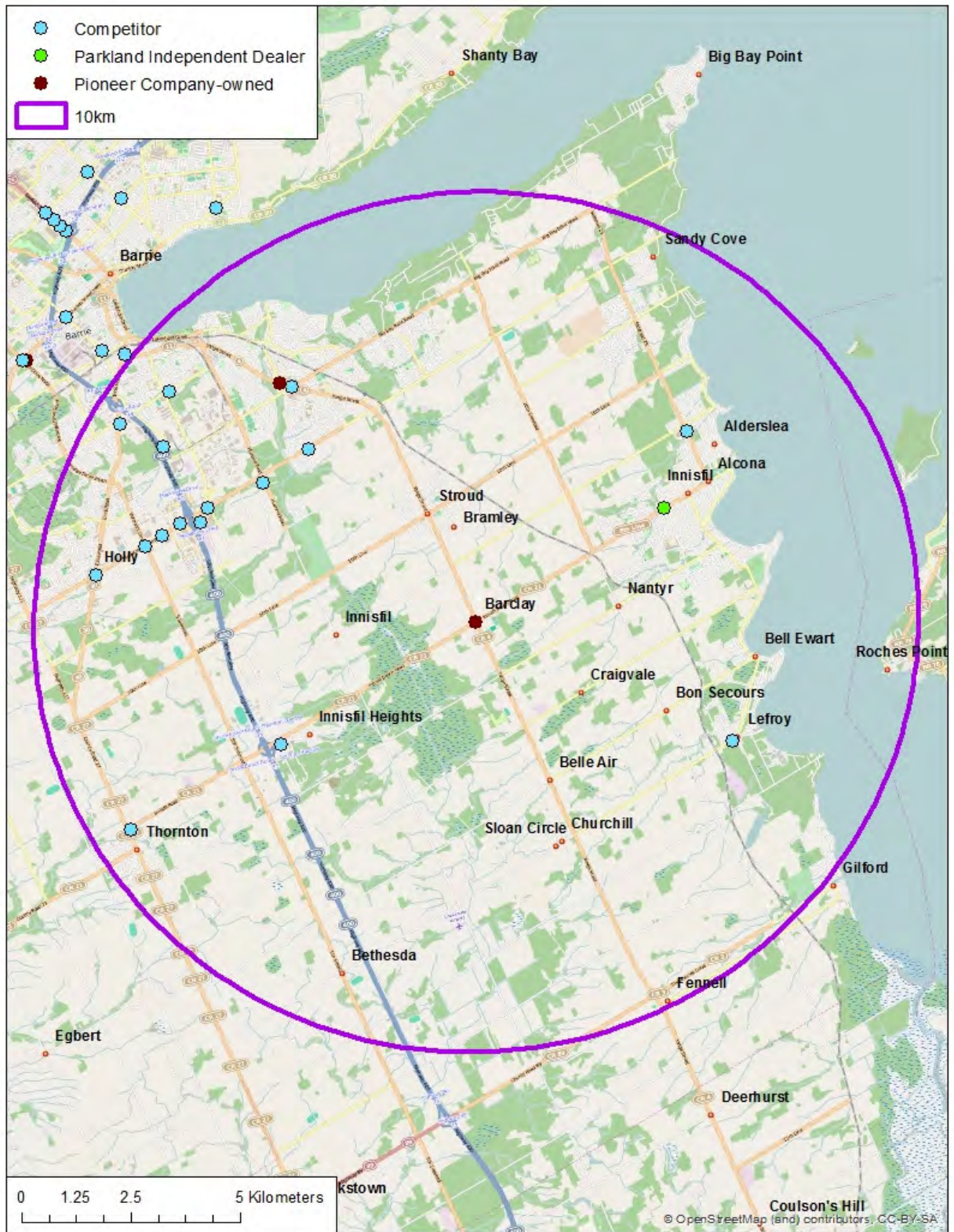
The independent dealer station supplied by Parkland likely competes most directly with the Petro-Canada station (see above), while the Pioneer station – located outside the core of Innisfil on Highway 21 towards Highway 400 – competes more directly with the Shell station on Highway 21 near Highway 400.

There are also competitors in the town of Thornton (approximately 10 km from the Pioneer site), including one Esso, one Shell, and one Petro-Canada-branded station, and a competitor in the town of Lefroy (approximately 8 km from the Parkland site), a Sunoco-branded station.

The Pioneer station is located less than 10 km from a number of stations on or near Mapleview Dr. near Highway 400, and is likely significantly constrained by these competitors. Given the constraint imposed on the Pioneer station by competitors near Highway 400, and the fact that the Parkland station likely competes more directly with the Petro-Canada station in Innisfil rather

than the Pioneer station, the acquisition will not result in a substantial lessening of competition in Innisfil.

Map of Innisfil, Ontario



7. Kettleby and Pottageville

Kettleby and Pottageville are unincorporated communities located in Northeastern King Township, with a combined population of less than 1,250 residents (they are located 4 km apart- see map below). Both communities are located in close proximity to Highway 400, just West of Newmarket (approximately 13 km away), and northwest of King City (12 km away).

Communities of Kettleby and Pottageville

While there is no Kent market data available for Kettleby and/or Pottageville, there are two gasoline stations in these communities:

- Pioneer does not own or operate any station in either Pottageville or Kettleby. Rather, it has a wholesale supply agreement with a single independent dealer (site 805) operating under the Esso brand, and is located at 4545 Lloydtown Road, Pottageville. This station sells very low volumes of gasoline (approximately [REDACTED] and is located 4.5 km away from the independent dealer station supplied by Parkland (site 51339 – see below).
- Parkland does not own or operate any station in either Portageville or Kettleby, which is currently closed. Rather, it has a wholesale supply agreement with a single independent dealer (site 51339) located at 16380 Jane Street, Kettleby, under the Race Trac brand. This station sells relatively low volumes of gasoline, with [REDACTED] sold in 2014 (as compared to [REDACTED] in 2013). Note that the independent dealer of this station had negotiated the sale of the station to a third party and had cancelled his operator/tenants; however, the deal fell through and was not completed. This independent dealer closed the Kettleby Race Trac station in August 2014, and it is not known when the station will be re-opened. This station is not currently offering fuel to motorists in the Kettleby region and this is not competing within the market.

The Relevant Geographic Market is Broader than the Communities of Pottageville and Kettleby

Kettleby is only approximately 13 km from Newmarket, a major population centre where there is only one Pioneer station and 17 competitor stations. In a combined Kettleby/Pottageville/Newmarket market, the Parties' combined market share is only around [REDACTED] well below the 35% threshold outlined in the MEGs. Given that the Parties' market share post-merger is well below the 35% threshold outlined in the MEGs, the merging Parties submit that they do not have market power and that a substantial lessening of competition in this market will not result.

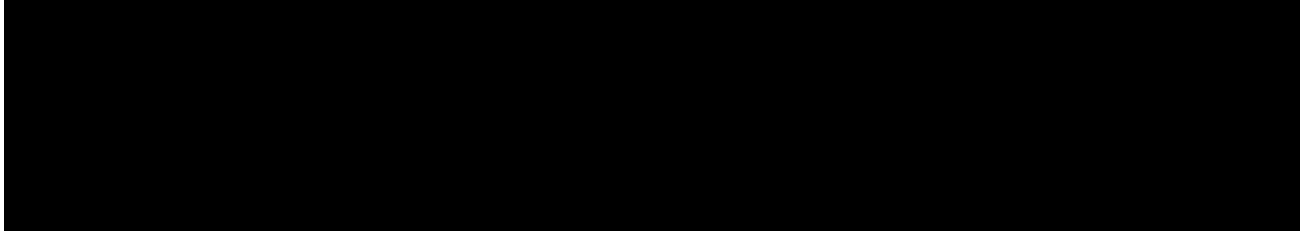
Also, the Kettleby and Pioneer stations likely compete in a 'Highway 400 market', as this highway is the major route from the GTA to "cottage country" in Muskoka. Additionally, Vaughan (located approximately 20 to 25 km south of Kettleby along Highway 400) has more than 50 competitors, and neither Pioneer nor Parkland owns a site or supplies an independent dealer in Vaughan. Retailers in Vaughan likely also constrain pricing at retailers in Kettleby and Pottageville to a certain extent. As a result of the high level of competition from stations in Newmarket, Vaughan, and along Highway 400, the acquisition will not result in a substantial lessening of competition in Kettleby and Pottageville.

Independent Dealers

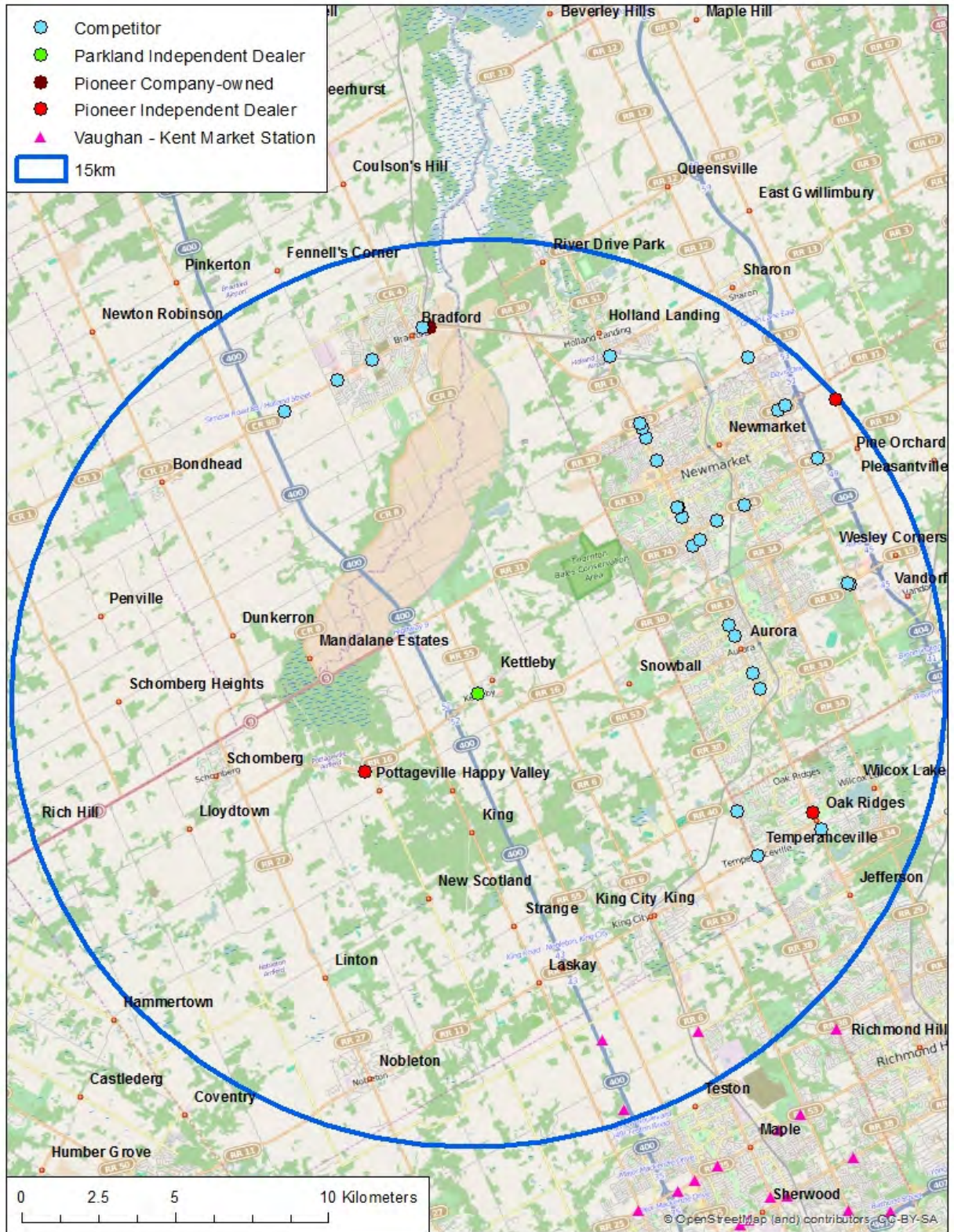
Each of the Pioneer station in Pottageville and the Parkland station in Kettleby is an independent dealer, and should not be considered to be a Parkland station or a Pioneer station

for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Kettleby and Pottageville.

Termination of Wholesale Supply Agreement



Map of Kettleby and Pottageville, Ontario



8. Port Perry & Uxbridge, Ontario

Port Perry is a community with a population of about 9,500 residents located in the Durham region of Ontario (see map below). Port Perry is located just off of Highway 7, Northeast of Toronto, in an urban area. Many residents of Port Perry travel to and from Toronto, Oshawa, Pickering and Whitby for work daily, and their gas purchases would not be captured in the Kent data. Uxbridge is a town approximately 16 km away from Port Perry and with a population of about 20,000 residents.

Port Perry Kent Market Area

There are ten gasoline stations in the Port Perry and Uxbridge Kent markets:

- Pioneer owns three stations in Port Perry and Uxbridge located at:
 - 1805 Scugog Street, Port Perry (site 186) which it operates under the Pioneer brand. This station sells approximately [REDACTED] of gasoline and is located 4.1 km and 1.2 km away from the independent dealer sites supplied by Parkland (sites 51279 and 51322, respectively).
 - 182 Main Street North, Uxbridge (site 260) which it operates under the Top Valu brand. This station sells approximately [REDACTED] of gasoline and is located 14.7 km and 15.5 km away from the independent dealer sites supplied by Parkland (sites 51279 and 51322, respectively).
 - 285 Toronto Street South, Uxbridge (site 277) which it operates under the Esso brand. This station sells approximately [REDACTED] of gasoline and is located 15.9 km and 16.4 km away from the independent dealer sites supplied by Parkland (sites 51279 and 51322, respectively).

The Pioneer owned stations collectively account for approximately [REDACTED] of gasoline and [REDACTED] of the throughput in the Port Perry Kent Market.

- Parkland has one wholesale supply agreement with a Race Trac branded station (site 51322) located at 1625 Scugog Street, Port Perry. This station sold [REDACTED] of gasoline (2014).⁶
- Petro-Canada, located at 1817 Scugog Street, Port Perry, which accounts for approximately [REDACTED] of the throughput in Port Perry.
- Esso, located at 1812 Scugog Street, Port Perry, which accounts for approximately [REDACTED] of the throughput in Port Perry.
- Ultramar, located at 15829 Simcoe Street, Port Perry, which accounts for approximately [REDACTED] of the throughput in Port Perry.
- Canadian Tire Gas Bar, located at 327 Toronto St. South, Uxbridge.
- Shell, located at 83 Brock St. W, Uxbridge.
- Petro-Canada, located at 545 Highway #47, Uxbridge.

⁶ Parkland also has a wholesale supply agreement with an Esso independent dealer station (site 51279) located at 1185 Regional Road #2, Manchester, which sold [REDACTED] of gasoline in 2014.

The Relevant Geographic Market is Broader than Communities of Port Perry and Uxbridge

Based on Pioneer's loyalty data for its only station in Port Perry (the other two stations are in Uxbridge), over [REDACTED] of loyalty transactions are accounted for by customers with addresses located 10 km or more from the station. In fact, [REDACTED] of loyalty revenue is accounted for by customers who live 20 km or more from the station, which suggests that the market is much broader than just Port Perry and Uxbridge.

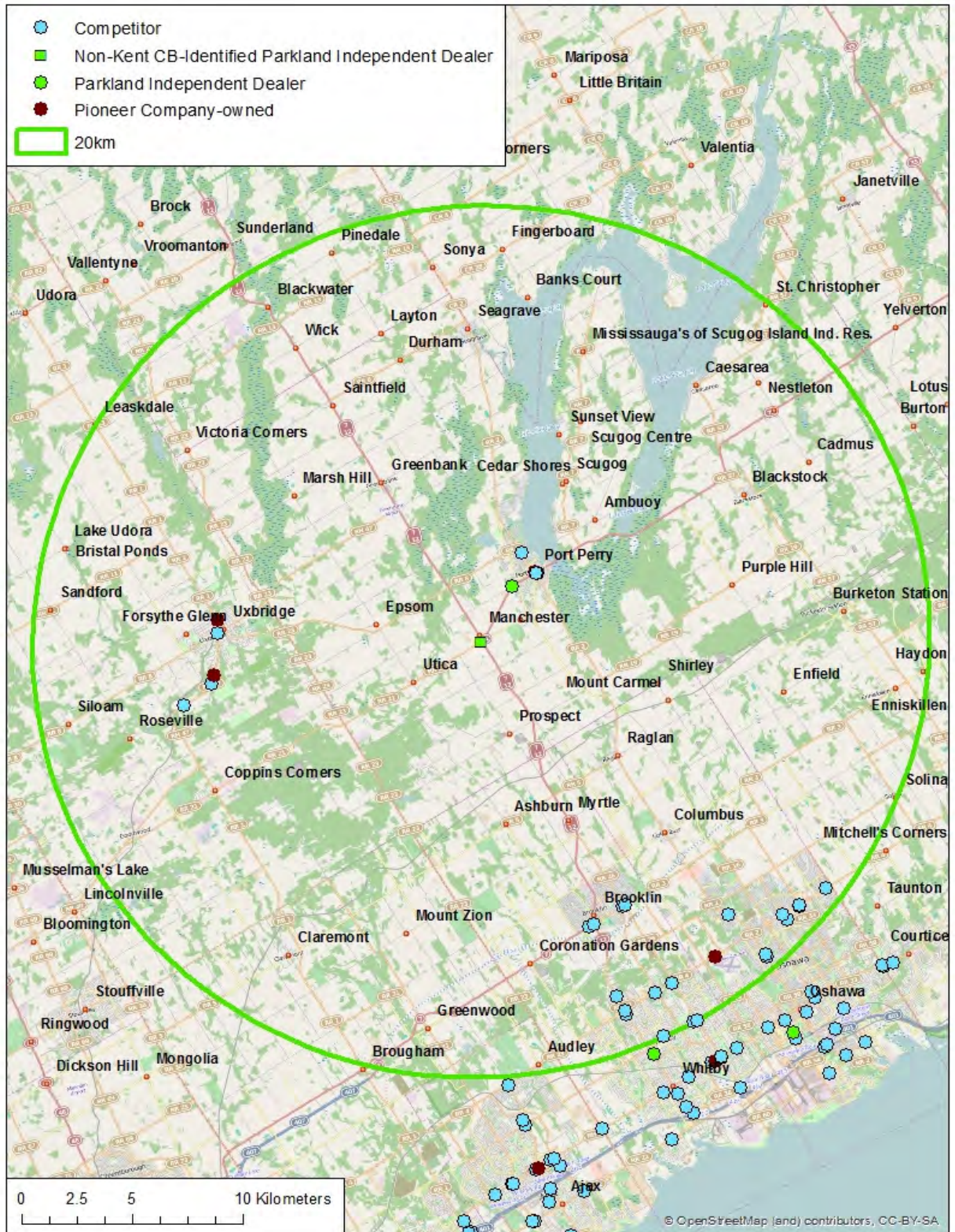
The northern parts of Whitby and Oshawa are located about 20 km south of Port Perry. The stations in these markets have some constraining effect on stations in Port Perry. The Parties' combined share in a market that includes the Oshawa and Whitby Kent market (Oshawa and Whitby are combined as a market in the Kent data), as well as Port Perry and Uxbridge, is less than [REDACTED]

In summary, by relying on an overly narrow geographic market consisting only of Port Perry and Uxbridge, the Parties' combined market share is artificially inflated at approximately [REDACTED]. Given that Oshawa (25 km away from Port Perry) and Whitby (26 km away from Port Perry) stations have some constraining effect on the Parkland and Pioneer stations in Port Perry and Uxbridge, a broader market should at least include Oshawa and Whitby. The broader Port Perry/Uxbridge/Oshawa/Whitby market would result in a combined post-merger market share of approximately [REDACTED], well below the 35% outlined in the MEGs. As such, the Parties submit that they do not have market power and that a substantial lessening of competition in this market will not result.

De Minimis Increase in Market Share

Using the volumes reported in the Port Perry Kent Market data (and factoring in the volume of Parkland dealer site 51279), the Parties have a combined market share of approximately [REDACTED]. [REDACTED] The Parties submit that, even using an overly-narrow geographic market definition, the Proposed Transaction would result in a 7% increase in throughput, which cannot possibly allow Parkland to price above competitive levels post transaction. This is especially so given the continued presence of strong retail competition from many gas stations, including Petro-Canada and Ultramar.

Map of Port Perry and Uxbridge, Ontario



9. Sudbury, Ontario

Sudbury is the largest city in Northern Ontario with a population of approximately 160,000 residents (see map below). It is accessible by Highways 144, 17 and 69 and the nearest town is North Bay (approximately 128 km away).

Sudbury Kent Market Area

There are 47 gasoline stations in the "Sudbury Kent Market":

- Pioneer owns and operates 11 stations in the Sudbury Kent Market, accounts for 58.8 million litres of gasoline and has a [REDACTED] share of the Sudbury Kent Market.
- Pioneer has a wholesale supply agreement with two independent dealers stations (sites 702 and 720), both operating under the Esso brand. These stations collectively sell approximately [REDACTED] of gasoline (see table below) and account for [REDACTED] of volumes in the Sudbury Kent Market.
- Parkland does not own or operate any station in Sudbury. Rather, it has a wholesale supply agreement with a single independent dealer (site 50936)⁷ located at 51 Notre Dame Street West, Azilda. This station sells [REDACTED] of gasoline and has a *de minimis* share in the Sudbury Kent Market (approximately [REDACTED]).
- Additionally, there are 33 competitor retail gas stations in the city of Sudbury.

The Parties note that there is Mac's Gasoline Bar currently under construction in Sudbury (and likely to begin operations in 2015) and Costco has applied for the necessary permits to operate a gasoline bar in Sudbury.

Independent Dealers

While Pioneer owns and controls 11 gas stations in Sudbury, Parkland does not own or control any gas stations in Sudbury and therefore such stations should not be considered to be Parkland stations for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Sudbury.

Even if the Parties were to accept that there is an overlap between the Parties' owned and/or controlled stations and the independent stations they supply (which they do not), they submit that the Proposed Transaction would not result in a substantial lessening of competition.

De Minimis Increase in Market Share

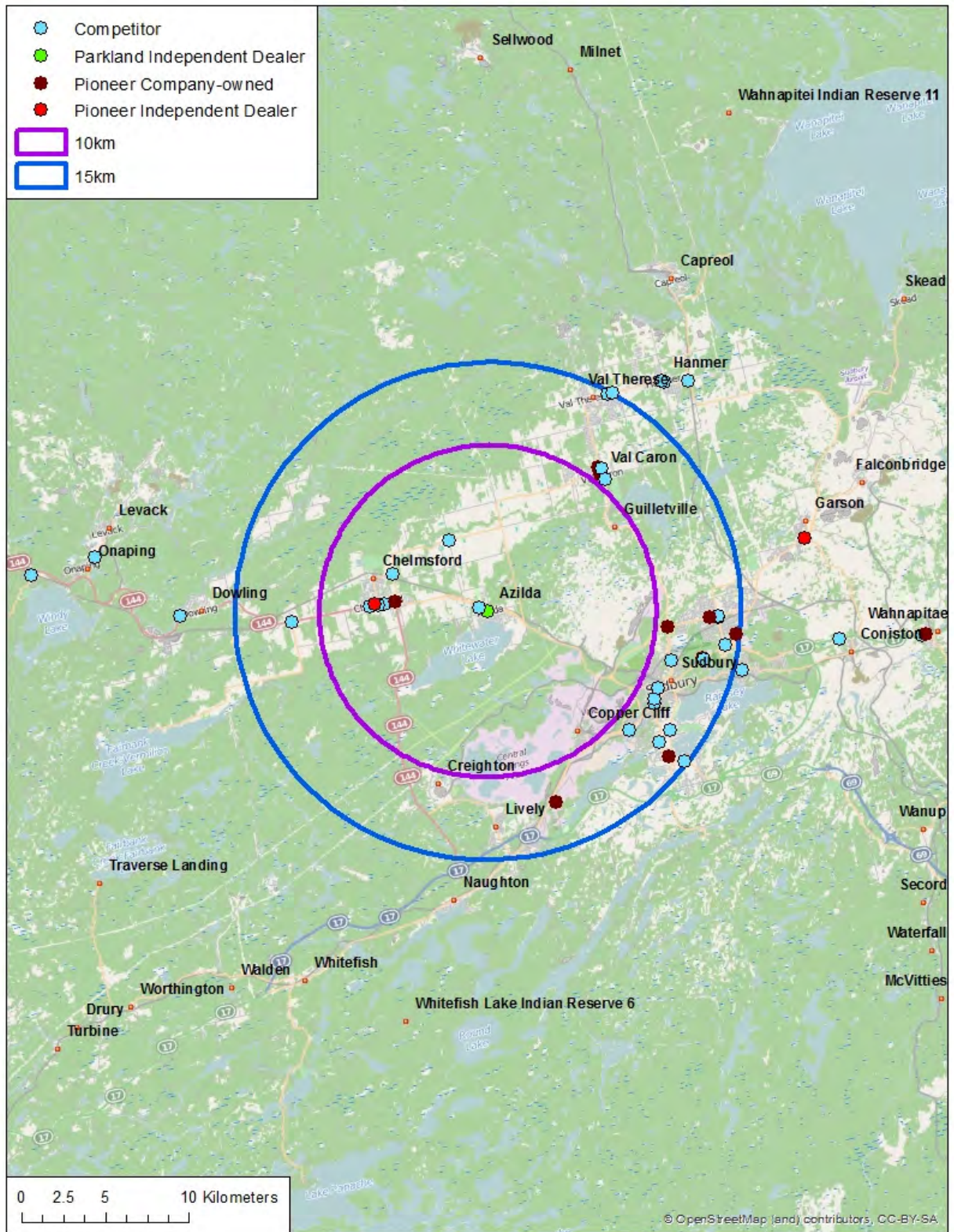
The Parties submit that, even using an overly-narrow Kent market data for Sudbury, the Proposed Transaction would result in a *de minimis* 0.9% increase in the throughput, which cannot possibly allow Parkland to price above competitive levels post transaction. This is especially so given the continued presence of several strong retail competitors in the Sudbury Kent market.

Furthermore, given the fact that the independent dealer station supplied by Parkland is relatively small (sells approximately [REDACTED] of gasoline), is located in a community outside of Sudbury (Azilda is located approximately 12 km from central Sudbury), and has a volume share of less than [REDACTED] in the Sudbury Kent market, it likely does not constrain pricing by competitors in

⁷ The station located at 51 Notre Dame Street West, Azilda (site 50936) had gasoline sales of 1,825,055 litres in 2014.

this market. This, combined with the fact that Pioneer's [REDACTED] share in this market suggests that it does not currently have market power, implies that the acquisition will not result in a substantial lessening of competition in the Sudbury area.

Map of Sudbury, Ontario



10. Tavistock & Shakespeare, Ontario

Tavistock and Shakespeare are communities located in Oxford County in Southwestern Ontario, with a combined population of approximately 7,500 residents (they are 5 km apart- see map below). Tavistock and Shakespeare are in close proximity to Highway 7/8 and Highway 107/59 and are located near the cities of Stratford (16 km away), Woodstock (31 km away), and Kitchener (39 km away).

Communities of Tavistock and Shakespeare

While there is no Kent market data available for Tavistock and Shakespeare, there are three gasoline stations in these communities:

- Pioneer does not own or operate any station in either Tavistock or Shakespeare. Rather, it has a wholesale supply agreement with a single independent dealer (site 569) operating under the Esso brand and located at 220 Huron Road/Highway 7, Shakespeare. This station sells very low volumes of gasoline (approximately [REDACTED]) and is located 6.1 km away from the independent dealer station supplied by Parkland (site 51094 – see below).
- Parkland does not own or operate any station in either Tavistock or Shakespeare. Rather, it has a wholesale supply agreement with a single independent dealer (site 51094) located at 5 Woodstock Street North, Tavistock. This station sells very low volumes of gasoline (approximately [REDACTED]).
- Shell Tavistock Gas & Variety, located at 161 Woodstock Street South, Tavistock.

The Relevant Geographic Market is Broader than the Communities of Tavistock and Shakespeare

Pioneer has one relatively small station in Stratford (which is located 12 km from Shakespeare), which has a market share of less than [REDACTED]. There are 10 competing stations in Stratford and no Parkland stations. In a combined Tavistock/Shakespeare/Stratford market, the Parties' market share is only about [REDACTED] (this does not include volumes for the competing station in Tavistock for which we have no data) – well below the 35% threshold outlined in the MEGs. As such, the merging Parties submit that they do not have market power and that a substantial lessening of competition in this market will not result.

Furthermore, Highway 8 is the main highway from Kitchener/Waterloo/Cambridge to Stratford, the site of a major theatre festival which attracts consumers from larger population centres; Shakespeare is on this highway between Kitchener/Waterloo/Cambridge and Stratford. The Proposed Transaction will not result in a substantial lessening of competition in the Tavistock and Shakespeare area.

Independent Dealers

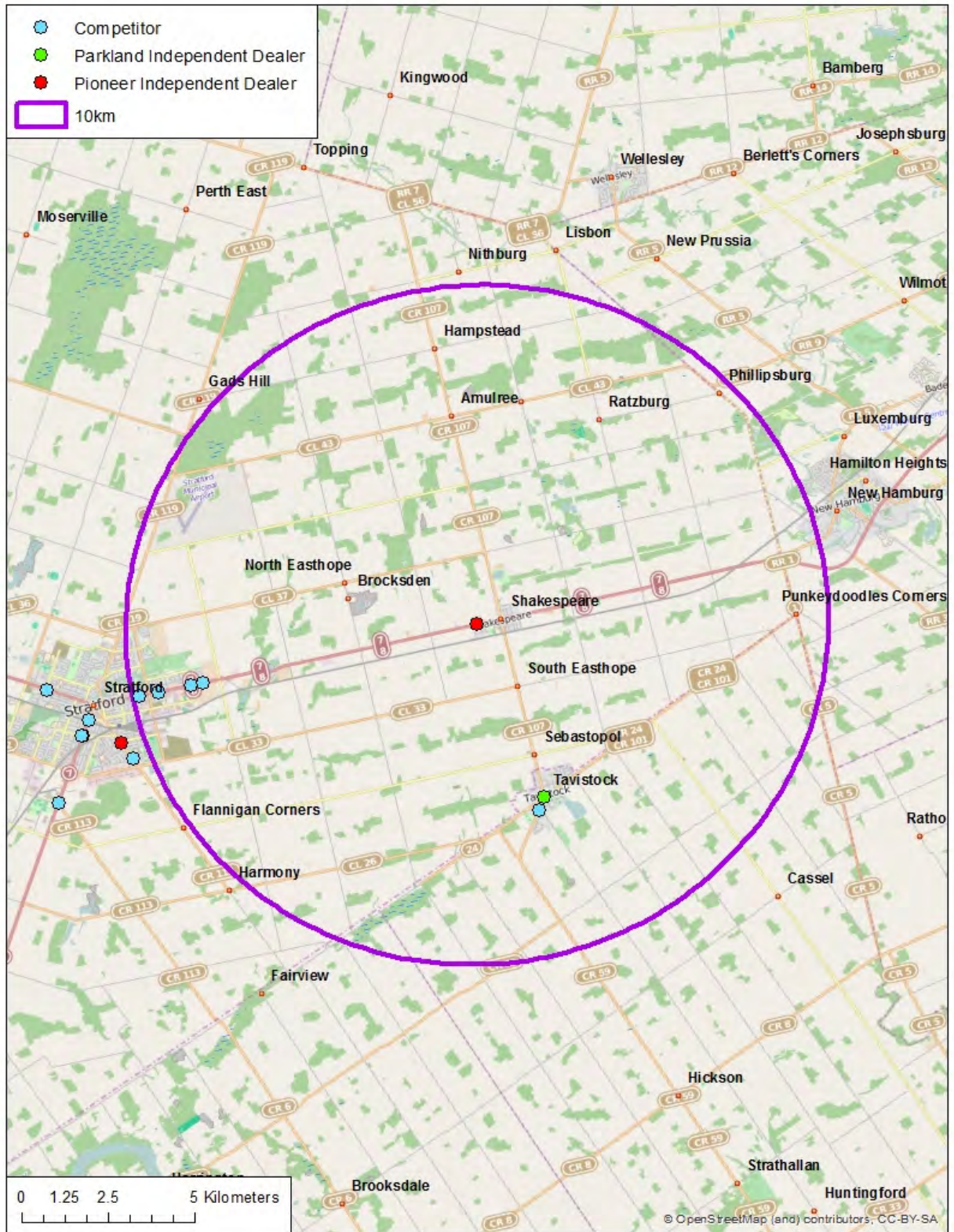
Each of the Pioneer dealer station and the Parkland dealer station in Tavistock and Shakespeare is an independent dealer, and should not be considered to be a Parkland station or a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Tavistock and Shakespeare.

Termination of Wholesale Supply Agreement

Stations Supplied by Parkland and Pioneer Do Not Compete with Each Other

Pioneer's station in Shakespeare is about 5.5 km north of Parkland's station in Tavistock. Parkland's Tavistock station likely competes most directly with the competing Shell station in Tavistock, while Pioneer's station in Shakespeare likely competes most directly with stations in Stratford, which is about 15 km west on Highway 8 from Shakespeare.

Map of Tavistock and Shakespeare, Ontario



11. Thorold and Welland

Thorold and Welland are cities in the Regional Municipality of Niagara in Southern Ontario, with a combined population of approximately 69,000 residents (see map below). They are connected by Highway 406, and located in proximity to the Queen Elizabeth Way ("QEW"). The closest city is St. Catharines (8 km from Thorold and 23 km from Welland).

Thorold and Welland Kent Market Area

There are 16 gasoline stations in the "Thorold and Welland Kent Market".⁸

- Pioneer owns three stations located at:
 - 681 South Pelham Road, Welland (site 238), which it operates under the Pioneer brand. This station sells approximately [REDACTED] litres of gasoline.
 - 90 Lincoln Street West, Welland (site 256), which it operates under the Pioneer brand. This station sells approximately [REDACTED] litres of gasoline.
 - 13207 Lundy's Lane, Thorold (site 293), which it operates under the Pioneer brand. This station sells approximately [REDACTED] litres of gasoline.

These stations, in the aggregate, account for approximately [REDACTED] of the Thorold and Welland Kent Market throughput.

- Parkland does not own or operate any station in either Thorold or Welland. Rather, it has a wholesale supply agreement with the following four independent dealers:
 - 554 Niagara Street, Welland (site 50181), which operates under the Race Trac brand. This station sells approximately [REDACTED] of gasoline (2014).
 - 1000 Ontario Road, Welland (site 51317), which operates under the Esso brand. This station sells approximately [REDACTED] of gasoline (2014).
 - 13210 Lundy's Lane, Thorold (site 51277), which operates under the Esso brand. This station sells approximately [REDACTED] of gasoline (2014).
 - 62078 Regional Road 20, Fenwick (site 51326), which operates under the Esso brand. This station sells approximately [REDACTED] of gasoline (2014).

These stations, in the aggregate, account for approximately [REDACTED] of the Thorold and Welland Kent Market throughput.

- In addition, there are 12 competing retail gas stations in Thorold and Welland.

Relevant Geographic Market Is Broader Than the Towns of Thorold and Welland

Thorold is within approximately 10 km from both St. Catharines and Niagara Falls. However, the Parkland and Pioneer stations in Thorold are just as close to Niagara Falls as they are to Thorold.

⁸ We note that the volumes of gasoline sold by sites 293, 51277 and 51326 are technically not provided in the Thorold and Welland Kent Market data. However, given that these sites were flagged by the Bureau (see station list provided to the Parties on December 12, 2014), we have included their volumes in our calculation under the Thorold and Welland Kent Market Area. If we include sites 293, 51277 and 51326, there are in fact 19 stations that were taken into consideration when calculating the above throughputs for the Thorold and Welland Kent Market Area.

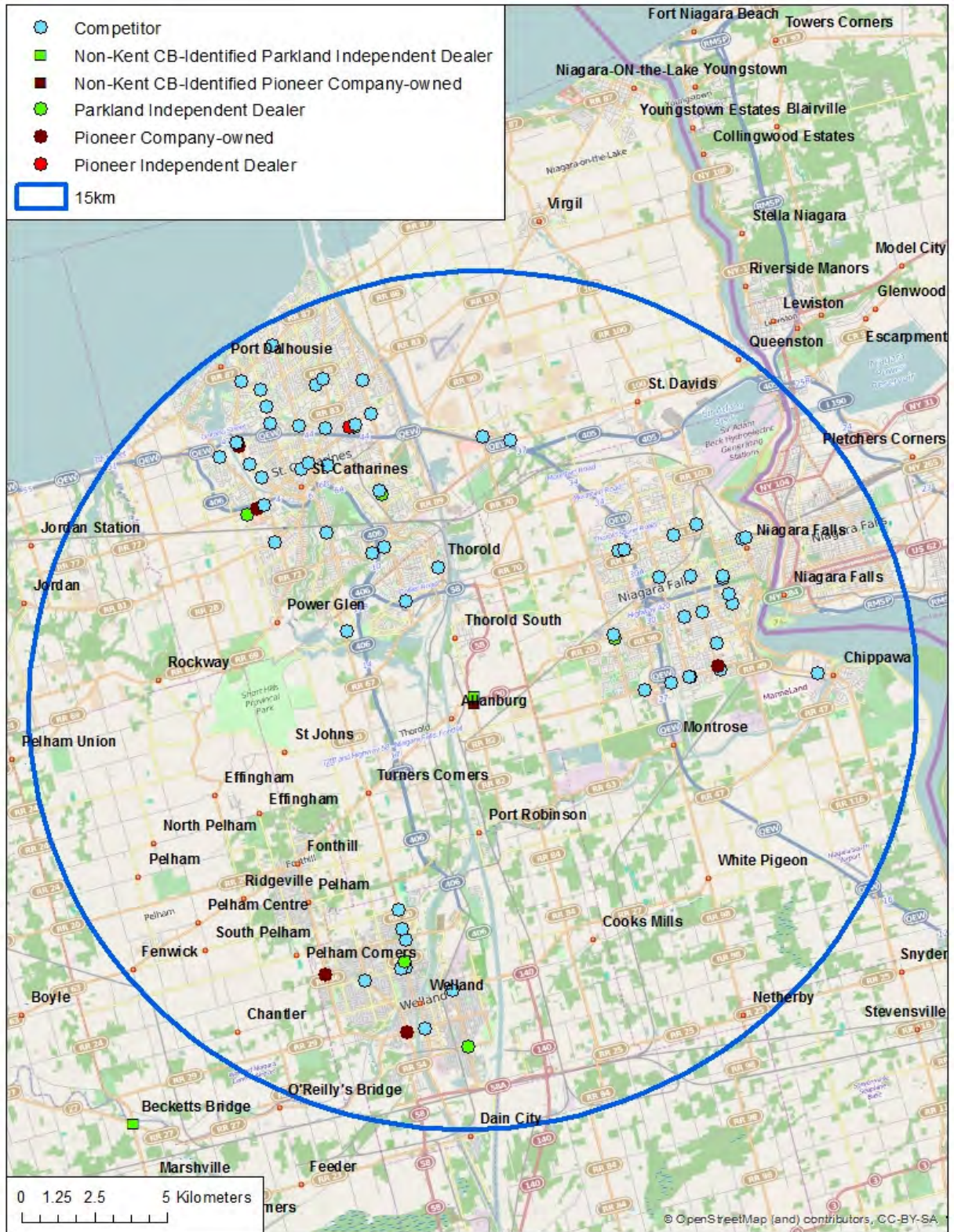
The Parties' combined share in the Niagara Kent market is about [REDACTED] and the Parties' combined share in the St. Catharines Kent Market is about [REDACTED]. Thorold is further from Welland (16 km) than it is from either Niagara Falls or St. Catharines. Accordingly, if Thorold and Welland are in the same geographic market, then the Parties submit that St. Catharines and Niagara Falls should also be included in the relevant market.

In addition, the Pioneer station in Thorold draws [REDACTED] of its loyalty card revenues from customers in Niagara Falls and [REDACTED] of its loyalty card revenues from customers in St. Catharines, which, combined, is more than the [REDACTED] of loyalty revenues that this station draws from customers in Welland.

In summary, given their proximity to Thorold, Niagara Falls and St. Catharines are in the same geographic market with Thorold and Welland. In a market consisting of the Thorold/Welland/Niagara Falls/St. Catharines Kent markets, the Parties' combined market share is about [REDACTED] well below the 35% threshold in the MEGs. As a result of this low combined market share, the merging Parties submit that they do not have market power and that a substantial lessening of competition in this market will not result.

Termination of Wholesale Supply Agreement

Map of Thorold and Welland, Ontario



12. Wasaga Beach

Wasaga Beach is a town located in Simcoe County, with a population of approximately 18,000 residents. It is located in close proximity to Highway 26. The closest towns/cities are Stayner (8 km) and Barrie (38 km) (see map below).

Town of Wasaga Beach

While there is no Kent market data available for Wasaga Beach, there are four gasoline stations in this town:

- Pioneer owns a single station located at 535 River Road West, Wasaga Beach (site 331), which operates under the Pioneer brand. This station sells approximately [REDACTED] of gasoline and is located approximately 9 km away from the Parkland station (site 51012 – see below).
- Parkland does not own or operate any station in Wasaga Beach. Parkland has a wholesale supply agreement with a single independent dealer station (site 51012) located at 1929 Mosley Street, Wasaga Beach, operating under the Esso brand. This station sells small volumes of gasoline of approximately [REDACTED] (2014).
- Econo, located at 1184 Mosley Street, Wasaga Beach.
- Real Canadian Superstore Gas Bar located at 25-45th Street South, Wasaga Beach.

The Parties note that post-merger, there will remain significant competition. In fact, the Real Canadian Superstore Gas Bar is one of the largest and most aggressive gasoline retailers in the Wasaga Beach area. Additionally, the independent dealer supplied by Parkland (site 51012) sells a very small volume of gasoline (approximately [REDACTED]) and could not possibly result in a substantial lessening of competition in the relevant market.

Relevant Geographic Market is Broader than the Town of Wasaga Beach

The Parties note that this market is a resort area where most gasoline consumers reside outside of the Wasaga Beach area.

Accordingly, the 5 km radius used by the Bureau review is too narrow. The relevant antitrust geographic market should, in addition to Wasaga Beach, at least take into consideration communities such as Stayner (8 km away) and Clearview (20 km away).

There are two competing stations in Wasaga Beach that are much closer to the Parkland station when compared to the Pioneer station: one is about 4 km away, while the other is on the same intersection as the Parkland station. Furthermore, there are four competitor stations in Stayner, which is about 8 km from the Parkland station in Wasaga Beach. In a Wasaga Beach/Stayner geographic market, the Parties account for two out of eight stations.

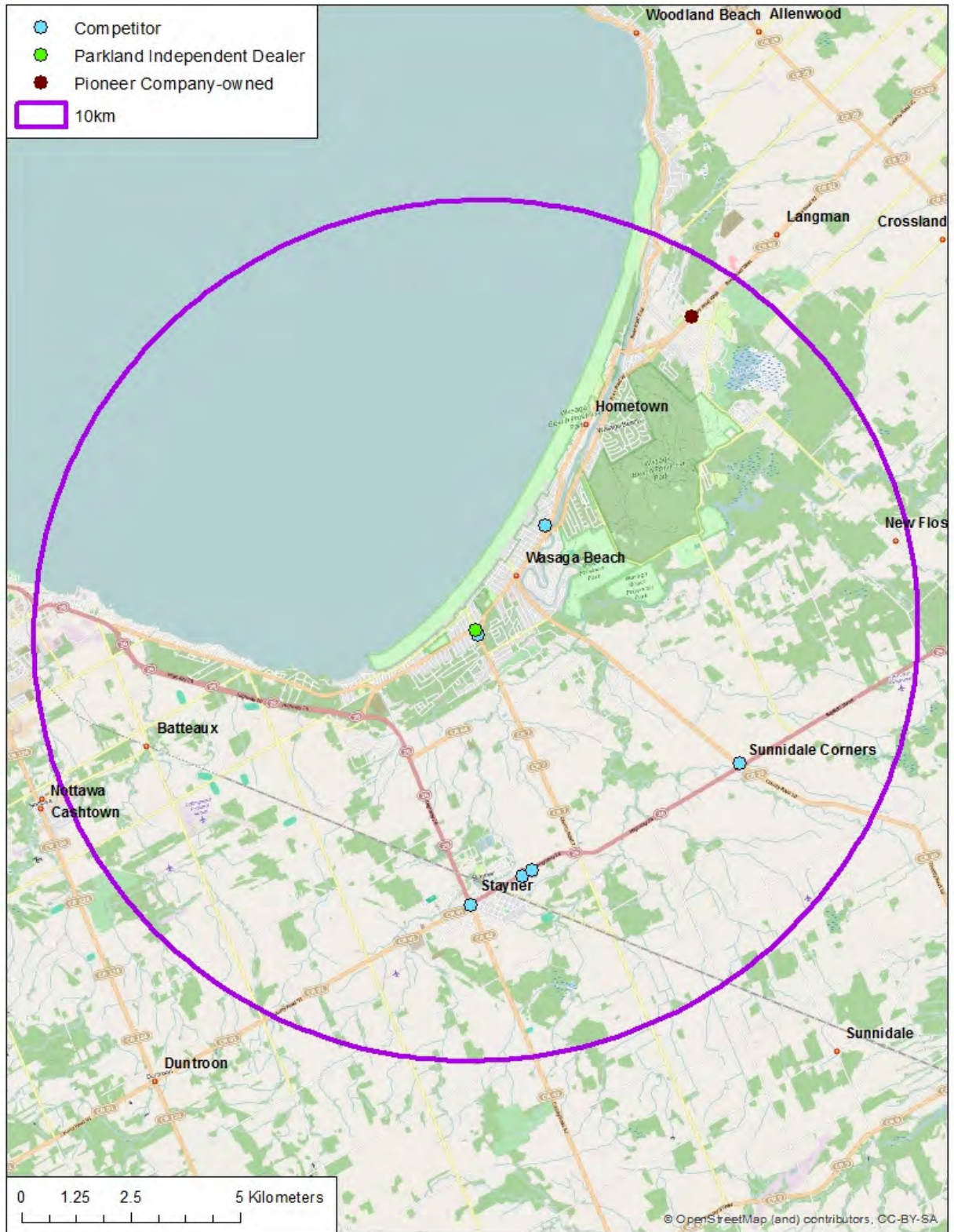
Since the Parkland station in Wasaga Beach is likely constrained by the competitor stations in Wasaga Beach and Stayner, rather than by the Pioneer station 9 km away, the acquisition will not result in a substantial lessening of competition in Wasaga Beach.

Independent Dealers

While Pioneer owns and controls a gas station in Wasaga Beach, Parkland does not own or control any gas stations in Wasaga Beach and therefore such station should not be considered

to be a Parkland station for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Wasaga Beach.

Map of Wasaga Beach, Ontario



13. Oakbank and Dugald, Manitoba

Oakbank is a small bedroom community located just off of Highway 15, approximately 15 km east of Winnipeg, in the Rural Municipality of Springfield. Oakbank has a population of about 3,000 persons and serves as a dormitory town or bedroom community for Winnipeg, as a majority of the residents work in Winnipeg. Oakbank's rapid population growth is representative of small towns in the capital region, as two new housing developments are being expanded in the town.

Dugald is a small bedroom community with a population of less than 500 residents located approximately 6 km south of Oakbank and 12 kilometers east of eastern parts of Winnipeg at the junction of Highway 15 and Provincial Road 206 in the Rural Municipality of Springfield. A majority of the residents of Dugald commute to Winnipeg for work.

Communities of Oakbank and Dugald

While there is no Kent market data available for Oakbank or Dugald, there are two gasoline stations in Oakbank and one gasoline station in Dugald:

Oakbank

- Pioneer does not own or operate any station in Oakbank or Dugald. Pioneer has a wholesale supply agreement with one independent dealer station (Site 731) that operates under the Esso brand located at 530 Main St., Oakbank. This dealer station sold [REDACTED] of gasoline in 2014.
- A Co-op station is located at 3 Co-op Drive in Oakbank, just 1.1 km south of the Pioneer dealer station.

Dugald

- Parkland does not own or operate any station in Oakbank or Dugald. Parkland has a wholesale supply agreement with one independent dealer station (Site 50370) located at 691 Dugald Road (Highway 15) operating under the Fas Gas brand. The Parkland dealer station is located on Highway 15 and draws highway customers travelling east/west to/from Winnipeg in addition to local residents. Parkland sold [REDACTED] of gasoline to this station in 2014.

Gasoline prices in Oakbank and Dugald typically follow Winnipeg prices. Co-op is an aggressive discounter in Oakbank and in other regions, and is expected to maintain this strategy following closing of the Proposed Transaction. All other stations in the region will follow Co-op's price reductions so as to maintain volumes. The Proposed Transaction is unlikely to change this dynamic. The Proposed Transaction will not result in a substantial lessening of competition.

Relevant Geographic Market is Broader than Dugald and Oakbank

The relevant antitrust geographic market is not comprised of the Oakbank and Dugald communities. The Parkland dealer site is located on Highway 15 in Dugald, which is the highway heading directly east from Winnipeg. Oakbank is located approximately 6 km north of Dugald. Each of Oakbank and Dugald is a bedroom community of Winnipeg, which is approximately 15 minutes away, with the vast majority of residents in each community commuting to Winnipeg for work and other purposes. Gasoline prices in Oakbank/Dugald typically follow Winnipeg prices.

Based on Parkland's loyalty data, only [REDACTED] of loyalty sales from the Dugald Fas Gas are to customers located in Oakbank, with residents in five other communities having equal or greater sales volumes than Oakbank. Approximately [REDACTED] of the Dugald Fas Gas dealer station's loyalty sales are to customers located in communities other than Dugald, including Anola [REDACTED] Winnipeg [REDACTED], Beausejour [REDACTED] Whitemouth [REDACTED] Lorette [REDACTED] and Oakbank [REDACTED]. Clearly, the Dugald Fas Station is constrained more by competing stations located in these communities, and specifically the very competitive Winnipeg Kent market which identifies approximately 168 gas stations, of which Parkland has no company stations and does not supply any independent dealers and Pioneer only has 20 stations that account for less than [REDACTED] of the Winnipeg Kent market volume.

Moreover, if the relevant antitrust market was characterized narrowly, it is clear based on Parkland's loyalty data, that the Pioneer independent dealer in Oakbank would not be included within this smaller market.

The stations in the Oakbank and Dugald region track Winnipeg prices. As evidence of the breadth of the market in which the Dugald gas station operates, note that recent expansion to the Winnipeg perimeter highway surrounding and leading to and from Winnipeg has led to a shift of driving routes such that Highway 15, and accordingly, the Parkland station, receives less car traffic, as many of the motorists commuting from bedroom communities such as Oakbank to Winnipeg now use the Winnipeg perimeter highway to commute to Winnipeg. This change has led to a significant decrease in volume of sales in excess of [REDACTED]

Based on the above, it is clear that the Proposed Transaction will not result in a substantial lessening of competition.

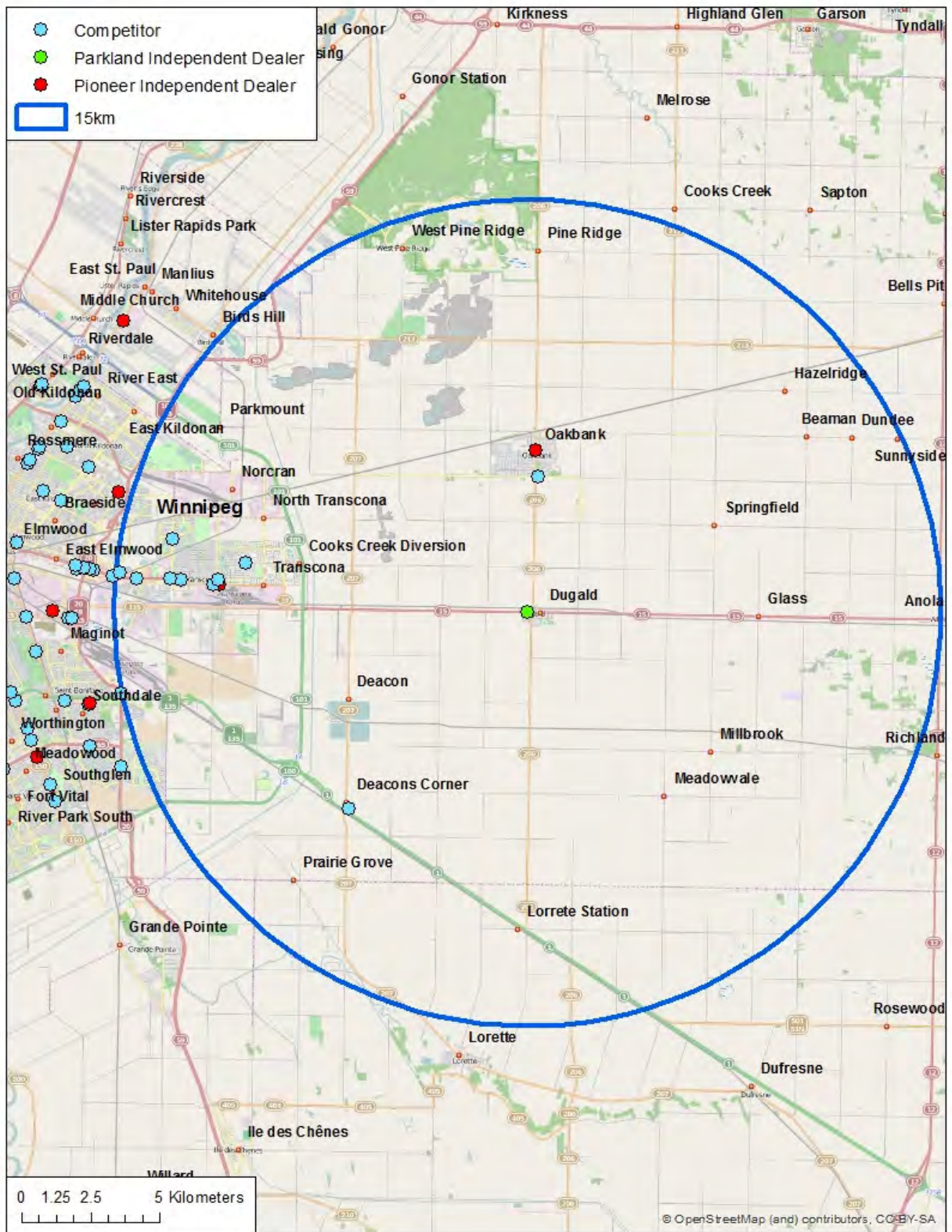
Independent Dealer

Each of the Pioneer station and Parkland station in Oakbank and Dugald, respectively, is an independent dealer, and should not be considered to be a Parkland station or a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction. See the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Oakbank or Dugald.

Termination of Wholesale Supply Agreement

Sales/Profitability

Map of Oakbank and Dugald



14. Swan River, Manitoba

Swan River is a town in the Swan River Valley with a population of roughly 3,907. An additional 2,500 people live in the surrounding municipality. Swan River is close to the Saskatchewan border.

Town of Swan River

There are four gasoline stations in Swan River:

- Parkland owns and operates one station (i.e., a company controlled station) that operates under the Fas Gas brand, located at 1421 Main Street East, Swan River (Site 40165) (located 1.3 km from Pioneer dealer station (Site 850 - see below)). This station sold [REDACTED] of gasoline in 2014.
- Pioneer does not own or operate any station in Swan River. Pioneer has a wholesale supply agreement with one independent dealer station (Site 850), located at 113 4th Avenue, operating under the Esso brand. Pioneer sold [REDACTED] of [REDACTED]
- Co-op has one station located at 216 Kelsey Trail (Highway 10) in Swan River. The Co-op station is relatively new (with new entry in approximately 2012) and was previously a Shell gas station. The Co-op is the biggest player in the area with gasoline sales of an estimated [REDACTED]
- Extra Foods has a gas station located at 10th Avenue and Main Street in Swan River, which has a grocery store, electronics, a garden centre and Joe Fresh Baby. Extra Foods is a discounter store and has relatively high volumes of gas sales, estimated to be as high as [REDACTED]

Each of Co-op and Extra Foods is an aggressive discounter in Swan River and in other regions, and is expected to maintain this pricing strategy following closing of the Proposed Transaction. As they do currently, all other stations in the region will follow Co-op's and Extra Food's price reductions so as to maintain volumes. The Proposed Transaction is unlikely to change this dynamic. It is clear that Co-op (along with Extra Foods) is and will continue to be a vigorous and effective competitor and that the Proposed Transaction will not result in a substantial lessening of competition.

In 2012 Co-op opened a new gas station on Highway 10 in Swan River. Since that time, sales by Parkland's Fas Gas station have fallen by [REDACTED]

[REDACTED] It is clear that Co-op (among other competitors in Swan River) is an effective competitor.

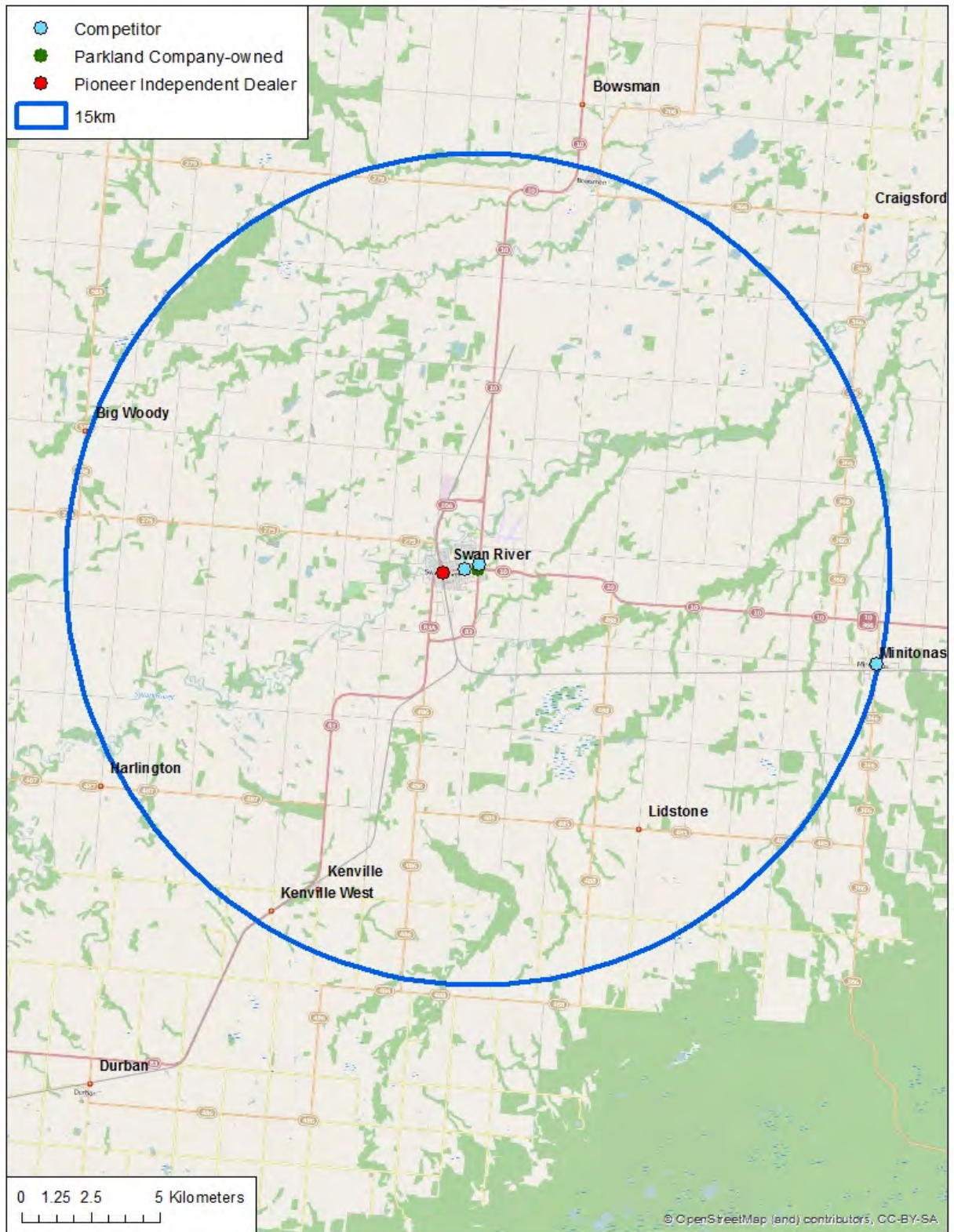
Relevant Geographic Market is Broader than Swan River

The Parkland loyalty data clearly indicates that the relevant geographic market is much broader than Swan River. Based on Parkland's loyalty data, a majority of the Swan Hills Fas Gas station dealer's sales are to customers located beyond Swan River, with [REDACTED] located in Minitonas, [REDACTED] located in Bowsman (nearby), [REDACTED] from Birth River, [REDACTED] from The Pas, [REDACTED] from Kenville (nearby), [REDACTED] from Benito, [REDACTED] from Camperville and [REDACTED] from Cowan.

Independent Dealer

The Swan River Esso station is a Pioneer independent dealer, and therefore such station should not be considered to be a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction. See the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Swan River.

Map of Swan River



15. The Pas, Manitoba

The Pas is located in northern Manitoba. The Pas is a town of roughly 5,555 residents (including the Opaskayak Cree Nation) located roughly 630 km from Winnipeg and 40 km from the Saskatchewan border. It is significant to note that the vast majority of residents of The Pas identify themselves as Aboriginal, First Nations and Metis.

Town of The Pas

While there is no Kent market data available for The Pas, there are five gasoline stations in The Pas:

- Parkland owns and operates one station (i.e., a company controlled station) (Site 40187) located at 502 Fischer Avenue, which it operates under the Fas Gas brand (located 190 m from Pioneer dealer station site 573 – see below). This station sold [REDACTED] of gasoline in 2014.
- Pioneer does not own or operate any station in The Pas. Pioneer has a wholesale supply agreement with one independent dealer station (Site 753) located at 702 Gordon Avenue operating under the Esso brand. This station has relatively low gasoline sales, with only [REDACTED] sold in 2014.
- There is an XTR station located at 120 Fischer Avenue, with estimated gasoline sales of [REDACTED]
- Extra Foods has a gas station located at 12 Highway and 10 North, which has a grocery store and a pharmacy. Extra Foods is a discounter store, which sales of approximately [REDACTED]
- There is a Shell station located on the reserve at OCN Otineka Mall immediately north of The Pas, with estimated gasoline sales of [REDACTED] in 2013 and likely higher in 2014. The Shell station draws a significant number of customers (stopping for cigarettes, etc.) and is known for its low pricing policy and pricing reflecting First Nations' tax status. Given the significant population of The Pas being Aboriginal and First Nations, this Shell station is a gas station of choice for the majority of residents in The Pas, notwithstanding that this station is located across the river from Parkland and Pioneer's gas stations.

It is clear that the Shell station, which has approximately two times as much volume sales as the Parkland station and the Pioneer independent dealer, will constrain pricing decisions in the Pas post closing of the Proposed Transaction. Moreover, the four gas stations other than the Shell station (Parkland, Pioneer's Esso dealer, EXTR and Extra Foods) will continue to compete for those motorists in The Pas who do not use the Shell station, resulting in a relatively large number of stations for a small number of motorists, including Extra Foods which is known as a price discounter. The Proposed Transaction will not result in a substantial lessening of competition.

Independent Dealer

The Pioneer station is an independent dealer, and therefore such station should not be considered to be a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction. See the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in The Pas.

Map of The Pas



16. Thompson, Manitoba

Thompson is a city located in northern Manitoba. The population is roughly 13,123. The city is located approximately 739 km from Winnipeg and 830 km north from the Canada – U.S. border.

City of Thompson

While there is no Kent market data available for Thompson, there are five gasoline stations in Thompson:

- Parkland owns and operates one station (i.e., a company controlled station) (Site 40214) operating under the Fas Gas brand located at 55 Cree Road in northern Thompson (located 3.2 km from Pioneer dealer station (Site 796 – see below). This station sold [REDACTED] of gasoline in 2014.
- Pioneer does not own or operate any station in Thompson. Pioneer has a wholesale supply agreement with one independent dealer station (Site 796) located at 216 Hayes Rd. operating under the Esso brand at the southern edge of Thompson near Highway 391. This dealer station is an isolated, "weak" station with low gas sales of [REDACTED] in 2014. Parkland does not view this station as a competitor.
- There is one Petro-Canada station located at 50 Selkirk Avenue, which is located less than 500 meters from Parkland's Fas Gas station, with estimated sales of [REDACTED]
- One Co-op station located at 722 Thompson Drive. Co-op is believed to be the largest supplier of gas in Thompson with eight lanes and eight pumps and estimated sales of roughly [REDACTED]
- One Mac's Convenience Store (under the Shell banner) station located at 745 Thompson Drive, which station was prior to 2012 a Shell station that has a recently renovated convenience store. With the acquisition of the Shell station by Mac's in 2012, the market has become increasingly unstable. Mac's has estimated sales of approximately [REDACTED]

Co-op is the largest competitor with a rough estimate of [REDACTED] of gasoline sales. Co-op is an aggressive discounter in Thompson and in other regions, and is expected to maintain this strategy following closing of the Proposed Transaction. All other stations in the region will follow Co-op's price reductions so as to maintain volumes. The Proposed Transaction is unlikely to change this dynamic and will not result in a substantial lessening of competition.

In addition, Parkland understands that Co-op is also currently contemplating the establishment of a new Co-op gas station within Thompson or the immediate region, which will increase Co-op's already significant presence in Thompson.

Moreover, the Parkland Fas Gas and Pioneer's independent dealer do not compete directly against one another and are located at opposite sides of the town of Thompson, with three strong competitors located between them, including a Co-op that is the largest competitor in Thompson (with approximately four times the sales of each of Parkland's Fas Gas and Pioneer's independent dealer). In addition, the Parkland Fas Gas and the Pioneer's independent dealer are clearly the smallest competitors in Thompson.

Relevant Geographic Market is Broader than Thompson

The Parkland loyalty data clearly indicates that the relevant geographic market is much broader than Thompson. Based on Parkland's loyalty data, approximately [REDACTED] of the Parkland station's sales are to customers located beyond Thompson, with [REDACTED] located in The Pas, [REDACTED] located in Brandon, [REDACTED] located in Winnipeg, [REDACTED] located in Lynn Lake, [REDACTED] from Gillam and [REDACTED] located in Nelson House, which information supports the argument that Thompson is along a highway corridor with gas stations along such corridor disciplining pricing decisions of stations located in Thompson.

Independent Dealer

The Esso station is a Pioneer independent dealer, and therefore such station should not be considered to be a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction. See the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Thompson.

Termination of Wholesale Supply Agreement



Map of Thompson



17. Bancroft, Ontario

Bancroft is a town located in Hastings County in Central Ontario, with a population of approximately 3,900 residents (see map below). Bancroft is located at the junction of Highway 28 and Highway 62.

Town of Bancroft

While there is no Kent market data available for Bancroft, there are five gasoline stations in this town:

- Pioneer owns a single station located at 132 Hastings Street North, Bancroft (site 259) which it operates under the Esso brand. This station sells approximately [REDACTED] of gasoline, and is located 7.8 km and 3.3 km from the independent dealer stations supplied by Parkland (sites 51021 and 51025 respectively – see below).
- Parkland does not own or operate any station in Bancroft. Parkland has a wholesale supply agreement with two independent dealer stations (sites 51021 and 51025) located at 30254 Highway 62 and 27538 Highway 62 South, respectively, operating under no brand (Mountney's Gas & Country Store and as M&M Esso). These two stations collectively sell relatively low volumes of gasoline (approximately [REDACTED] in 2014). In recent years, sales of gasoline at both sites have seen a material decline.⁹
- Canadian Tire Gas Bar, located at 3-1 Fairway Boulevard, Bancroft, is an extremely aggressive gas station in terms of retail pricing.¹⁰
- Shell, located at 125 Monck Road, Bancroft.

The Relevant Geographic Market is Broader than the Town of Bancroft

The Parties note that many of the consumers purchasing fuel in Bancroft reside outside of the town of Bancroft. This is evidenced by the fact that the volumes of the Pioneer owned and the Parkland supplied stations alone are much higher than what a local population of 3,900 would ordinarily require. As noted in the Kent 2013 Report, there are on average 2.37 retail outlets per 10,000 residents in Ontario. Accordingly, the town of Bancroft, with only 3,900 residents would typically have less than 2 retail stations. The fact that there are five stations in Bancroft supports the fact that these gasoline stations service more than simply the residents of Bancroft. Additionally, Bancroft is at the crossroads of two highways thereby resulting in significant transient commuter traffic (i.e., it is on the way to Algonquin Park, a popular travel destination).

Accordingly, the Parties submit that the relevant antitrust geographic market is broader than the town of Bancroft and should at least include Cardiff (14 km away). The broader market would capture at least another competing gasoline station. Although there is no information available on how much gasoline this station and those referenced above sell, the Parties believe that post-merger, there will be significant remaining competition, including a Canadian Tire Gas Bar, which is one of the most competitive gasoline stations in Bancroft, and the Proposed Transaction will not result in a substantial lessening of competition.

⁹ For example, site 51021's sales have gone from [REDACTED]. Similarly, site 51025's sales have gone from [REDACTED] a decline in approximately 15% in each case.

¹⁰ The Canadian Tire Gas Bar is located adjacent to a Canadian Tire retail site, which draws consumers who also take the opportunity to purchase gasoline when making their retail purchases.

Independent Dealers

While Pioneer owns and controls a gas station in Bancroft, Parkland does not own or control any gas stations in Bancroft and therefore such station should not be considered to be a Parkland station for the purpose of the Bureau's review of the Proposed Transaction (see the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Bancroft.

Map of Bancroft, Ontario



18. Tillsonburg, Ontario

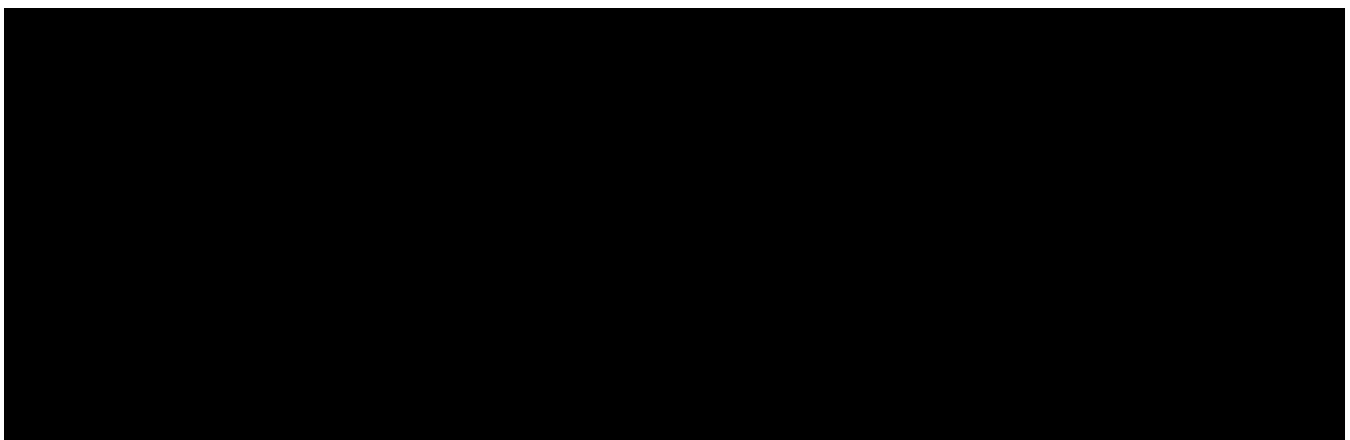
Tillsonburg is a town in Oxford County, with a population of approximately 15,300 residents. Tillsonburg is in close proximity to Highway 19 and Highway 3 (see map below).

Tillsonburg Kent Market

There are six gasoline stations in the “Tillsonburg Kent Market”:

- Pioneer owns two stations located at 115-123 Simcoe Street, Tillsonburg (site 213) and 680 Broadway Street, Tillsonburg (site 243), both operating under the Pioneer brand. These two stations collectively sell approximately [REDACTED] of gasoline and account for [REDACTED] of the throughput in Tillsonburg. These stations are located 850 metres and 3.9 km, respectively, from the independent dealer station supplied by Parkland (site 51248 – see below).
- Parkland does not own or operate any station in Tillsonburg. Parkland has a wholesale supply agreement with a single independent dealer station (site 51248) located at 90 Simcoe Street, Tillsonburg, operating under the Esso brand. This station sells a negligible volume of gasoline (approximately [REDACTED] in 2014 and [REDACTED] in 2013) and accounts for approximately [REDACTED] of the throughput in Tillsonburg.¹¹ This station is a weak station that was unable to satisfy the minimum contract volume of [REDACTED] during the term of the wholesale supply agreement with Parkland.
- Shell, located at 594 Broadway Street North, Tillsonburg, which accounts for approximately [REDACTED] of the throughput in Tillsonburg.
- XTR, located at 124 Tillson Avenue, Tillsonburg, which accounts for approximately [REDACTED] of the throughput in Tillsonburg.
- PetroCanada, located at 509 Broadway Street, Tillsonburg, which accounts for approximately [REDACTED] of the throughput in Tillsonburg.

Termination of Wholesale Supply Agreement



¹¹ The Parties note that this is a weak station which is struggling to meet volume requirements as stipulated in its supply agreement with Parkland.

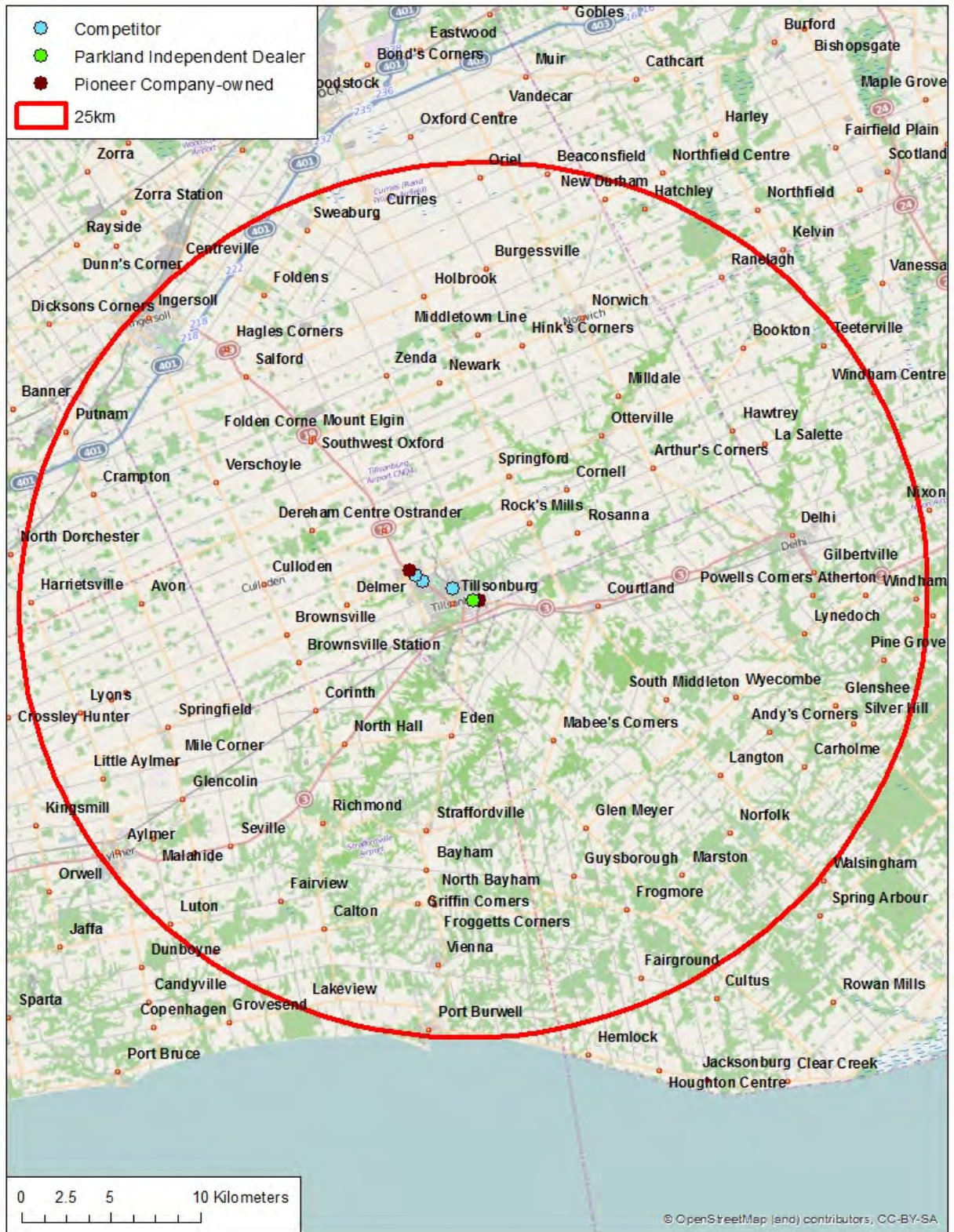
¹² The Parties note that this agreement has been extended until such time that this station satisfies the one third minimum volume obligation.

De Minimis Increase in Market Share

The Parties submit that, even using an overly-narrow geographic market definition, the Proposed Transaction would result in a 4% increase in the throughput, which cannot possibly allow Parkland to price above competitive levels post transaction.

Moreover, the Parkland independent dealer is a weak station. This is especially so given the continued presence of several strong national retail competitors in the Tillsonburg Kent Market, such as Shell and Petro-Canada. Finally, given that the Pioneer loyalty data clearly indicates that the relevant geographic market likely is much broader than the Tillsonburg Kent Market, it is clear that pricing by competitors along major transportation corridors will continue to impact and ensure that retail gas pricing in this area will continue to be competitive. The Proposed Transaction will not result in a substantial lessening of competition.

Map of Tillsonburg, Ontario



19. Lundar, Manitoba

Lundar is an agricultural community with a population of roughly 1,351 located in the Rural Municipality of Coldwell, in Manitoba's Interlake Region, 99 km north of Winnipeg on Highway 6.

Community of Lundar

While there is no Kent market data available for Lundar, there are three gasoline stations in Lundar:

- Parkland does not own or operate any station in Lundar. Parkland has a wholesale supply agreement with one independent dealer station (Site 50338) located at PT 30 Highway 6, Lundar which it operates under the Fas Gas brand (located 84 m from Pioneer dealer station (Site 776) – see below). Prior to October 2012, this station was a Husky station. Parkland sold [REDACTED] of gasoline to this station in 2014.
- Pioneer does not own or operate any gas station in Lundar. Pioneer has a wholesale supply agreement with one independent dealer (Site 776) located at Main Street West and Highway 6, Lundar operating under the Esso brand. Pioneer sold [REDACTED] of gasoline to this station in 2014.
- Domo (based in Manitoba) owns Danielson's Garage, located on Highway 6, which is a small gas station.

We also understand that Penner may be assessing establishing a cardlock in the Lundar area. Larry Penner's telephone is (204) 294-0561.

Relevant Geographic Market is Broader than Lundar

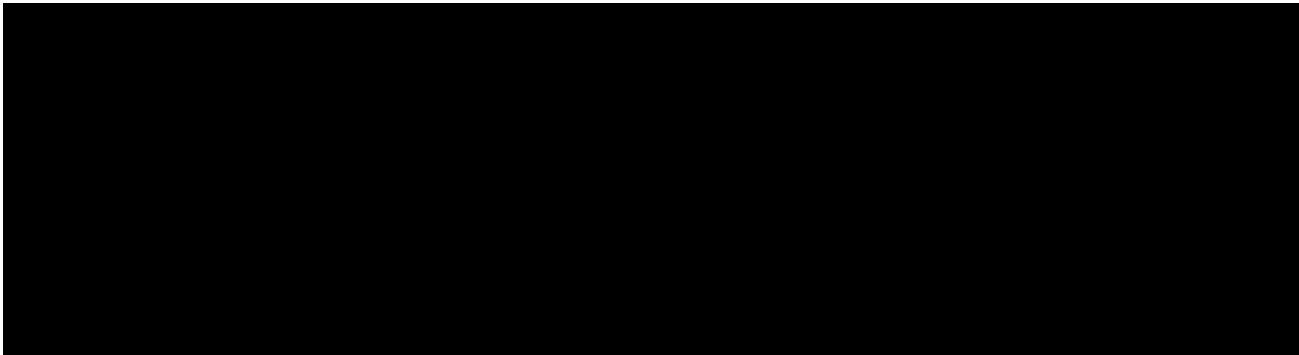
The relevant antitrust geographic market is broader than Lundar, as Lundar is located on Highway 6, which is the main highway corridor from Winnipeg to communities in northern Manitoba, including Thompson. As a result, the price of fuel charged in Lundar is significantly constrained by pricing in Winnipeg and pricing by competing retail gas stations along Highway 6, which is the main highway corridor from Winnipeg to communities in northern Manitoba. Such other stations along the corridor include the Eriksdale Service and a Pioneer independent dealer station in Eriksdale, located approximately 20 km north of Lundar on Highway 6, a Co-op gas station in Stonewall, located south of Lundar on the way to Winnipeg midway between Highway 6 and Highway 7, and a Red Sun gas station located on Highway 6 on the outskirts of Winnipeg.

While approximately [REDACTED] of loyalty transaction sales are from residents of Lundar, approximately [REDACTED] are resident of Eriksdale, [REDACTED] from Winnipeg and [REDACTED] from Oak Point (Based on Parkland's loyalty date from the Fas Gas station in Lundar).

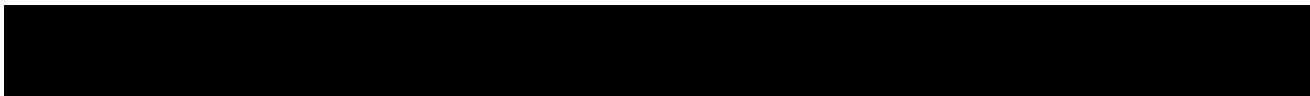
Independent Dealer*

Each of the Pioneer station and Parkland station in Lundar is an independent dealer, and should not be considered to be a Parkland station or a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction. See the Parties' submission dated November 18, 2014 on this point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Lundar.

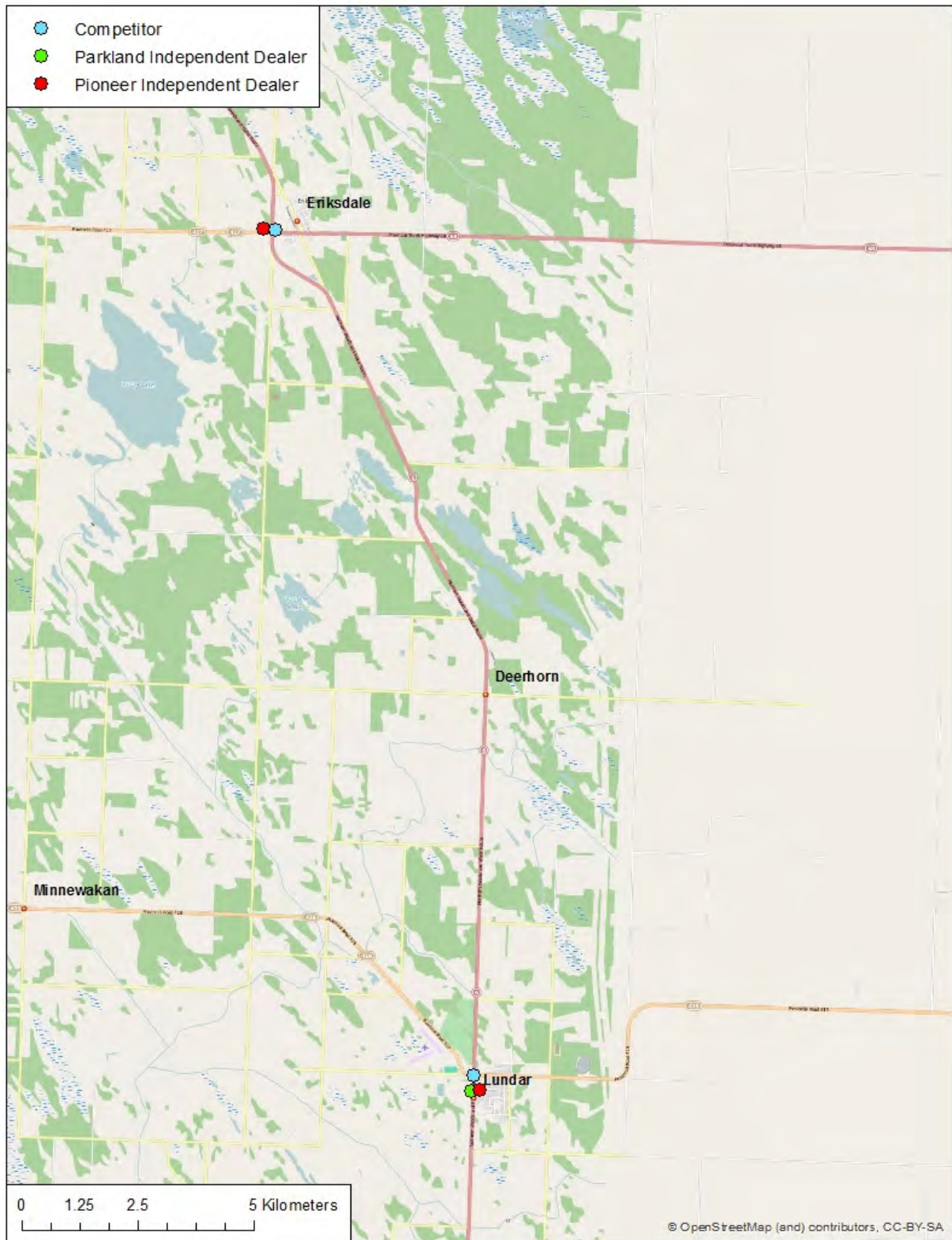
Termination of Wholesale Supply Agreement



Sales/Profitability



Map of Lunda



20. Neepawa, Manitoba

Neepawa is a town with a population of 3,629 located on the Yellow Head Highway (Highway 16) and Highway 5, west of Winnipeg, approximately 75 km from Brandon.

Town of Neepawa

While there is no Kent market data available for Neepawa, there here are four gasoline stations in Neepawa:

- Parkland owns and operates one station (i.e., a company controlled station) located at 99 Main Street East (Highway 16), Neepawa (Site 40209) operating under the Fas Gas brand (located near the Pioneer dealer station (Site 779 - see below). Parkland sold [REDACTED] of gasoline in 2014. Since the Co-op gas station expansion in the summer of 2014 (noted below), Parkland has lost ground in Neepawa.
- Pioneer does not own or operate any station in Neepawa (although this station was a company controlled station from 2010 until 2013, at which time the current owner acquired the station from Pioneer). Pioneer has a wholesale supply agreement with one co-dealer station (Site 779) located at 10 Main Street (Highway 16), Neepawa operating under the Esso brand with a Tim Hortons. This Esso station is large and modern and was rebuilt approximately five years ago after which the Esso dealer initially went bankrupt and lost goodwill in the community. The current dealer subsequently acquired the station, which initially struggled with low gas sales. Pioneer sold [REDACTED] of gasoline to this station in 2014.
- A Co-op gas station is located just east of Neepawa located at 50 Main Street (Highway 16), almost equidistant between the Parkland Fas Gas dealer and the Pioneer Esso dealer. In the summer of 2014, Co-op built an approximately 10,000 square foot grocery store adjacent to this gas station with a building centre and is a price discounter that is "clobbering" the other stations in Neepawa. It is estimated that the Co-op has annual sales of roughly [REDACTED] almost double the volume of sales of each of Parkland's and Pioneer's independent dealer stations.
- A small Petro-Canada garage and gas station (one pump).

Gasoline prices in Neepawa typically follow Winnipeg prices. In addition, Co-op is the largest competitor with a rough estimate of [REDACTED] of gasoline sales. Co-op is an aggressive discounter in Neepawa and in other regions, and is expected to maintain this strategy following closing of the Proposed Transaction. All other stations in the region will follow Co-op's price reductions so as to maintain volumes. The Proposed Transaction is unlikely to change this dynamic, and the Proposed Transaction will not result in a substantial lessening of competition.

If not for Highway 16 traffic, Parkland would likely exit Neepawa, as the volume of sales of gasoline for a town of 3,629 and a rural surrounding community would not justify the number of stations currently operating in Neepawa, especially with a Co-op station in the immediate area.

It is significant to note that a Shell gas station exited Neepawa after the Esso station was rebuilt.

Relevant Geographic Market is Broader than Neepawa

The relevant geographic market is broader than Neepawa, as Neepawa, is located on Yellow Head Highway (Highway 16) and Highway 5. Based on Parkland's loyalty data, approximately [REDACTED] of the Parkland dealer station's loyalty sales are to customers located in communities other

than Neepawa, including Riding Mountain [REDACTED], Eden [REDACTED], Brookdale [REDACTED], Arden [REDACTED] and Minnedosa [REDACTED]

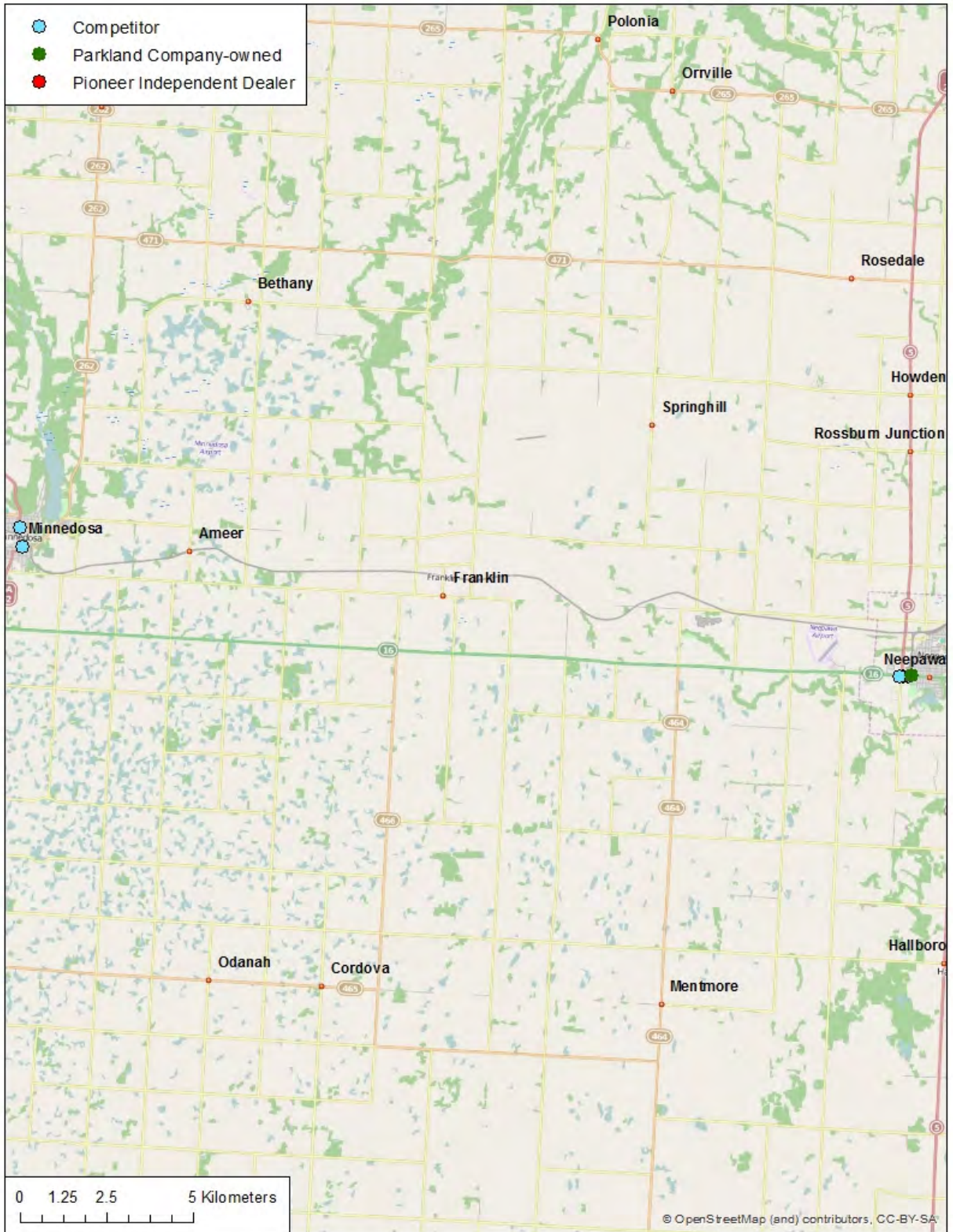
Notwithstanding that there are only four gas stations in Neepawa, the gas stations are significantly constrained by pricing by competing retail gas stations along this corridor, which pricing will continue to influence and discipline Parkland's wholesale pricing decisions post closing. In particular, there are two Co-op gas stations within 30 minutes of driving of Neepawa. Such other stations include: (i) one gas station (a Co-op) in Gladstone, located 37 km east of Neepawa along Highway 16, (ii) two gas stations (a Co-op station and a Husky station) in Minnedosa, located 30 km west of Neepawa on Highway 16.

Independent Dealer

The Esso station in Neepawa is a Pioneer independent dealer station and therefore such station should not be considered to be a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction. See the Parties' submission dated November 18, 2014 on this point). According, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Neepawa.

Maps of Neepawa





21. Warren, Manitoba

Warren is a small community is located in the rural municipality of Woodlands with a population approximately 800. Warren is 46 km (or 40 minutes by car) northwest of Winnipeg and proximate to Stonewall, which is 19 km (or 25 minutes by car) away.

Community of Warren

While there is no Kent market data available for Warren, there are two gasoline stations in Warren.

- Parkland does not own or operate any station in Warren. Parkland has a wholesale supply agreement with one independent dealer station (Site 50567) located at 212 MacDonald Avenue operating under the Race Trac brand (located 1.2 km away from Pioneer dealer station site 764 – see below). This station [REDACTED] and Parkland sold only [REDACTED] of gasoline to the station in 2014.
- Pioneer does not own or operate any station in Warren. Pioneer has a wholesale supply agreement with one independent dealer station (Site 764) located on Highway 6 operating under the Esso brand. This station [REDACTED] selling [REDACTED] of gasoline in 2014.

Relevant Geographic Market is Broader than Warren

As noted in the Kent 2013 Report, there are on average 4.92 retail outlets per 10,000 residents in Manitoba. Accordingly, the community of Warren, with only 800 residents would not justify the need for more than one gas station.

The relevant antitrust geographic market is broader than Warren, as Warren is a very small community of only approximately 800 residents and has no material amenities, such as grocery stores. This community of approximately 800 residents would not require two gas stations, but for the commute along Highway 6 to or from the Winnipeg region.

Residents of Warren frequently travel to other towns such as Winnipeg and Stonewall for work as well as to purchase groceries, household supplies and gas at stations located on the way to or at their destinations, and most residents drive relatively long distances for any and all services.

- One Co-op station located at 491 4th Street East, Stonewall, located less than 20 km or 10 minutes from Warren.
- One Shell station in Woodlands, 12 km northwest of Warren on Highway 6 and Provincial Road 518.
- One Co-op gas located in Marquette, less than 10 km southwest of Warren.
- One Red Sun gas station located on Highway 6 on the outskirts of Winnipeg.

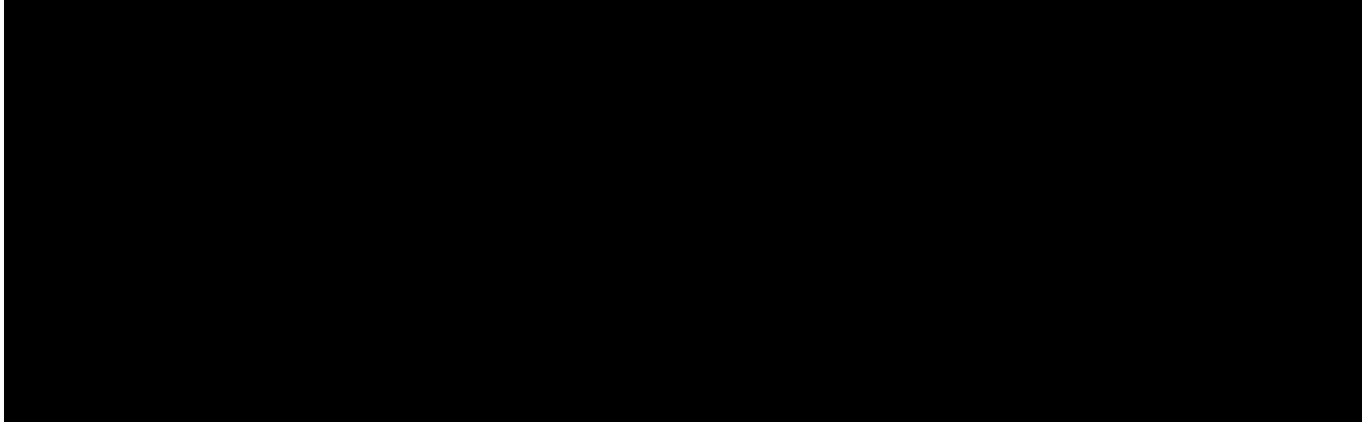
Note that Pioneer also has a supply agreement with a dealer located in Stonewall (Site 788).

Independent Dealer

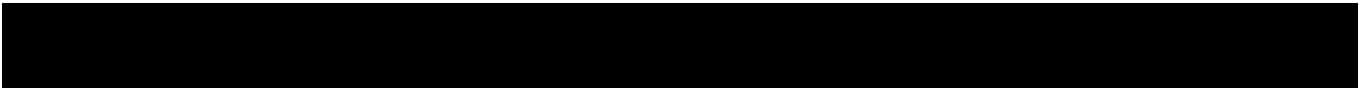
Each of the Pioneer station and Parkland station is an independent dealer, and should not be considered to be a Parkland station or a Pioneer station for the purpose of the Bureau's review of the Proposed Transaction. See the Parties' submission dated November 18, 2014 on this

point). Accordingly, the Proposed Transaction does not represent an increase in market share in retail sales of fuel in Warren.

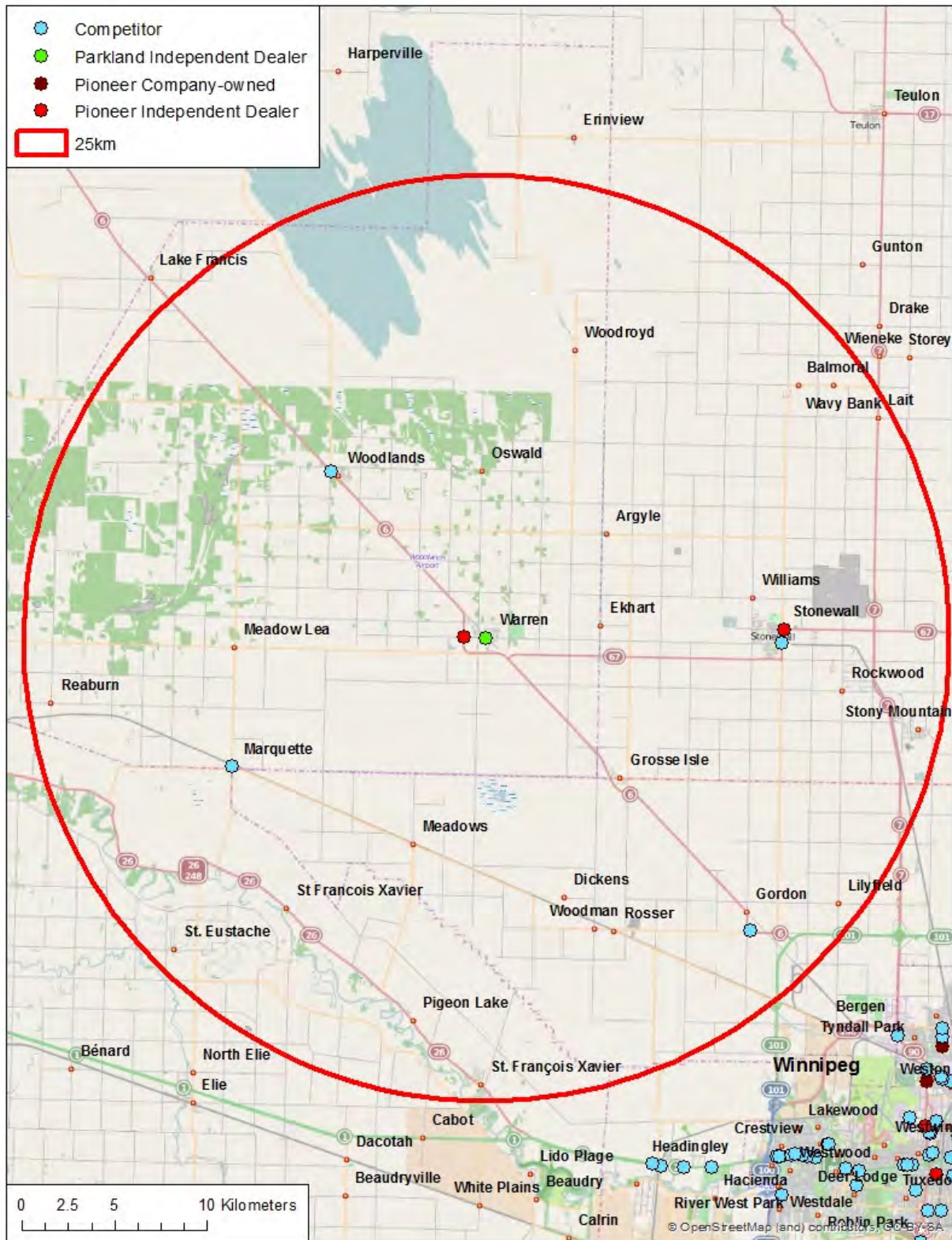
Termination of Wholesale Supply Agreement



Sales/Profitability



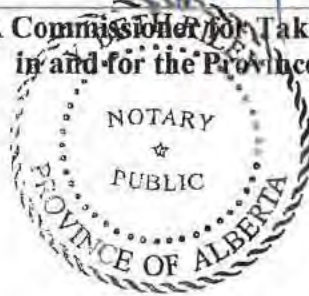
Map of Warren



**THIS IS EXHIBIT "L" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



From: Beth Riley
Sent: 18 February 2015 5:08 PM
To: DiDomenico, Antonio: CB-BC (NCR-RCN); CHersh@CasselsBrock.com; Randal Hughes; lahmad@casselsbrock.com
Cc: Fisher, Melissa: CB-BC; Lee, Sangwon: CB-BC; Wright, Leila: CB-BC; McNabb, Alex: CB-BC; Kinkartz, Lionel: CB-BC; Derby, Nolan: CB-BC; Charania, Majid: CB-BC
Subject: RE: Parkland/Pioneer - Timing
Attachments: Scan_1.pdf

Tony,

Further to our discussion, please see attached the confirmatory letter regarding timing of closing of the Parkland/Pioneer transaction.

We are available to discuss.

Thank you,
Beth

-----Original Message-----

From: DiDomenico, Antonio: CB-BC (NCR-RCN) [Antonio.DiDomenico@bc-cb.gc.ca]
Sent: Friday, February 13, 2015 01:09 PM Mountain Standard Time
To: CHersh@CasselsBrock.com; Beth Riley; Randal Hughes; lahmad@casselsbrock.com
Cc: Fisher, Melissa: CB-BC; Lee, Sangwon: CB-BC; Wright, Leila: CB-BC; McNabb, Alex: CB-BC; Kinkartz, Lionel: CB-BC; Derby, Nolan: CB-BC; Charania, Majid: CB-BC
Subject: Re: Parkland/Pioneer

Counsel:

Further to our call earlier today, we are fine with Parkland's and Pioneer's timing proposal, namely that the proposed transaction will not be closed until at least 15 days after the day on which Parkland and Pioneer provide written notice to the Commissioner, exercisable only on or after March 1, 2015. Notwithstanding the foregoing, we are, of course, not undertaking or guaranteeing that the Commissioner's review will be complete within this timeframe. The foregoing is also without prejudice to the Commissioner's right to seek a remedy before the Competition Tribunal.

We understand that Parkland and Pioneer intend to memorialize their aforesaid timing commitment. Parkland and Pioneer can do so through their counsel by way of a signed letter(s) to me.

Thanks,
Tony

Antonio Di Domenico
Conseiller juridique | Counsel
Services juridiques du Bureau de la concurrence | Competition Bureau Legal Services
Ministère de la Justice | Department of Justice
Gouvernement du Canada | Government of Canada

PUBLIC

00628

50 rue Victoria, Gatineau, Québec K1A 0C9
Place du Portage I, 22e étage | 22nd floor
Tel: (819) 997-2837 | Mobile: (613) 608-5271 | Fax: (819) 953-9267
Email: antonio.didomenico@cb-bc.gc.ca

From: Hersh, Chris [<mailto:CHersh@CasselsBrock.com>]
Sent: Friday, February 13, 2015 12:13 PM
To: DiDomenico, Antonio: CB-BC (NCR-RCN); RileyB@bennettjones.com <RileyB@bennettjones.com>;
HughesR@bennettjones.com <HughesR@bennettjones.com>; Ahmad, Imran <iahmad@casselsbrock.com>
Cc: Fisher, Melissa: CB-BC; Lee, Sangwon: CB-BC; Wright, Leila: CB-BC; McNabb, Alex: CB-BC; Kinkartz, Lionel: CB-BC;
Derby, Nolan: CB-BC; Charania, Majid: CB-BC
Subject: RE: Parkland/Pioneer

Tony:

Counsel are available at 12:30.

We can use the following dial in information:

Toll Free Dial-In: 1-866-651-2727
Local Dial-In: 416-472-5039
Conference ID: 7364754



Chris Hersh

Direct: +1 416 869 5387 • Fax: +1 416 640 3017 • chersh@casselsbrock.com
2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2
www.casselsbrock.com

From: DiDomenico, Antonio: CB-BC (NCR-RCN) [<mailto:Antonio.DiDomenico@bc-cb.gc.ca>]
Sent: Friday, February 13, 2015 12:05 PM
To: RileyB@bennettjones.com; HughesR@bennettjones.com; Hersh, Chris; Ahmad, Imran
Cc: Fisher, Melissa: CB-BC; Lee, Sangwon: CB-BC; Wright, Leila: CB-BC; McNabb, Alex: CB-BC; Kinkartz, Lionel: CB-BC;
Derby, Nolan: CB-BC; Charania, Majid: CB-BC
Subject: Re: Parkland/Pioneer

Thanks Beth. 12:30pm (EST) works for us.

Tony

Antonio Di Domenico
Consellier juridique | Counsel
Services juridiques du Bureau de la concurrence | Competition Bureau Legal Services
Ministère de la Justice | Department of Justice
Gouvernement du Canada | Government of Canada
50 rue Victoria, Gatineau, Québec K1A 0C9
Place du Portage I, 22e étage | 22nd floor
Tel: (819) 997-2837 | Mobile: (613) 608-5271 | Fax: (819) 953-9267
Email: antonio.didomenico@cb-bc.gc.ca

From: Beth Riley [<mailto:RileyB@bennettjones.com>]
Sent: Friday, February 13, 2015 11:51 AM
To: DiDomenico, Antonio: CB-BC (NCR-RCN); Randal Hughes <HughesR@bennettjones.com>; 'Hersh, Chris' <CHersh@CasselsBrock.com>; 'Ahmad, Imran' <lahmad@casselsbrock.com>
Cc: Fisher, Melissa: CB-BC; Lee, Sangwon: CB-BC; Wright, Leila: CB-BC; McNabb, Alex: CB-BC; Kinkartz, Lionel: CB-BC; Derby, Nolan: CB-BC; Charania, Majid: CB-BC
Subject: RE: Parkland/Pioneer

Tony

We will be in a position to call you today to discuss. Do you have a time that works for you today?

Beth

Sent with Good (www.good.com)

-----Original Message-----

From: DiDomenico, Antonio: CB-BC (NCR-RCN) [Antonio.DiDomenico@bc-cb.gc.ca]
Sent: Friday, February 13, 2015 09:13 AM Mountain Standard Time
To: Beth Riley; Randal Hughes; Hersh, Chris; Ahmad, Imran
Cc: Fisher, Melissa: CB-BC; Lee, Sangwon: CB-BC; Wright, Leila: CB-BC; McNabb, Alex: CB-BC; Kinkartz, Lionel: CB-BC; Derby, Nolan: CB-BC; Charania, Majid: CB-BC
Subject: Parkland/Pioneer

Counsel:

Further to our call of February 11, you advised that you would seek instructions in regarding a timing agreement. May we please hear from you today regarding those instructions?

Thanks,
Tony

Antonio Di Domenico
 Conseiller juridique | Counsel
 Services juridiques du Bureau de la concurrence | Competition Bureau Legal Services
 Ministère de la Justice | Department of Justice
 Gouvernement du Canada | Government of Canada
 50 rue Victoria, Gatineau, Québec K1A 0C9
 Place du Portage I, 22e étage | 22nd floor
 Tel: (819) 997-2837 | Mobile: (613) 608-5271 | Fax: (819) 953-9267
 Email: antonio.didomenico@cb-bc.gc.ca



Bureau de la concurrence
Canada

Competition Bureau
Canada



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**Bennett
Jones**

Beth Riley
Partner
Direct Line: 403.298.3096
e-mail: brileyb@bennettjones.com
Our File No.: 54655-111

Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, Canada T2P 4K7
Tel: 403.298.3100 Fax: 403.265.7219

PROTECTED AND CONFIDENTIAL

February 18, 2015

VIA E-MAIL

Mr. Antonio Di Domenico
Competition Bureau Legal Services
Department of Justice
Government of Canada
22nd Floor, 50 Victoria Street
Gatineau, Québec K1A 0C9

Dear Mr. Di Domenico

Re: Proposed Acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation (collectively, "Parkland"), of substantially all of the assets of Pioneer Petroleum Holding Limited Partnership, Pioneer Energy LP, Pioneer Petroleum Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleum Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd. (collectively, "Pioneer") (the "Proposed Transaction")

This letter is written further to discussions with yourself and the Competition Bureau review team and your email dated February 13, 2014 in respect of the Proposed Transaction and the associated notifications of Parkland and Pioneer under section 114 of the Competition Act.

We hereby confirm on behalf of each of Parkland and Pioneer that, notwithstanding the expiry of the 30-day waiting period under Section 123(1)(b) of the Competition Act on February 24, 2015, Parkland and Pioneer shall not close the Proposed Transaction until at least 15 days after the day on which Parkland and Pioneer provide written notice to the Commissioner of Competition, which notice shall not be provided to the Commissioner of Competition prior to March 1, 2015.

If you have any questions or require any additional information, please do not hesitate to contact me directly at (403) 298-3096 or Randy Hughes at (416) 777-7471.

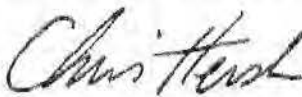
Yours truly,

BENNETT JONES LLP



Beth Riley

CASSELS, BROCK AND BLACKWELL, LLP



Chris Hersh

www.bennettjones.com

**THIS IS EXHIBIT "M" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



April 27, 2015

Re: Irrevocable Waivers and Competition Act Matters

Reference is made to the Asset Purchase Agreement made as of September 17, 2014, among Parkland Fuel Corporation (the "**Parent**"), Parkland Industries Ltd. (collectively, the "**Purchasing Parties**"), Pioneer Petroleum Holding Limited Partnership ("**Holding LP**"), Pioneer Energy LP ("**Energy LP**"), Pioneer Petroleum Transport Inc. ("**Transport Inc.**"), Pioneer Energy Inc. ("**Energy Inc.**"), Pioneer Fuels Inc. ("**Fuels Inc.**"), Pioneer Petroleum Holding Inc. ("**Holding GP**"), Pioneer Energy Management Inc. ("**Energy GP**"), 668086 N.B. Limited ("**NB Ltd.**"), 3269344 Nova Scotia Limited ("**NS Ltd.**") and 1796745 Ontario Ltd. ("**Ontario Ltd.**" and, together with Holding LP, Energy LP, Transport Inc., Energy Inc., Fuels Inc., Holding GP, Energy GP, NB Ltd. and NS Ltd., collectively, the "**Vendors**"), as amended or supplemented from time to time (collectively, the "**Purchase Agreement**").

This letter agreement (the "**Supplemental Agreement**") supplements and, where inconsistent, shall be deemed to amend and supersede, the terms and conditions contained in the Purchase Agreement (or any supplemental or amending agreements executed prior to the date hereof, including without limitation, the supplemental letter agreements dated January 20, 2015, March 17, 2015, April 16, 2015 and April 24, 2015 among Parkland and the Vendors relating to the extension of the closing date) in accordance with Section 11.6 of the Purchase Agreement. Unless so supplemented or amended by this Supplemental Agreement, all of the terms and conditions contained in the Purchase Agreement shall remain unchanged and in full force and effect.

1. In accordance with Section 6.1 of the Purchase Agreement, effective on the date hereof, each of the undersigned Purchasing Parties hereby:

- (a) irrevocably waives the conditions in favour of the Purchasing Parties set forth in: (i) each of sections 6.1(b), (h), (i) and (l) of the Purchase Agreement and (ii) section 6.1(g) of the Purchase Agreement insofar as any such Order or Claim is made under the Competition Act, unless the Competition Tribunal has issued an Order under sections 100 or 104 of the Competition Act that enjoins the transactions contemplated by the Purchase Agreement in whole or in part or that holds separate all or part of the Purchased Asset or Business; and
- (b) irrevocably acknowledges and agrees that any waiver, consent, approval, authorization or assignment otherwise required under the terms of the Purchase Agreement to be obtained from Imperial Oil (or any affiliate thereof) shall not, for the purposes of Section 6.1(m) or Section 7.2(e) or (k) of the Purchase Agreement, be deemed to be a "Closing Approval" or an "assignment agreement", as applicable, which is required under the terms of the Purchase Agreement to be delivered in order for the condition in Section 6.1(m) of the Purchase Agreement or the delivery requirements of Sections 7.2(e) or (k), respectively, to be satisfied.

2. Each of the Purchasing Parties acknowledges that each of the Vendors may rely on the irrevocable waiver set forth in paragraph 1 of this Supplemental Agreement.

3. The irrevocable waiver set forth in paragraph 1 of this Supplemental Agreement (a) supercedes the provisions of Section 5.10 of the Purchase Agreement, (b) is a waiver of the conditions precedent in sections 6.1 (d), (e) and (f) of the Purchase Agreement to the extent that there is an Order or Claim relating to sections 92, 104 and/or 105 of the Competition Act, and (c) constitutes an agreement to close the transactions contemplated by the Purchase Agreement with the payment of the Purchase Price, and mechanics, as set out in the Purchase Agreement, subject to all cases to the amendment of the Purchase Agreement pursuant to the terms of this Supplemental Agreement.

4. In accordance with section 6.2 of the Purchase Agreement, effective on the date hereof, each of the undersigned Vendors hereby irrevocably waives the conditions in favour of the Vendors set forth in (i) each of section 6.2 (d) and (e) of the Purchase Agreement and (ii) section 6.2(c) of the Purchase Agreement insofar as any such Order or Claim is made under the Competition Act, unless the

Competition Tribunal has issued an Order under sections 100 or 104 of the Competition Act that enjoins the transactions contemplated by the Purchase Agreement in whole or in part or that holds separate all or part of the Purchased Asset or Business.

5. Each of the Vendors acknowledges that each of the Purchasing Parties may rely on the irrevocable waiver set forth in paragraph 4 of this Supplemental Agreement.

6. If the Commissioner applies to the Competition Tribunal or any other court or judicial body for an interim or injunctive order or other relief that could reasonably be considered to be able to prevent or delay the acquisition and payment of the Purchased Assets by the Purchasing Parties in the manner contemplated by the Purchase Agreement on the Closing Date:

- (a) the Purchasing Parties shall take any and all reasonable commercial steps necessary to close the transactions contemplated by the Purchase Agreement, including vigorously resisting any application by the Commissioner pursuant to sections 100 or 104 of the Competition Act, or otherwise, for an Order that could enjoin the transactions contemplated by the Purchase Agreement in whole or in part or that holds separate all or part of the Purchased Asset or Business, including any appeals, such resistance to include vigorously and as promptly as reasonably practical pursuing all possible appeals (including defence of any appeal by the Commissioner) and applications for leave to appeal from any Order under sections 100 or 104 of the Competition Act that enjoins the transactions contemplated by the Purchase Agreement in whole or in part or that holds separate all or part of the Purchased Asset or Business; and
- (b) the "Closing Date" shall be deemed to be extended, without any further action on the part of the Purchasing Parties or the Vendors, to the date that is five Business Days after the date upon which a final judgment is obtained from the Competition Tribunal, other court or judicial body (or such other date mutually agreed to in writing between the Purchasing Parties and Vendors), which final judgment permits the purchase of the Purchase Assets by the Purchasing Parties in the manner contemplated by the Purchase Agreement and the operation of the Business by the Purchasing Parties; provided that, for the purpose of this Supplemental Agreement, a "final judgment" means a judgment from which there can be, by either the Purchasing Parties or the Commissioner, no appeal or right to appeal or such appeal or right to appeal has been waived or has expired or an agreement between the Commissioner and the Purchasing Parties that can be registered in the Competition Tribunal under section 105 of the Competition Act in respect of the acquisition and payment of the Purchased Assets by the Purchasing Parties in the manner contemplated by the Purchase Agreement; and
- (c) notwithstanding the foregoing, the Closing Date shall not, in any case, absent written agreement of the Parties, extend to a date that is later than the first Business Day that is two months after the initial decision of the Competition Tribunal that prevents or delays the acquisition and payment of the Purchased Assets by the Purchasing Parties in the manner contemplated by the Purchase Agreement (the "**Outside Date**") and, in the event the acquisition and payment of the Purchased Assets by the Purchasing Parties in the manner contemplated by the Purchase Agreement does not occur on or prior to the Outside Date, the Purchase Agreement shall be deemed to be terminated on the Outside Date, without any further action on the part of the Purchasing or the Vendors, pursuant to Section 9.1(a)(i) of the Purchase Agreement.

7. The Purchasing Parties shall be responsible for its own costs and expenses incurred, and from and after the commencement of an application by the Commissioner under the Competition Act in respect of the transactions contemplated by the Purchase Agreement, the reasonable costs and expenses incurred by any Vendor or any person with a direct or indirect interest in any Vendor, in connection with such application by the Commissioner (including the reasonable fees and disbursements of legal counsel and other advisors of such parties in connection with any such application); provided that notwithstanding the foregoing, Parkland shall be responsible for such costs and expenses of the Vendor or any person with a direct or indirect interest in any Vendor in an amount not to exceed \$175,000 in the aggregate.

8. The Purchasing Parties and the Vendors shall provide written notice to the Commissioner on April 27, 2015, or such other date mutually agreed upon in writing between the Purchasing Parties and the Vendors, of their intention to close on the Closing Date in accordance with, and for the purposes of, the letter from Ms. Beth Riley and Mr. Chris Hersh to Mr. Antonio Di Domenico dated February 18, 2015.

9. Each Party shall, from time to time, and at all times hereafter, at the request of another Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

10. This Supplemental Agreement shall be construed and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The Parties irrevocably and unconditionally attorn and submit to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action, application, reference or other proceeding arising out of or related to this Agreement and agree that all Claims in respect of any such action, application, reference or other proceeding shall be heard and determined in such Ontario courts. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application, reference or proceeding.

11. This Supplemental Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written. Delivery of counterparts may be effected by facsimile transmission or scanned emails.

IN WITNESS WHEREOF the Parties hereto have executed this Supplemental Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

Per: [Signature]
Name: _____
Title: **Robert B. Espey**
President and Chief Executive Officer

Per: [Signature]
Name: _____
Title: **Kendall Waiting**
General Counsel & Corporate Secretary

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, by its general partner, PIONEER PETROLEUMS HOLDING INC.

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS TRANSPORT INC.

Per: _____
Name: _____
Title: _____

PIONEER FUELS INC., as successor in interest to Pioneer Energy Inc., Pioneer Fuels Inc. and 1796745 Ontario Ltd. by way of amalgamation

Per: _____
Name: _____
Title: _____

PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

PARKLAND INDUSTRIES LTD.

Per: [Signature]
Name: _____
Title: **Robert B. Espey**
President and Chief Executive Officer

Per: [Signature]
Name: _____
Title: **Kendall Waiting**
General Counsel & Corporate Secretary

PIONEER ENERGY LP, by its general partner, PIONEER ENERGY MANAGEMENT INC.

Per: _____
Name: _____
Title: _____

3269344 NOVA SCOTIA LIMITED

Per: _____
Name: _____
Title: _____

PIONEER PETROLEUMS HOLDING INC.

Per: _____
Name: _____
Title: _____

668086 N. B. LIMITED

Per: _____
Name: _____
Title: _____

IN WITNESS WHEREOF the Parties hereto have executed this Acknowledgement Agreement as of the date first above written.

PARKLAND FUEL CORPORATION

PARKLAND INDUSTRIES LTD.

Per: _____
Name:
Title:


Per: _____
Name:
Title:


Per: _____
Name:
Title:

Per: _____
Name:
Title:

PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, by its general partner, PIONEER PETROLEUMS HOLDING INC.


PIONEER ENERGY LP, by its general partner, PIONEER ENERGY MANAGEMENT INC.


Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER PETROLEUMS TRANSPORT INC.


3269344 NOVA SCOTIA LIMITED


Per: 
Name: Timothy W. Hogarth
Title: President

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER FUELS INC., as successor in interest to Pioneer Energy Inc., Pioneer Fuels Inc. and 1796745 Ontario Ltd. by way of amalgamation


PIONEER PETROLEUMS HOLDING INC.


Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

PIONEER ENERGY MANAGEMENT INC.

668086 N. B. LIMITED

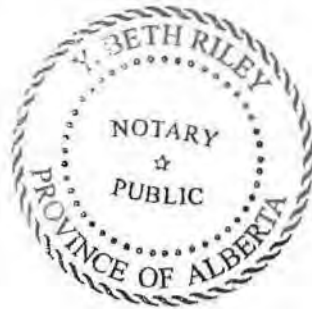
Per: 
Name: Timothy W. Hogarth
Title: President & CEO

Per: 
Name: Timothy W. Hogarth
Title: President & CEO

**THIS IS EXHIBIT "N" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**




From: Beth Riley
Sent: 27 April 2015 10:01 PM
To: DiDomenico, Antonio; CB-BC (NCR-RCN); McNabb, Alex; CB-BC
Cc: CHersh@CasselsBrock.com; Ahmad, Imran; John Rook
Subject: Parkland/Pioneer - Notice of Closing
Attachments: My Scan.PDF

Tony & Alex,

Further to the timing agreement as set forth in the letter dated February 18, 2015 to yourself on behalf of Parkland and Pioneer regarding the agreement of Parkland and Pioneer to provide written notice to the Commissioner of Competition at least 15 days prior to the closing of the Proposed Transaction, please find attached the notice of closing filed on behalf of Parkland and Pioneer. The Proposed Transaction is scheduled to close on May 13, 2015.

Do not hesitate to contact either myself or John Rook should you wish to discuss.

Regards,
Beth

 Y. Beth Riley
Partner, Bennett Jones LLP

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
P. 403 298 3096 | F. 403 265 7219
E. rileyb@bennettjones.com

**Written Notice to the Commissioner of Competition
under the Timing Agreement**

Beth Riley
Partner
Direct Line: 403.298.3096
e-mail: rileyb@bennettjones.com
Our File No.: 54655-111

PROTECTED AND CONFIDENTIAL

April 27, 2015

VIA E-MAIL

Mr. John Pecman
Commissioner of Competition
Competition Bureau
Industry Canada
21st Floor, 50 Victoria Street
Gatineau, Québec K1A 0C9

Mr. Antonio Di Domenico
Competition Bureau Legal Services
Department of Justice
Government of Canada
22nd Floor, 50 Victoria Street
Gatineau, Québec K1A 0C9

Dear Messrs. Pecman and Di Domenico

Re: Proposed Acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation (collectively, "Parkland"), of substantially all of the assets of Pioneer Petroleum Holding Limited Partnership, Pioneer Energy LP, Pioneer Petroleum Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleum Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd. (collectively, "Pioneer") (the "Proposed Transaction")

Reference is made to our letter dated February 18, 2015 to Antonio Di Domenico, Competition Bureau Legal Services, Department of Justice on behalf of Parkland and Pioneer regarding the agreement of Parkland and Pioneer to provide written notice to the Commissioner of Competition at least 15 days prior to the closing of the Proposed Transaction (the "Timing Agreement").¹

Please accept this letter as the written notice of Parkland and Pioneer of closing of the Proposed Transaction, which notice is provided to you in accordance the Timing Agreement. The Proposed Transaction is scheduled to close on May 13, 2015.

If you have any questions or require any additional information, please do not hesitate to contact me directly at (403) 298-3096 or John Rook at (416) 777-4885.

Yours truly,

BENNETT JONES LLP

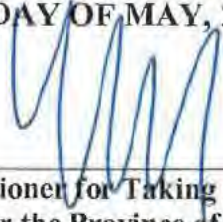
CASSELS, BROCK AND BLACKWELL, LLP

Beth Riley

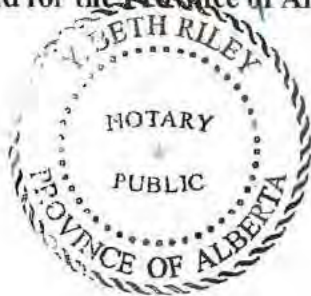
Chris Hersh

¹ This letter is being provided on the basis that the information contained herein, and all information provided previously and subsequently in connection with this matter, will be kept confidential in accordance with the protections afforded by section 29 of the *Competition Act*, the Commissioner's customary practices and stated policies on the protection of confidential information, the *Access to Information Act* (Canada), and all other applicable legislation. Parkland and Pioneer consider and consistently treat such information as confidential, the disclosure of which could result in material financial loss and prejudice to its competitive position and interference with contractual relations and dealings with third parties. Parkland and Pioneer request that the Commissioner notify them immediately of any attempts by third parties to obtain access to this information, that the Commissioner actively oppose such request and that he assert public interest privilege and all other applicable forms of privilege in response to any such attempts.

**THIS IS EXHIBIT "O" REFERRED TO
IN THE AFFIDAVIT OF ROBERT ESPEY
SWORN BEFORE ME THIS
5TH DAY OF MAY, 2015**



**A Commissioner for Taking Affidavits
in and for the Province of Alberta**



John F. Rook, Q.C.
Partner
Direct Line: 416.777.4885
e-mail: rookj@bennettjones.com
Our File No.: 54655.111

PROTECTED AND CONFIDENTIAL

April 29, 2015

VIA E-MAIL

Competition Bureau
Industry Canada
21st Floor, 50 Victoria Street
Gatineau, Québec K1A 0C9

**Attention: Alex McNabb, Competition Officer
Tony Di Domenico, Counsel**

Dear Messrs. McNabb and Di Domenico:

Re: Proposed Acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation, of substantially all of the assets of Pioneer Petroleum Holding Limited Partnership, Pioneer Energy LP, Pioneer Petroleum Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleum Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd. (the "Proposed Transaction")

This letter is supplemental to the request for an advance ruling certificate dated October 3, 2014 in respect of the Proposed Transaction (the "**ARC Request**") and is provided on behalf of Parkland.¹ Unless otherwise defined in this letter, all capitalized terms within this letter have the meaning ascribed to those terms in the ARC Request.

Further to the written notice provided to the Commissioner on April 27, 2015 the Proposed Transaction is scheduled to close on May 13, 2015.

Parkland does not believe that the Proposed Transaction is likely to result in a substantial lessening and/or prevention of competition in any relevant market. Nevertheless, in order to

¹ This letter and accompanying enclosures are being provided on the basis that the information contained herein, and all information provided previously and subsequently in connection with this matter, will be kept confidential in accordance with the protections afforded by section 29 of the *Competition Act*, the Commissioner's customary practices and stated policies on the protection of confidential information, the *Access to Information Act* (Canada), and all other applicable legislation. Parkland and Pioneer consider and consistently treat such information as confidential, the disclosure of which could result in material financial loss and prejudice to its competitive position and interference with contractual relations and dealings with third parties. Parkland and Pioneer request that the Commissioner notify them immediately of any attempts by third parties to obtain access to this information, that the Commissioner actively oppose such request and that he assert public interest privilege and all other applicable forms of privilege in response to any such attempts.

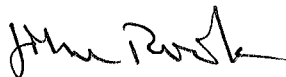
avoid unnecessary and potentially costly litigation, following the closing of the Transaction, Parkland intends to:

- (i) divest to one or more third party purchasers certain company retail gas stations identified at Schedule "A" to this letter; and
- (ii) divest to one or more third party purchasers certain wholesale fuel supply agreements with independent dealers identified at Schedule "B" to this letter,

all with the result of reducing the post-merger market share in each applicable local market (based on volume) to (a) 35% in those markets in which each of Parkland and Pioneer accounts for a pre-closing market share of less than 35%, or (b) to the pre-closing market share held by either Pioneer or Parkland in those markets where either Parkland or Pioneer, as applicable, has a pre-closing market share in excess of 35% (i.e., eliminate any accretion of market share that would otherwise result from closing of the Proposed Transaction).

Yours truly,

BENNETT JONES LLP



John F. Rook

cc: Chris Hersh, Cassels, Brock & Blackwell, LLP



SCHEDULE "A"

Divestiture of Company Stations

Local Market	Station	Parkland/Pioneer Company Station	Brand	Location
Neepawa	40209	Parkland	Fas Gas	99 Main Street East (Highway 16) Neepawa, MB
Bancroft	259	Pioneer	Esso	132 Hastings St. N., Po Box 247 Bancroft, ON
Kapuskasing	40229	Parkland	Race Trac	25 Brunetville Road Kapuskasing, ON P5N 1B9
Welland	238	Pioneer	Pioneer	681 South Pelham Rd. Welland, ON L3C3C9



SCHEDULE "B"

Divestiture/Assignment of Wholesale Fuel Supply Agreements

Local Market	Station	Parkland/Pioneer Independent Dealer	Brand	Location
Lundar	50338	Parkland	Fas Gas	Highway #6, Box 24 [Box 35?] Lundar, MB R0C 1Y0
Warren	764	Pioneer	Esso	2001, 212 MacDonald Avenue (Box 550) Warren, MB R0C 3E0
Azilda/ Chemsford	50936	Parkland	Esso	51 Notre Dame St. W Azilda, ON
Gananoque	51310	Parkland	Esso	675 Stone Street N Gananoque, ON K7G 1Z4
Hanover	51287	Parkland	Esso	594 10 th Street – 17 th Avenue Hanover, ON N4N 1R7
Port Perry	51322	Parkland	Race Trac	1625 Scugog Street Port Perry, ON L6L 1K6



THE COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF the proposed acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation, of substantially all of the assets of Pioneer Petroleum Holding Limited Partnership, Pioneer Energy LP, Pioneer Petroleum Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleum Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd.;

AND IN THE MATTER OF an Application by the Commissioner of Competition for one or more orders pursuant to section 92 of the *Competition Act*.

AND IN THE MATTER OF an Application for an Interim Order pursuant to section 104 of the *Competition Act*.

BETWEEN:

COMMISSIONER OF COMPETITION

Applicant

- and -

PARKLAND INDUSTRIES LTD., PARKLAND FUEL CORPORATION, PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, PIONEER ENERGY LP, PIONEER PETROLEUMS TRANSPORT INC., PIONEER ENERGY INC., PIONEER FUELS INC., PIONEER PETROLEUMS HOLDING INC., PIONEER ENERGY MANAGEMENT INC., 668086 N.B. LIMITED, 3269344 NOVA SCOTIA LIMITED AND 1796745 ONTARIO LTD.

Respondents

AFFIDAVIT OF ROBERT ESPEY SWORN MAY 5, 2015

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

John F. Rook Q.C. (LSUC #13786N)

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Fax: 416.863.1716

Lawyers for the Respondents,
Parkland Fuel Corporation and Parkland Industries Ltd.

THE COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF the proposed acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation, of substantially all of the assets of Pioneer Petroleums Holding Limited Partnership, Pioneer Energy LP, Pioneer Energy LP, Pioneer Petroleums Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleums Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd.;

AND IN THE MATTER OF an Application by the Commissioner of Competition for one or more orders pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an Application for an interim order pursuant to section 104 of the *Competition Act*.

B E T W E E N :

THE COMMISSIONER OF COMPETITION

Applicant

- and -

PARKLAND INDUSTRIES LTD., PARKLAND FUEL CORPORATION, PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, PIONEER ENERGY LP, PIONEER PETROLEUMS TRANSPORT INC., PIONEER ENERGY INC., PIONEER FUELS INC., PIONEER PETROLEUMS HOLDING INC., PIONEER ENERGY MANAGEMENT INC., 668086 N.B. LIMITED, 3269344 NOVA SCOTIA LIMITED AND 1796745 ONTARIO LTD.

Respondents

**AFFIDAVIT OF MARGARET SANDERSON
SWORN MAY 5, 2015**

**I, MARGARET SANDERSON, of the City of Toronto, Province of Ontario, MAKE OATH
AND SAY:**

A. INTRODUCTION AND QUALIFICATIONS

1. I am a Vice President and the global practice leader of the Competition and Antitrust Economics practice for the consulting firm Charles Rivers Associates International Limited (“Charles River Associates”), a multinational firm that provides economic, financial and business strategy consulting, and as such I have knowledge of the matters to which I herein depose.
2. Prior to joining Charles River Associates, I was Assistant Deputy Director of Investigation and Research within the Economics and International Affairs Branch of the Competition Bureau. In that capacity, I managed the provision of expert economic advice on competition cases, regulatory interventions and enforcement policy within the Competition Bureau. I played an active analytical role in many competition cases at the Competition Bureau over the ten years that I worked there, and have continued to do so since joining Charles River Associates over fifteen years ago. I have worked on cases involving mergers, conspiracies, resale price maintenance, predatory pricing, abuse of dominance and misleading advertising, as well as matters involving regulatory policy in the areas of telecommunications, broadcasting and securities.
3. With respect to competition matters involving the retail sale of gasoline, I have worked on cases involving mergers, pricing inquiries and allegations of price fixing. These cases include Imperial Oil’s acquisition of Texaco Canada, Suncor’s acquisition of Petro-Canada, an earlier acquisition considered by Petro-Canada, assisting a major refiner in responding to a Competition Bureau pricing inquiry, assisting an independent gasoline retailer in responding to a Competition Bureau price fixing investigation, and damage calculations in respect of price fixing allegations.
4. I have provided expert evidence concerning competition and regulatory matters in proceedings before the Superior Court of Quebec, the Competition Tribunal, Supreme Court of British Columbia, Ontario Superior Court of Justice, Court of Queen’s Bench of New Brunswick (Trial Division), Federal Court – Trial Division, the Canadian Radio-television and Telecommunications Commission and the United States District Court – District of Idaho. Attached hereto as Exhibit “A” is a copy of my *curriculum vitae*.

5. I have been asked by counsel to Parkland and counsel to Pioneer to comment on the report and conclusions reached by Dr. Marcel Boyer in his sworn affidavit filed with the Competition Tribunal in relation to the Proposed Transaction.¹ In particular, counsel have asked me to assess whether it is “highly probable” that the Proposed Transaction will cause consumers, including in particular consumers in Aberfoyle, Allanburg and Innisfil, to pay materially higher retail prices for gasoline during the pendency of the Commissioner's Application.
6. Counsel has asked me to focus on the Proposed Transaction's likely competitive effects on consumers located in Aberfoyle, Allanburg and Innisfil because I understand that Parkland intends to divest assets in 10 other local areas of concern to the Commissioner, which are Lunder MB, Neepawa MB, Warren MB, Bancroft ON, Chelmsford/Azilda (Sudbury) ON, Gananoque ON, Hanover ON, Kapuskasing ON, Port Perry ON, and Welland ON.² In addition, Parkland is in a position to terminate its supply agreement with the independent dealer in Tillsonburg, as this dealer is not meeting its minimum volume commitments under the Parkland supply agreement.³ While my detailed analysis does not cover these 11 local areas, a number of my comments with respect to Dr. Boyer's analysis apply to some of these markets as well. Where my comments apply more broadly than the three locations of Aberfoyle, Allanburg and Innisfil I note this herein.
7. It is Dr. Boyer's conclusion that “there is reasonable certainty” that the Proposed Transaction substantially increases the chances of coordinated price increases emerging post-merger as well as increasing the likelihood of a substantial lessening of competition through unilateral effects in each of the 14 locations of concern to the Commissioner.⁴ It is my opinion that Dr. Boyer's conclusions are not supported by the evidence that he

¹ Report of Marcel Boyer, A Review of the Proposed Acquisition by Parkland Industries of Substantially All Retail Gasoline [sic] Assets of Pioneer Companies, Exhibit B to the Affidavit of Marcel Boyer, sworn April 30, 2015, hereafter referred to as the “Boyer Report”.

² Affidavit of Robert Espey, sworn May 5, 2015, hereafter referred to as the “Espey Affidavit”, at paragraph 50.

³ Espey Affidavit, at paragraph 54.

⁴ Boyer Report, paragraph 12.

presents in his report, which is particularly so for the areas of Aberfoyle, Allanburg and Innisfil for the reasons that I discuss herein.

8. Much of the Boyer Report discusses the conditions that facilitate firms cooperating with each other. This discussion is presented in the abstract or at a general level without applying the framework directly to the factual circumstances of the individual markets of concern in this matter. The only facts presented in the Boyer Report that specifically relate to the individual markets of concern are market shares and four-firm concentration ratios ("CR4"). However, the post-merger shares presented in the Boyer Report are based on an undefined geographic boundary which appears to be no greater than a 10km radius (and in certain cases a much smaller radius) around a Pioneer station without a detailed analysis of whether such an area is an appropriately defined relevant geographic market. There is no discussion in the Boyer Report of the competitive constraints that will exist on the merged firm from suppliers within or outside any geographic market boundaries.
9. It is well understood in economics and competition policy that the competitive effects of a merger cannot be determined solely from market share and concentration alone. Indeed, the *Competition Act* expressly provides that the Tribunal "shall not find a merger or proposed merger prevents or lessens, or is likely to prevent or lessen, competition substantially solely on the basis of evidence of concentration or market share."⁵ Yet, this is the essence of the analysis provided in the Boyer Report.
10. A more comprehensive analysis of the facts relevant to the purchase of retail gasoline by consumers in Aberfoyle, Allanburg and Innisfil indicates that the Proposed Transaction will not substantially lessen competition in these locations through either unilateral conduct of the merged firm or coordinated conduct with rival gasoline retailers post-merger. Consumers in these locations are highly unlikely to pay higher prices for retail gasoline during the pendency of the Commissioner's Application or thereafter. Parkland and Pioneer stations in these locations compete with numerous other retailers of gasoline within and surrounding these communities. Such competition will remain post-merger.

⁵ *Competition Act*, R.S.C., 1985, c. C-34, section 92(2).

11. My opinion is based on my review of the materials filed in this proceeding, the information cited herein, my knowledge of general economic principles and analytical techniques, and my prior experience addressing competitive issues in the retail gasoline industry, including while at the Competition Bureau.

B. OVERVIEW AND ASSESSMENT OF THE BOYER REPORT

12. Paragraph 8 of the Boyer Report summarizes his findings. He concludes that:
 - i. The 14 markets of concern to the Commissioner will be “highly or quite concentrated” post-merger;
 - ii. Virtually all of the structural and behavioural factors that are known to be conducive to coordinated conduct are present in the 14 markets of concern; and,
 - iii. Because of (i) and (ii) Dr. Boyer expects that “price overcharges will result from the proposed transaction, through its unilateral or coordinated effects on competition or both.”⁶
13. The Boyer Report does not state what the precise boundaries are for each of the relevant markets within which he measures concentration and post-merger shares. The geographic boundary for each of Aberfoyle, Allanburg and Innisfil is neither defined nor supported by any economic analysis in the Boyer Report.
14. While the Boyer Report refers to a 10km radius as the distance that it would pay a consumer driving an average car to travel if the price difference is 5 cents per litre (“cpl”),⁷ and the Boyer Report provides maps of each of the 14 markets using a 10km radius, the Boyer Report has not consistently applied a 10km distance to define geographic markets if the market shares reported in Table 1 of the Boyer Report are taken at face value.⁸ Post-merger market shares are reported to be 43% in Aberfoyle, 100% in Allanburg and 63% in Innisfil based on 2013 volume.

⁶ Boyer Report, paragraph 8.

⁷ Boyer Report, paragraph 70.

⁸ Boyer Report, Table 1, paragraph 75.

- i. The Aberfoyle market appears to be defined to include the four stations identified by The Kent Group Ltd. (“Kent”) within Aberfoyle. The closest competitor “outside the market” is a Shell station which is 10km north of the Pioneer station near Aberfoyle.
- ii. Allanburg appears to be defined to only include the merging firms’ stations on Highway 20. Otherwise, it is impossible for the parties to have 100% share of the market post-merger. If a 10km radius was used instead, as is indicated in the map of Allanburg found in the Boyer Report, the market would include over 30 competitor stations.
- iii. Innisfil appears to be defined to include the merging firms’ stations and the Petro-Canada station in Innisfil. If a 10km radius around the Pioneer station is used instead, as is indicated in the map of Innisfil found in the Boyer Report, the market would include over 15 competitor stations.

Relevant Geographic Markets Are Not Properly Defined in the Boyer Report

15. The Boyer Report does not apply the criteria which Dr. Boyer claims matters for geographic market definition. This is true for all 14 markets discussed in the Boyer Report. While Dr. Boyer claims a natural limit exists on the distance that the majority of consumers are willing to travel in response to a substantial price increase which may vary for rural and non-rural areas and may be influenced by the prevalence of commuting for work,⁹ he never considers these issues for each market.
16. In fact, the approach taken to geographic market definition in the Boyer Report runs counter to a source that he cites for properly defining the set of competitive constraints facing merging gasoline stations.¹⁰ As noted in Houde (2012), the extent of substitution between two gasoline stations is

⁹ Boyer Report, paragraph 69.

¹⁰ See Jean-Francois Houde (2012) “Spatial Differentiation and Vertical Mergers in Retail Markets for Gasoline”, *American Economic Review*, vol. 102(5):2147-82 which is cited in the Boyer Report at footnote 28, page 18.

“a function not only of the distance between their locations, but also their connectivity along the road network and the direction of traffic flows. Competition is therefore not solely localized since consumers can substitute stations far from each other but close to a common commuting path. As a result, even if consumers are not willing to deviate far from their path to shop for gasoline, price differences are unlikely to persist if there is substantial commuting between two regions. The consequences for competition are important: all else being equal retail markets with commuting consumers tend to generate less differentiation, and more intense price competition.”¹¹

17. In this matter we have data on customer locations for purchases made at each of the Pioneer stations in the 14 markets holding Pioneer loyalty cards.¹² In the discussion that follows, I provide details on the distances that customers purchasing gasoline using their Pioneer loyalty cards have travelled. It is clear from Pioneer’s loyalty card data that many consumers purchasing at its stations are not strictly locally based. I detail this for the locations of Aberfoyle, Allanburg and Innisfil, but it is also true for other locations as well. For example, less than █████ of the total purchases made by all Pioneer loyalty card customers at Pioneer’s Aberfoyle station between January 1, 2013 and November 5, 2014 are from consumers with residential postal codes within Aberfoyle itself.¹³
18. In addition to failing to account for consumers’ actual travel patterns, the Boyer Report does not consider the connections that exist between individual stations’ trading areas, which act to link the trading areas of numerous gasoline stations across larger geographic areas. Even if an individual station has a relatively narrow trading area from which it draws its customers, one station’s trading area will intersect with another station’s trading area, which in turn will intersect with a third station’s trading area. Consider the extent of overlap in Allanburg, for example, even if one assumes a very narrow 5km trading area for each service station in the area. Figure 1 (attached) shows the extent of individual station overlap assuming a 5km trading area radius for each individual station.

¹¹ Houde (2012), at 2149.

¹² In 2013, we estimate that total gasoline revenues earned by customers holding Pioneer loyalty cards represented █████ of the Pioneer Aberfoyle station’s gasoline revenues, █████ of the Pioneer Allanburg station’s gasoline revenues, and █████ of the Pioneer Innisfil station’s gasoline revenues.

¹³ There are two postal codes associated with Aberfoyle: N0B 2C0 and N1H 6H9.

In keeping with these interconnections, when considering how to set its retail prices at particular locations, Pioneer will track stations that are beyond the immediate local area, including tracking retail prices at other Pioneer stations in adjacent communities.

19. Once account is taken of these factors, the relevant geographic markets are broader than the definitions used in the Boyer Report. Within properly defined relevant geographic markets, the parties' post-merger shares and industry concentration are considerably lower than those reported in the Boyer Report. This analysis is detailed below for the areas of Aberfoyle, Allanburg and Innisfil.

Payoffs, Costs and Risks to Coordination Are Not Addressed in the Boyer Report

20. While the Boyer Report lists a number of factors that may facilitate firms' ability to engage in coordinated behaviour, this misses the fundamental consideration, which is whether the profits to be earned from coordination exceed the costs and risks associated with attempting to increase prices without assurance that rivals will follow suit.¹⁴ Charging a higher price with the hope others follow is not a costless strategy. Further, there are substantial benefits to be gained for an individual station to be pricing below its competitors.
21. In gasoline retailing, charging a higher price when rivals do not is particularly costly because the own-price elasticity at a station level is very high. The Boyer Report acknowledges this at paragraph 27: "The single retailer location's own price elasticity is high and so it becomes difficult for a single retailer location to be the only one to increase price."¹⁵ The Boyer Report refers to estimates for the own-price elasticity of demand at the station level ranging from -18 to -30.¹⁶ Using these estimates, if a single gasoline retailer increases its price by 1% and rival stations do not immediately follow, the gasoline retailer with the higher price risks losing 18 to 30% of its volume. This makes it unprofitable to persist in charging a higher price relative to rival stations for any

¹⁴ The Boyer Report does refer to this profit calculation at paragraph 44 when quoting Kovacic et. al. (2009) at footnote 24, page 12. However, the Boyer Report makes no attempt to calculate this profit trade-off.

¹⁵ Boyer Report, paragraph 27.

¹⁶ Boyer Report, footnote 18, page 8.

meaningful period of time. Further, empirical studies within the economics literature indicate that once one gasoline retailer undercuts another, other retailers are quick to follow in order not to lose volume to the lowest-priced retailer in the market.¹⁷

22. While the cost and risk of raising prices without other retailers following immediately is considerable, the potential profit improvement against which these costs should be considered is more limited here. If retail prices were to increase post-merger in Aberfoyle, Allanburg and Innisfil, Parkland would earn an improved retail margin at the Pioneer stations only. Parkland will not earn a higher retail margin at any of its independent Esso branded dealers in these locations (or other locations where Parkland does not have a company-owned site) because the retail margin accrues to the independent dealer at these sites.¹⁸ Parkland would only earn a higher margin on its sales to its independent dealers in these locations (and other locations) if it increased its wholesale margin to its dealers. Parkland refers to this wholesale margin as its “rack forward” margin.¹⁹
23. Parkland does not charge a different rack forward margin to each of its dealers. Instead, it charges the same rack forward margin to all independent dealers with the same branding within a single price zone.²⁰ I have no reason to believe that Parkland will change its current policy post-merger.²¹
- i. Aberfoyle is part of the [REDACTED] zone along with three other stations (with a rack forward margin of [REDACTED]).
 - ii. Allanburg is part of the [REDACTED] zone along with ten other stations (with a rack forward margin of [REDACTED]).

¹⁷ Michael Noel (2007) “Edgeworth Price Cycles: Evidence from the Toronto Retail Gasoline Market”, *Journal of Industrial Economics*, March.

¹⁸ Independent dealers set the retail price. See Espey Affidavit, at paragraphs 8 and 13.

¹⁹ Espey Affidavit, at paragraph 17.

²⁰ Espey Affidavit, at paragraph 22.

²¹ See the Espey Affidavit, at paragraph 23 for the reasons why Parkland has this policy.

- iii. Innisfil is part of the [REDACTED] zone with one other station (with a rack forward margin of [REDACTED]).
24. If Parkland were to seek to influence retail prices upward in the locations of Aberfoyle, Allanburg and Innisfil by increasing its rack forward margins to its independent dealers in the [REDACTED] zones, it risks losing volumes at the independent dealers outside of Aberfoyle, Allanburg and Innisfil which would need to be taken into account when considering an increase in wholesale prices. Parkland cannot otherwise influence its independent dealers in these locations to raise their retail prices.

C. ABERFOYLE

Consumer demand for gasoline within Aberfoyle

25. The four gasoline stations that are included in the Boyer Report's defined area of Aberfoyle are located just north of Highway 401. These stations are 3km driving distance south of where most of the residents of Aberfoyle live. A competitor station is located approximately 7km north of the main residential area of Aberfoyle on Highway 6.
26. There are no supermarkets, hardware stores, or any other major retailers in Aberfoyle. As a result, residents of Aberfoyle will regularly travel to Guelph for grocery and other shopping. Downtown Guelph is approximately 11km driving distance from the residential area of Aberfoyle. The southern edge of Guelph is approximately 7km driving distance from the residential area of Aberfoyle.
27. Pioneer's loyalty card data indicates that only [REDACTED] of its Aberfoyle station's loyalty customer revenues are sold to customers with addresses in Aberfoyle. Over [REDACTED] of this station's loyalty customer revenues are from customers with addresses in Guelph.²² Loyalty customers with addresses in Aberfoyle also purchase gasoline at stations outside of Aberfoyle.

²² Some Pioneer loyalty customers with addresses in Aberfoyle appeared to have reported their residence to be in Guelph. I do not count loyalty customers with Aberfoyle-area postal codes N0B 2C0 and N1H 6H9 as having addresses in Guelph to calculate the share of loyalty customer revenues earned by Pioneer's Aberfoyle station from customers with Guelph addresses.

28. Figure 2 (attached) provides the Aberfoyle Pioneer station's retail prices from October 1, 2012 to November 5, 2014 compared to Pioneer station pricing in Guelph at stations which are located 16.4km (Guelph station 233), 18.5km (Guelph station 289), and 23.3km (Guelph station 336) driving distance from the Aberfoyle station. Retail prices at the Aberfoyle station very closely track those at stations in Guelph with the exception of a period of divergence beginning in June 2013 which ends around May 2014.
29. The divergence in pricing between Aberfoyle and Guelph coincides with entry of an Ultramar station in Aberfoyle. Ultramar entered in June 2013, at which time it priced aggressively to gain market share.²³ The convergence in pricing is the result of Costco entering Guelph in July 2014 which resulted in retail prices in Guelph moving closer to retail prices in Aberfoyle.

Relevant Geographic Market for Aberfoyle and Parties' Post-Merger Share

30. The commuter patterns, extensive volume of Aberfoyle station volume sold to customers located in Guelph, evidence of Guelph station volume sold to customers living in Aberfoyle and similarity in Aberfoyle and Guelph retail pricing demonstrate that it is not possible for Aberfoyle stations to price gasoline at materially higher levels than stations in Guelph. Retail gasoline stations in Guelph are competitive alternatives to stations in Aberfoyle.
31. There are 18 competitor gasoline stations in Guelph. Post-merger, the Parkland independent dealers and Pioneer company-owned stations account for about 30% of volume in a combined Guelph+Aberfoyle geographic market.
32. Pioneer maintains daily data on a select number of stations which it considers relevant for monitoring prices to determine how to set its corporate store prices. Some of the stations tracked by Pioneer are other Pioneer stations in adjacent communities, which in turn are influenced by pricing of rival stations in that community.

²³ Ultramar's entry in Aberfoyle is a counter-example to the Boyer Report's claim, at paragraph 29, that "entry and exit in gasoline markets are quite costly and could take a long time, thereby seriously limiting the threat that coordinated conduct resulting in high prices and profits will induce newcomers to enter the market is rather slim, even non-existent."

33. Figure 3 (attached) provides the average daily retail price from October 1, 2012 to November 5, 2014 for Pioneer's Aberfoyle station (#147) compared to the Parkland independent dealer in Aberfoyle (Parkland ESSO #51298), the Petro-Canada station in Aberfoyle, Pioneer's station #233 in Guelph (located 16.4km from the Pioneer Aberfoyle station), and the Ultramar station in Aberfoyle. Ultramar is the low-price retailer in Aberfoyle. Even if the relevant geographic market were to be considered limited to the Aberfoyle area only, which I argue is incorrect, it is evident that the merging firms need to price competitively against the Ultramar station. The merger will not change this dynamic.

Profit and Risks of Increasing Prices in Aberfoyle

34. Parkland is unlikely to increase its rack forward margins to its independent dealers in Guelph in order to influence retail prices in Aberfoyle upward. Consider the implications if Parkland were to seek to increase retail prices upward by 1 cpl, which would require a near doubling of its rack forward margin. Parkland's Aberfoyle station accounts for [REDACTED] of its volumes within the Guelph price zone. Increasing Parkland's rack forward margin to [REDACTED] would put at risk Parkland's relationships with its independent dealers throughout Aberfoyle and Guelph. If Parkland independent dealers in Guelph seek to recover the higher rack forward margin in their retail pricing, they will likely sell lower volumes which ultimately disadvantages Parkland. The very high station-level elasticity of demand means Parkland stations pricing too high relative to rivals in Guelph will lose substantial volumes. Parkland independent dealers hold only [REDACTED] share of total volumes sold in Guelph.²⁴
35. Parkland is unlikely to increase Pioneer's retail prices in Aberfoyle post-merger even if its Aberfoyle independent dealer faces a higher rack forward margin. The very high elasticity of demand at the station-level together with the presence of Ultramar make it highly unlikely that the merged firm would be able to materially increase prices in

²⁴ According to Kent, independent dealers supplied by Parkland located in the Guelph Kent market sold 10,061,852 litres in 2013, and total sales by all retailers in the Guelph Kent market were 118,557,619.

- Aberfoyle acting unilaterally. Furthermore, to increase prices at these stations risks losing additional volumes to customers who do not live in Aberfoyle.
36. Assuming that Aberfoyle has 7,000 residents and they purchase all of their gasoline from Aberfoyle-based gasoline stations, these residents purchased at most 20% of the sales of the four gasoline stations in Aberfoyle.²⁵ The remaining 80% (or more) of the Aberfoyle stations' volumes are sold to commuters who live in other areas and travel along Highway 401 or Highway 6. Consumers travelling along Highway 401 and Highway 6 have a large number of gasoline supply options.
37. If the Parkland independent dealer and the Pioneer station increased their retail prices post-merger and the relevant market is hypothetically defined to be Aberfoyle stations only, these stations risk losing revenues on at least 80% of their customer base if they were to increase retail prices since (at least) 80% of their sales are to customers who have choices beyond Aberfoyle in geographic locations within which the Commissioner has not identified competition concerns.
38. The potential benefits from an improved margin earned from customers based in Aberfoyle are insufficient to offset the potential losses from lowered sales earned from customers based outside of Aberfoyle. As a result, the merged firm has neither the incentive nor ability to materially increase prices in Aberfoyle either unilaterally or in the hope that rival retailers will follow suit in a coordinated fashion. As the Boyer Report notes, each rival gasoline station has an incentive to unilaterally reduce its price in order to profit from the significant elasticity of demand.²⁶ The Proposed Transaction does not alter these strong incentives because it does not fundamentally change the market

²⁵ This calculation is based on assuming Aberfoyle residents consumed the average gasoline of Ontario residents. Total net sales of gasoline in Ontario in 2013 were about 16.4 billion litres (Statistics Canada, *Sales of fuel used for road motor vehicles, by province and territory*, .See <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/trade37b-eng.htm>). The population of Ontario on July 1, 2013 was about 13.5 million (Statistics Canada, *Annual population estimates*. See <http://www.statcan.gc.ca/daily-quotidien/130926/130926a002-eng.htm>). Therefore, average net sales of gasoline per capita in Ontario is approximately 1,212 litres. If Aberfoyle's residents consumed the Ontario average, they purchase 8.5 million litres in 2013. According to Kent, the four gasoline stations in Aberfoyle sold 40.6 million litres of gasoline in 2013, making total gasoline consumption by Aberfoyle residents at most about 21% of gasoline sales by the Aberfoyle stations.

²⁶ Boyer Report, paragraph 27.

structure within which Parkland, Pioneer and rival gasoline retailers compete in the Aberfoyle+Guelph area.

39. I conclude from this that it is highly unlikely that the Proposed Transaction will cause consumers in Aberfoyle, Allanburg and Innisfil to pay materially higher retail prices for gasoline during the pendency of the Commissioner's Application.

D. ALLANBURG

Consumer demand for gasoline within Allanburg

40. The two gasoline stations that are included in the Boyer Report's defined area of Allanburg are about 1km east of the main residential area in Allanburg, which is located to the south of the main part of Thorold. Allanburg is described as a 'tiny community' on the 'exploringniagara' website. I could not find any population statistics for Allanburg, but it appears (from viewing a satellite image on Google Earth) that Allanburg may have several hundred residents. There are no other residential areas near the Allanburg gasoline stations — Niagara Falls and Thorold are the next nearest areas with significant populations.
41. There are no major supermarkets in Allanburg.²⁷ the nearest major supermarkets are a FreshCo in Niagara Falls, about 6.4km from Allanburg along Highway 20; a Sobeys in Pelham, about 6.7km to the east of Allanburg along Highway 20, and; a Food Basics in Niagara Falls, about 10km to the east. In fact, there are no large retail locations of any type in Allanburg. As a result, Allanburg residents must travel to either the main part of Thorold, Niagara Falls (the closest part of which is about 6km from Allanburg) or other towns and cities for shopping. Parts of St. Catharines are less than 10km from Allanburg, including Brock University.
42. The two Allanburg stations are near a major highway intersection (3.5km east of the Highway 406/Highway 20 junction) that connects routes between Niagara Falls, Welland, and Port Colborne. Given the very small size of the Allanburg population, the vast majority of the gasoline volumes sold by the Allanburg stations are sold to consumers

²⁷ There is an Avondale Food Stores location in Allanburg.

who reside in, and travel from, these larger surrounding towns. There are many competitive gasoline supply options available in these areas.

43. Pioneer's loyalty card data shows that only 1.7% of its Allanburg station loyalty card revenues are from customers with addresses in Allanburg. Almost 67% of the loyalty card revenues for the Pioneer station in Allanburg are earned from customers with addresses at least 10km from the station, and almost 93% of loyalty card revenues are from cardholders with addresses located more than 5km from the station. Furthermore, this station draws 14% of its loyalty card revenues from customers in Niagara Falls and 17% of its loyalty card revenues from customers in St. Catharines.
44. Figure 4 (attached) provides the average daily retail price for Pioneer's Allanburg station (#293) compared to the other stations tracked by Pioneer. These include Pioneer stations in Niagara Falls (#37) and Welland (#256), a Parkland Esso dealer towards Niagara Falls (#51260) and a Petro-Canada station within the area in addition to the Parkland Esso dealer within Allanburg. It is noteworthy that Pioneer monitors retail prices in Welland and Niagara Falls in order to determine its retail prices in Allanburg, which supports the fact that these markets are interconnected.
45. Figure 5 (attached) provides the retail prices for the Pioneer station in Allanburg compared to pricing at Pioneer stations in St. Catharines (Pioneer site numbers 276 and 16), which are located 15.9 and 17.8km from the Allanburg station, respectively, and the Pioneer station in Niagara Falls (Pioneer site number 37), which is located 9.5km from the Allanburg site. Prices at the Allanburg station closely track the prices at the St. Catharines and Niagara Falls stations.

Relevant Geographic Market for Allanburg and the Parties' Post-Merger Share

46. The above demonstrates that as a result of commuting and traveling for shopping and other purposes, residents of Allanburg have a large number of competitive options to the Parkland and Pioneer stations in Allanburg. Furthermore, the vast majority of volumes sold by the Allanburg stations are sold to customers located more than 5 or 10km from Allanburg, and the Allanburg stations must compete with the stations that are located

near to where these customers reside or travel on their commuting paths. Even when restricted to only stations within 10km of Allanburg, there are 10 competing stations to those of the merging firms within this distance.

47. The combined share of stations owned or supplied by Parkland and Pioneer in the Niagara Kent market is about 9%, and the combined share of stations owned or supplied by the parties in the St. Catharines Kent market is about 16%. As Niagara is closest to Allanburg, if I only include Niagara stations with those of Allanburg, the parties post-merger share of stations is 15%. Residents of Allanburg have numerous competitive options available to them in the areas where they regularly commute or otherwise travel.

Profits and Risks of Increasing Prices in Allanburg

48. Parkland is unlikely to increase its rack forward margin to the independent dealer in Allanburg. Parkland supplies nine Esso branded independent dealers in its Niagara price zone and if it sought to increase retail prices by 1 cpl it would have to double its rack forward margin, which would put at risk its relationships with dealers throughout the [REDACTED] zone. Parkland's Allanburg station accounts for only [REDACTED] of its volumes within the Niagara price zone. If Parkland were to increase its rack forward margin to its Niagara independent dealers in order to influence Allanburg retail prices upward, this puts at risk significant dealer volumes outside Allanburg where Parkland (and Pioneer) compete with many other gasoline retailers.
49. There is also no incentive to increase the Pioneer retail prices at the Allanburg station post-merger. The two gasoline stations in Allanburg sold a combined volume of about 10.6 million litres in 2013. Even assuming that Allanburg has 1,000 residents (which is likely a significant overestimate), if Allanburg residents' per capita gasoline consumption is approximately the Ontario average, this would mean that at least 89% of the gasoline volume sold by the two sites in Allanburg are sold to non-residents (and this percentage is likely to be significantly higher because Allanburg residents likely purchase a substantial proportion of their gasoline volumes in Niagara Falls, St. Catharines, Thorold, and in other communities where they shop and travel).

50. Parkland is unlikely to increase Pioneer's retail prices in Allanburg post-merger even if its Allanburg independent dealer faces a higher rack forward margin. The very high elasticity of demand at the station-level together with the presence of numerous large rival retailers throughout the Niagara region make it highly unlikely that Parkland would be able to profitably increase prices in Allanburg acting unilaterally or through coordinated conduct with the many other rival retailers. Furthermore, to increase prices at these stations risks losing additional volumes to customers who do not live in Allanburg, and which certainly have many supply alternatives beyond the merging firms.
51. The potential benefits to be gained from an improved margin earned from customers based in Allanburg are insufficient to offset the potential losses from lowered sales earned from customers based outside of Allanburg. As a result, there is no incentive or ability of the merged firm to materially increase prices in Allanburg. I conclude from this that it is highly unlikely that the Proposed Transaction will cause consumers in Allanburg to pay materially higher retail prices for gasoline during the pendency of the Commissioner's Application.

D. INNISFIL

Consumer demand for gasoline within Innisfil

52. The Innisfil dealer supplied by Parkland is approximately 5km driving distance from the Pioneer company-owned station, which is located in Stroud, ON west of Innisfil. The Boyer Report does not identify which stations are included in his defined Innisfil market. While not directly stated, it appears the Boyer Report limits the geographic market boundaries in Innisfil to be approximately 7km, which then includes the merging firms' stations as well as a Petro-Canada and Shell station. The Petro-Canada station in Innisfil is located 2.5km northeast of the independent dealer supplied by Parkland, and both are located in the main residential area of Innisfil. The competing Shell station is located 5km to the west of the Pioneer station, near Highway 400.
53. Innisfil is part of the Census Metropolitan Area of Barrie, which is the major urban centre to which residents of Innisfil will regularly travel. The Pioneer station in Stroud is a large volume station, which serves customers beyond the boundaries of the town of

Innisfil. Residents of Innisfil passing the Pioneer Innisfil station are likely to be travelling to or from Highway 400, which is located 5.5km to the west of the Pioneer station. This is a major route to travel to reach the major shopping centres located on Mapleview Drive in Barrie.

54. Pioneer's loyalty card data indicates that about half of the Innisfil station's loyalty customer revenues are derived from sales to customers within 7km of the station whether or not this is in the direction of the Parkland independent dealer in Innisfil. Over [REDACTED] of the Pioneer station's loyalty card customer revenues are from customers with addresses more than 10km driving distance from the station. In addition, Pioneer station 262 in south Barrie has nearly [REDACTED] of its loyalty card revenues from customers with postal codes in Innisfil.
55. Figure 6 (attached) provides the Innisfil Pioneer station's retail prices from October 1, 2012 to November 5, 2014 compared to the Pioneer stations in Barrie. Retail prices at the Innisfil station very closely track those at stations in Barrie throughout the entire time period.

Relevant Geographic Market for Innisfil and Parties' Post-Merger Share

56. The commuter patterns, amount of Innisfil station volume sold to customers located outside the town of Innisfil, and similarity in Innisfil and Barrie retail pricing demonstrate that it is not possible for Innisfil stations to price gasoline at materially higher levels than stations in Barrie. Retail gasoline stations in Barrie are competitive alternatives to stations in Innisfil.
57. Even before Barrie is reached, there are a number of important competitors that are missing from the Boyer Report's geographic market for Innisfil. Figure 7 (attached) provides a map of the area, which shows competing stations within and adjacent to the 7km radius that I assume characterizes the Boyer Report geographic market for Innisfil. There is a Sunoco station in Lefroy, which is 8km south of the independent dealer supplied by Parkland, as well as a number of stations on Mapleview Drive in Barrie, including a Costco that sells gasoline, which are about 10km from the Pioneer station.

There are also a Petro-Canada station and a competing Shell station 7.4km north of the Innisfil Pioneer station. The stations located on Maplevue Drive and the Petro-Canada and Shell stations about 7.4km north of the Pioneer station will be further influenced by other competing stations in Barrie. There are 29 competitor gasoline stations in Barrie. Post-merger, the Parkland independent dealers and Pioneer company-owned stations account for about 15% of volume in a combined Innisfil+Barrie geographic market.

58. Turning next to the competitor tracking data that is maintained by Pioneer, Figure 8 (attached) provides the average daily retail price Pioneer's Innisfil station (#127) compared to the Esso station on Maplevue Drive, the Shell station off Highway 400, the Pioneer station in Barrie (#262), the Mac's Milk station in Huronia and the Ultramar station on Maplevue Drive. Parkland's independent dealer site in Innisfil is not tracked against Pioneer's Innisfil station, because Pioneer does not consider the Parkland independent dealer in Innisfil to be an important competitor. The Parkland dealer in Innisfil had total volumes in 2013 of about 4 million litres compared to the Pioneer station volumes of nearly 20 million litres.
59. Pioneer's pricing in Innisfil is closely tracked against pricing at larger stations located towards Barrie rather than being influenced by Parkland's independent dealer. The Proposed Transaction will not change this competitive dynamic. The gasoline retailers that discipline Pioneer in Innisfil are many, including Esso, Shell, Ultramar, Costco, and Mac's Milk.

Profit and Risks of Increasing Prices in Innisfil

60. Parkland is unlikely to increase its rack forward margins to its independent dealers in Barrie in order to influence retail prices in Innisfil upward for the same reasons that it is unlikely to increase Pioneer's retail prices in Innisfil post-merger. The very high elasticity of demand at the station-level together with the presence of numerous large rival retailers including Ultramar and Costco, make it highly unlikely that the merged firm would be able to materially increase retail prices in Innisfil acting unilaterally.

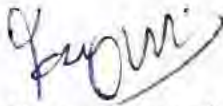
61. Furthermore, the Parkland independent dealer is not a significant influence on the pricing of the Pioneer station in Stroud pre-merger. Given the limited influence of the Parkland independent dealer on Pioneer's pricing pre-merger, common ownership of the wholesale contract with the Parkland dealer and the Pioneer station in Innisfil will not significantly change the merging firms', or any competing gasoline stations', incentives to engage in coordinated conduct due to the Proposed Transaction.
62. The potential benefits to be gained by Parkland from an improved margin resulting from an attempt to increase retail prices at either the Parkland dealer or the Pioneer company-owned stations post-merger are likely to be small. If Parkland were to attempt to increase retail prices at either of these stations following the Proposed Transaction, most sales would be diverted to competing stations. The majority of sales from the Parkland dealer would likely be diverted to the closer Petro-Canada station, but sales would also be diverted to competing stations in Barrie and Lefroy. If Parkland were to attempt to increase prices at the Pioneer dealer following the Proposed Transaction, the vast majority of sales would likely be diverted to the competing station 5km to the west and the large number of stations located within 7.4 to 10km driving distance to the north and northwest, and not to the Parkland dealer 5km to the east. As a result, there is no incentive or ability of the merged firm to materially increase prices in Innisfil. I conclude from this that it is highly unlikely that the Proposed Transaction will cause consumers in Innisfil to pay materially higher retail prices for gasoline during the pendency of the Commissioner's Application.

F. CONCLUSION

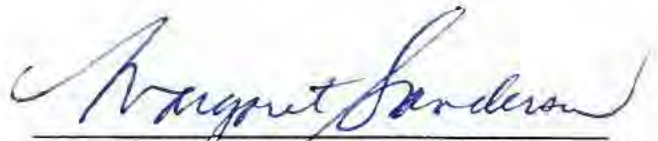
63. In summary, the Proposed Transaction will not provide the merged firm with sufficient market power to materially increase prices in Aberfoyle, Allanburg or Innisfil by acting unilaterally. If Parkland were to attempt to increase prices post-merger by an amount that represents a material increase in retail prices in Aberfoyle, Allanburg or Innisfil, it would lose significant volumes of sales, such that it is not profitable for Parkland to attempt such an increase in prices.

- 64. Further, rival retailers have little incentive to restrict their sales of gasoline in these locations in a speculative attempt to raise overall retail prices if Parkland were to attempt such an increase post-merger. Competitors would gain significant volumes at the expense of the merging firms if competitors maintain lower prices compared to those sought by a merged Parkland/Pioneer in this hypothetical scenario.
- 65. It is highly unlikely that the Proposed Transaction will result in materially higher retail prices for gasoline in the locations of Aberfoyle, Allanburg or Innisfil due to either unilateral or coordinated conduct by the merging firms.
- 66. I swear this affidavit for the purposes of the application brought by the Commissioner of Competition under section 104 of the *Competition Act* and for no other purpose.

SWORN BEFORE ME at the City of
 Toronto, in the Province of Ontario,
 this 5th day of May, 2015



A Commissioner for taking affidavits



MARGARET SANDERSON

FAIZ MUNIR LALANI,
 a Commissioner, etc., Province of Ontario,
 while a Student-at-Law.
 Expires April 8, 2016.

Figure 1: Intersecting 5km Radii for Stations in Allanburg and Vicinity

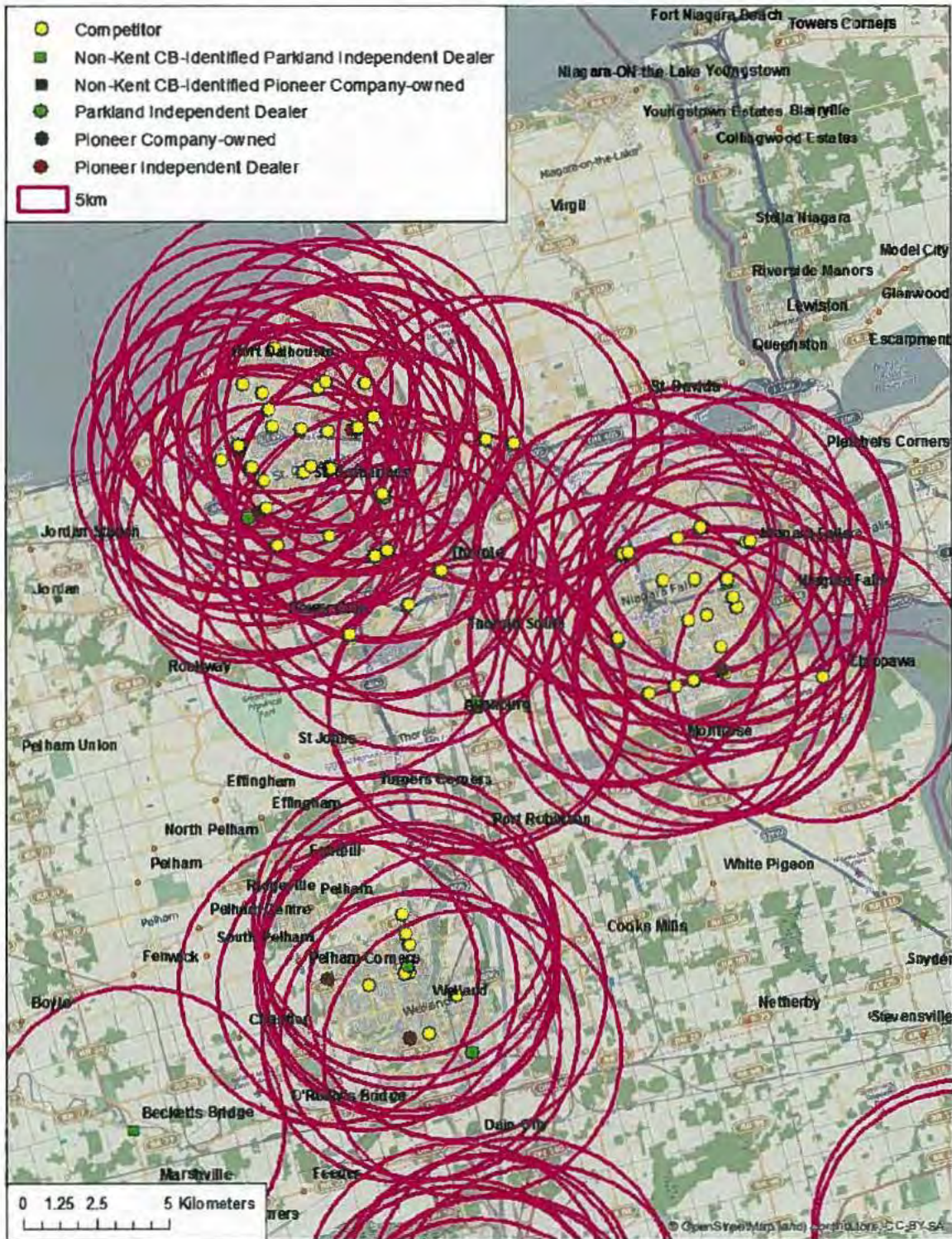


Figure 2: Pioneer Station Retail Prices in Aberfoyle and Guelph

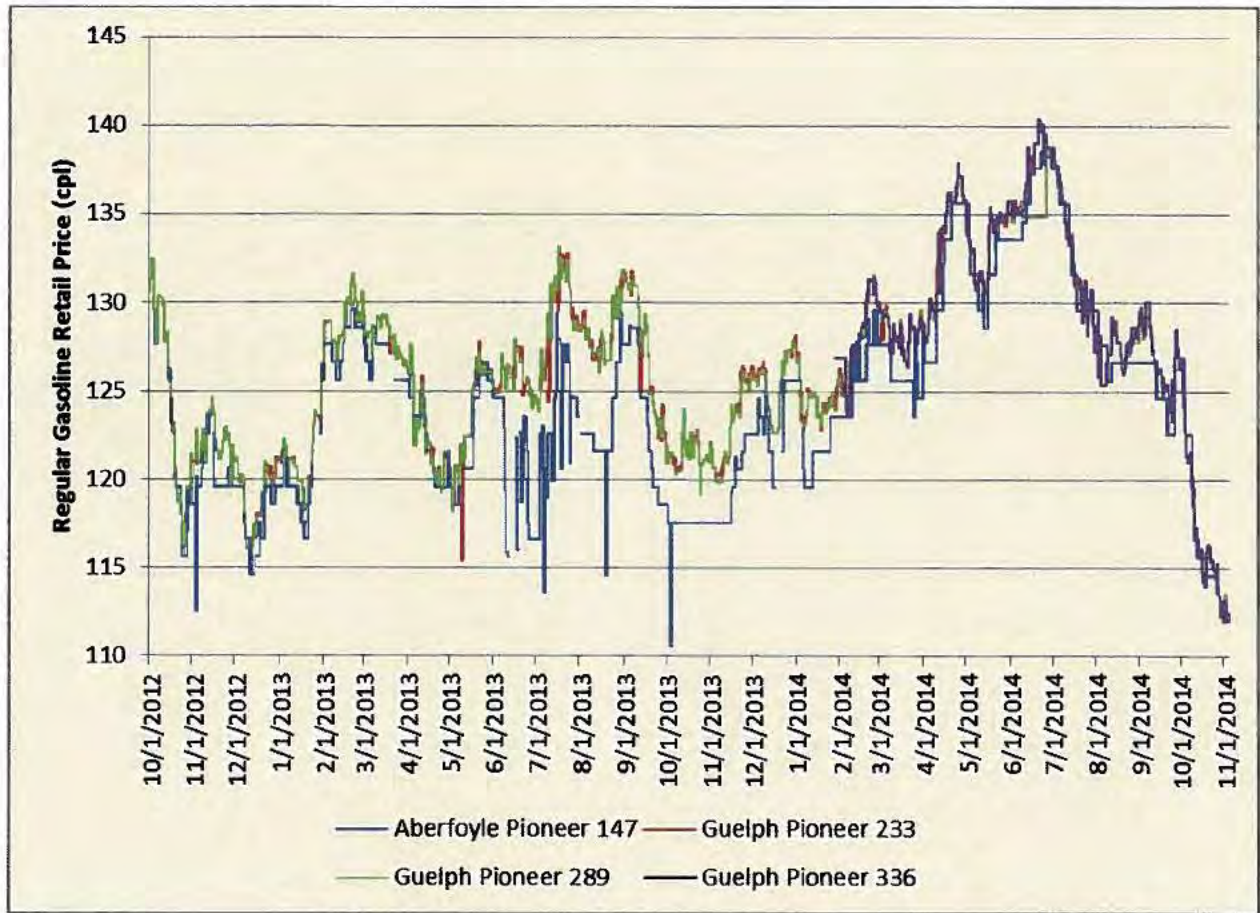


Figure 3: Pioneer Competitor Price Tracking for Aberfoyle



Figure 4: Pioneer Competitor Price Tracking for Allanburg



Figure 5: Pioneer Station Retail Prices in Allanburg, Niagara Falls and St. Catharines

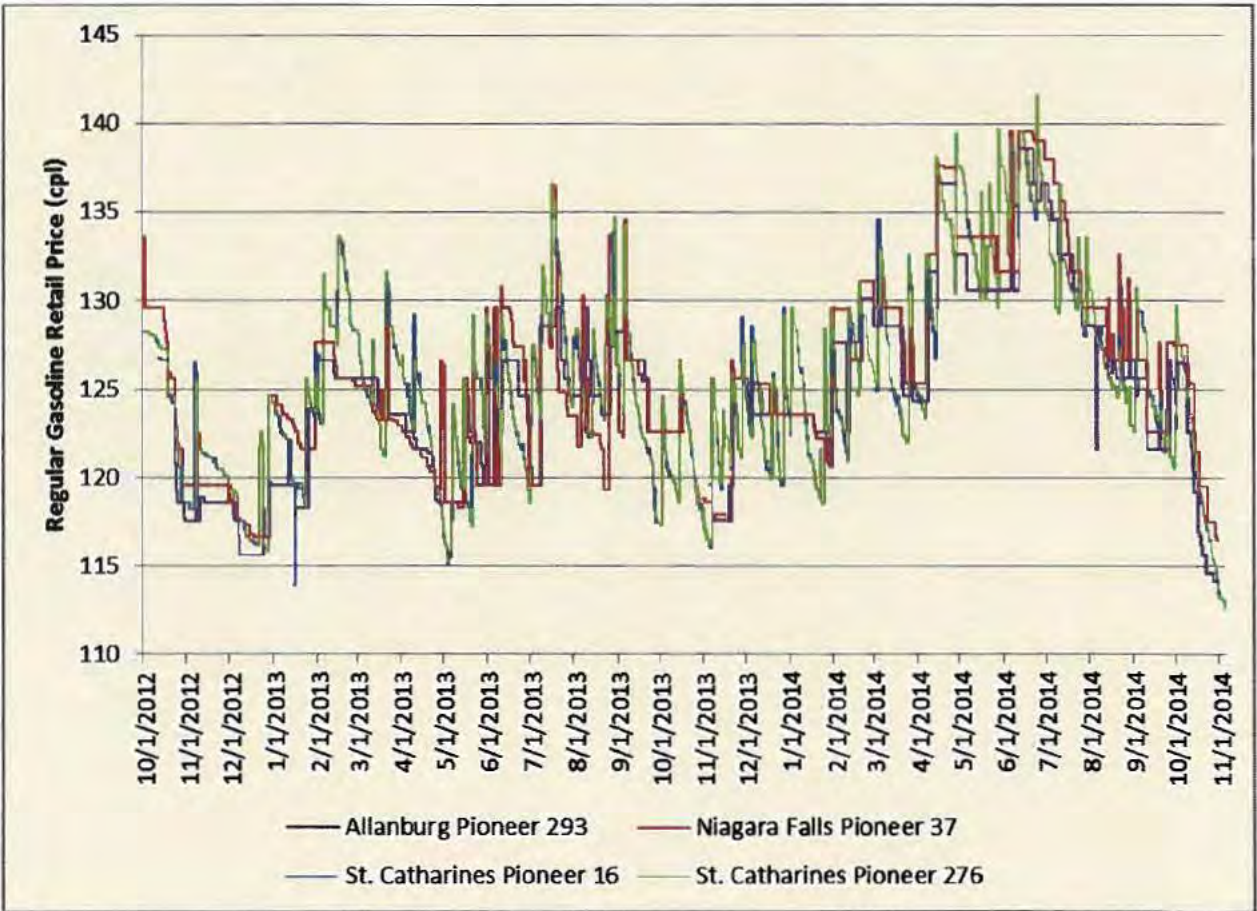


Figure 6: Pioneer Station Retail Prices in Innisfil and Barrie

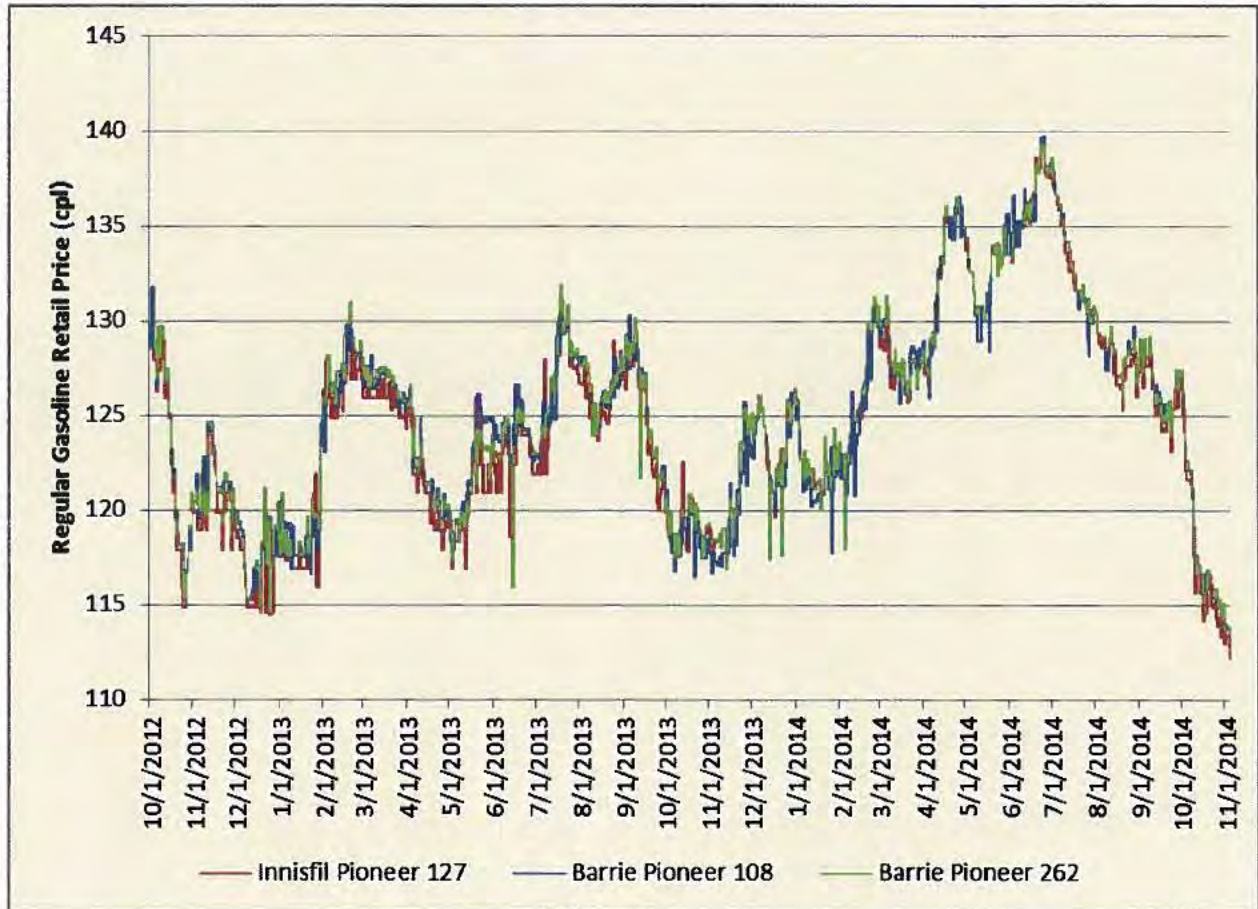


Figure 7: Gasoline Stations in the Innisfil Area

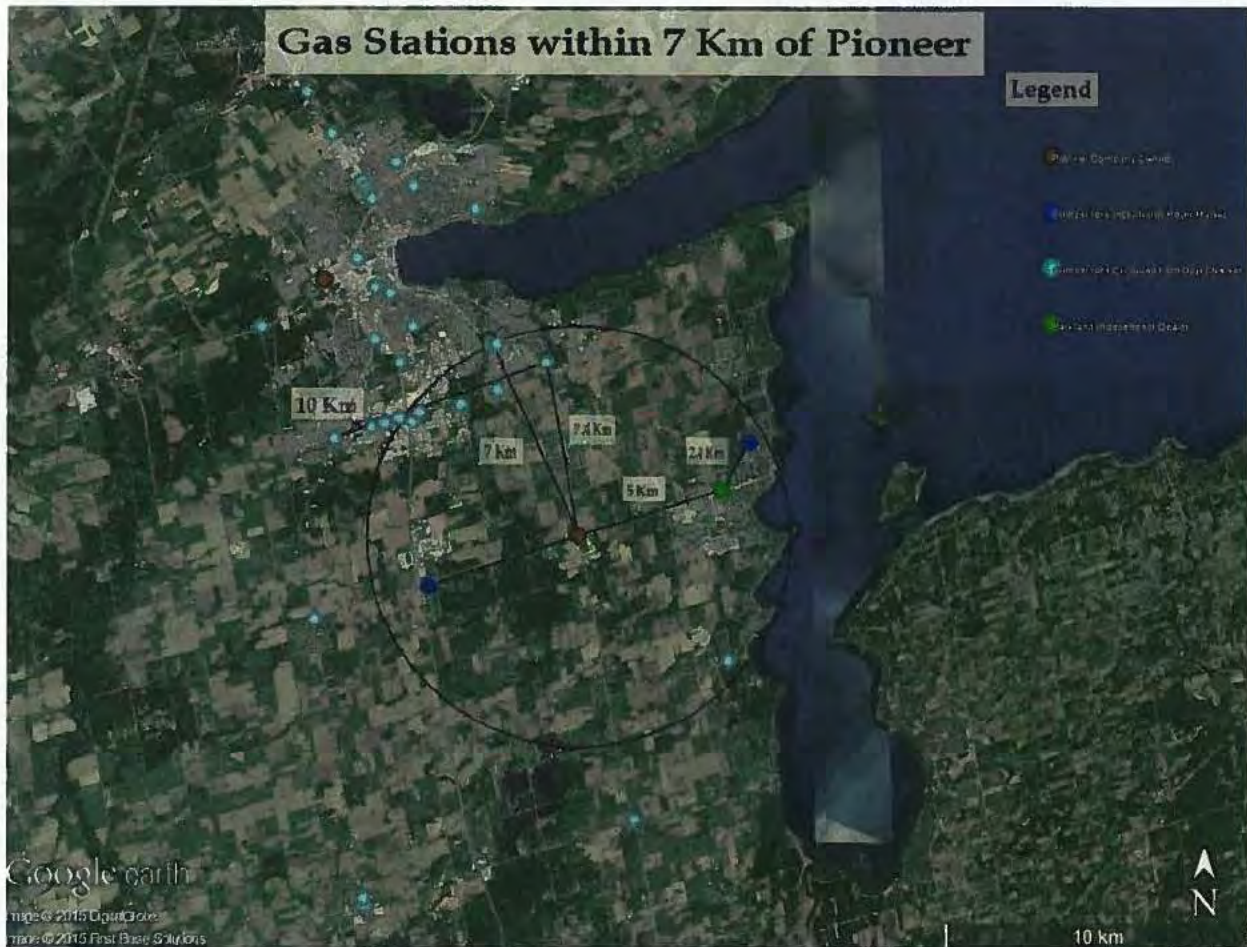
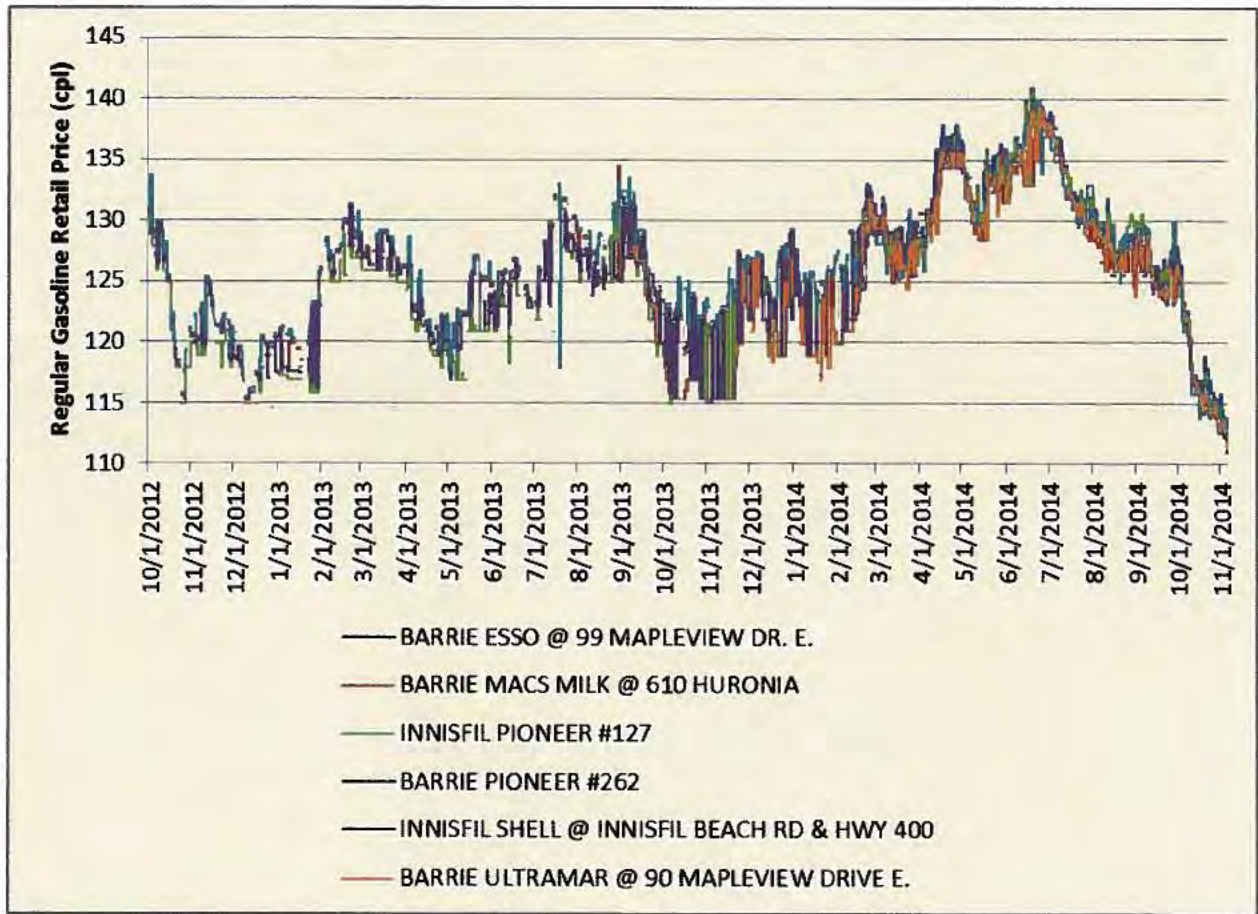
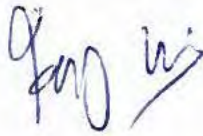


Figure 8: Pioneer Competitor Price Tracking for Allanburg



This is Exhibit "A" referred to in the Affidavit of Margaret Sanderson
sworn before me this 5th day of May, 2015.

A handwritten signature in blue ink, appearing to read "Faiz Munir", with a stylized flourish at the end.

FAIZ MUNIR LALANI,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires April 8, 2016.

MARGARET F. SANDERSON

Vice President, Practice Leader of
Antitrust & Competition Economics

M.A. Economics,
University of Toronto

B.S. Economics and
Quantitative Methods
(with distinction),
University of Toronto

Margaret Sanderson is Vice President & Practice Leader of Charles River Associate's Antitrust & Competition Economics Practice. She has experience analysing the competitive effects of a wide range of business conduct (mergers, horizontal restraints, predatory pricing, abuse of dominance and vertical restraints) and government regulatory policy. Ms. Sanderson has worked on competition and regulatory cases in a number of industries, including communications (broadcasting, telecom, satellite, wireless), media (newspapers, magazines), transportation (airlines, automotive, rail), consumer products (alcohol, books, retailing), finance (banking, securities), industrial (chemicals, forest products, petroleum, waste) and health care. She has testified before Canadian courts and regulatory authorities and has appeared before the U.S. Federal Trade Commission.

PROFESSIONAL EXPERIENCE

2006 – Present *Practice Leader, Antitrust & Competition Economics, Charles River Associates*

Lead the Antitrust & Competition Economics Practice, which is comprised of a research staff of 125 professional economists located in nine offices throughout North America and Europe.

1998–Present *Vice President, Charles River Associates*

Analyze the economic effects of mergers and acquisitions in a wide variety of industries, including conducting econometric studies and merger simulations. Examine the competitive effects of alleged price-fixing conspiracies and various business contracting practices, including loyalty programs, exclusive contracts, and pricing behaviour. Prepare economic affidavits for testimony in a variety of civil litigation matters, including class certification motions, private and class actions alleging competition infractions, and damages. Advise governments on regulatory policy matters in respect of competition law, climate change policy, communications policy, regulation of securities markets, and investment activity.

1996–1998 *Assistant Deputy Director of Investigation and Research, Competition Bureau, Economics and International Affairs Branch*

Directed the Enforcement Economics and Economic Policy Division, which provided economic expertise on enforcement cases, regulatory interventions, enforcement policy, and competition policy advocacy.

Provided advice to the director of investigation and research on enforcement policy, such as merger enforcement guidelines as applied to a bank merger, sentencing principles, and use of economic experts. Promoted competition policy principles to other government departments in areas such as spectrum auctions, electricity deregulation, and transportation regulation review.

1992–1996 *Chief, Competition Bureau, Enforcement Economics Division*

Modeled the Enforcement Economics Division after the Economic Analysis Group of the Antitrust Division at the U.S. Department of Justice. Staffed the division with Ph.D.-trained economists, provided economic expertise to the enforcement branches of the Competition Bureau through the analysis and resolution of cases, and conducted independent research.

Conducted economic analysis and provided written reports and recommendations to the Director of Investigation and Research and other senior executives on resolution of enforcement cases, including preparation for litigation. Provided technical assistance to former Soviet countries through the OECD and the World Bank. Principal author of the *Strategic Alliances Bulletin*.

1990–1992 *Executive Assistant to the Senior Deputy Director of Investigation Research*
Competition Bureau, Mergers Branch

Critically reviewed all assessment documents, litigation material, and correspondence that involved merger transactions. Analysed the potential anticompetitive effects and claimed efficiency gains in several key cases. Assisted in the development and release of the Merger Enforcement Guidelines, including presentation of the technical aspects of this policy to Canadian and foreign government officials, antitrust practitioners, and businesspeople.

1990 *Commerce Officer*, Competition Bureau, Mergers Branch

Conducted merger investigations in several industries, including industrial and commercial insulation and newspapers.

1988–1989 *Economist*, Competition Bureau, Economics and International Affairs Branch

Analysed the role played by import competition in several merger cases and prepared a discussion paper on the assessment of foreign competition in a merger.

1987–1988 *Tax Policy Officer*, Department of Finance, Business and Resource Tax Analysis Division

Examined the influence played by tax measures commonly regarded as having a non-neutral impact on mergers and acquisitions, the competitive position of Canadian trucking firms engaged in trans-border activity with the United States, and the tax positions of small and large real estate companies.

TESTIMONY AND AFFIDAVITS

- Canadian Radio-television Telecommunications Commission
 - Telecom Notice of Consultation CRTC 2014-76, Review of wholesale mobile wireless services, on behalf of Bell Canada, addressing the competitiveness of retail wireless services in Canada and the set of supply options available for tower and site sharing, and roaming. Report filed May 15, 2014.

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- Telecom Notice of Consultation CRTC 2013-551, Review of wholesale service and associated policies, on behalf of Bell Canada, addressing whether forbearance from regulation of certain high-speed data access and transport facilities led to a substantial lessening of competition in the provision of data services to business customers. Report filed January 31, 2014.
 - Broadcasting Notice of Consultation CRTC 2013-106, Call for comments on a change in effective control of Astral Media Inc. to BCE Inc., on behalf of Bell Canada Enterprises, Inc., addressing the economics of vertical transactions as applied to the revised Bell/Astral transaction. Report (co-authored with David Reitman) filed April 15, 2013.
 - Broadcasting Notice of Consultation CRTC 2010-41, Call for comments on opening up the general interest pay services genre to competition in the French-language market and on proposed conditions of licence for competing Canadian general interest pay services in the French-language market, on behalf of Astral, addressing the impact of entry on Super Écran. Report filed March 30, 2010.
 - Broadcasting Notice of Public Hearing CRTC 2007-10, Review of the Regulatory Frameworks for Broadcast Distribution Undertakings and Discretionary Programming Services, on behalf of CTVglobemedia and Canwest Media Inc., addressing the economic outlook for private conventional television in Canada, and modeling the impact of compensation for carriage. Reports filed January 25, 2008 and February 22, 2008.
 - Telecom Public Notice CRTC 2005-2, Forbearance from Regulation of Local Exchange Services, on behalf of Aliant, addressing competitive conditions within certain exchanges for local service in Nova Scotia and Prince Edward Island to determine if sufficient competition exists for the CRTC to forbear from regulation. Report filed June 20, 2005. Testimony on September 26, 2005.
 - Telecom Public Notice CRTC 2005-8-1, Framework for Forbearance from Regulation of High-speed Intra-exchange Digital Services, on behalf of Bell Canada, addressing competitive conditions within certain exchanges for high-speed digital services to determine if sufficient competition exists for the CRTC to forbear from regulation. Report filed September 1, 2005.
 - Competition Tribunal
 - Nadeau Ferme Avicole Limitée/Nadeau Poultry Farm Limited v. Groupe Westco Inc. and Groupe Dynaco, Coopérative Agroalimentaire and Volailles Acadia S.E.C. and Volailles Acadia Inc./Acadia Poultry Inc., CT-2008-004, on behalf of Groupe Westco Inc., addressing whether Nadeau is substantially affected in its business due to its inability to obtain adequate supply and whether the refusal to deal is having an adverse effect on competition. Report filed October 20, 2008. Testimony on November 27-28, 2009.

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- Commissioner of Competition v. Labatt Brewing Company Limited, Labatt Brewing Income Fund, Lakeport Brewing Limited Partnership, Roseto Inc. and Teresa Cascioli, CT-2007-03-22, on behalf of Labatt, addressing whether there will be immediate and long-term irreparable anti-competitive effects if Labatt were to acquire the units of Lakeport Brewing Income Fund. Affidavit sworn March 23, 2007.
 - Court of Queen's Bench of New Brunswick (Trial Division)
 - In the matter of Rombaut v. Province of New Brunswick for a motion to declare unconstitutional certain features of the New Brunswick's Physician Resource Management Plan, Court File No. S/C/751/94. Affidavit sworn January 4, 1999. Deposition on April 27, 1999. Testimony on February 29, 2000.
 - Federal Court—Trial Division
 - In the matter of Commissioner of Competition v. Labatt Brewing Company Limited, Labatt Brewing Income Fund and Lakeport Brewing Limited Partnership, for the issuance of orders under paragraph 11(1)(b) and 11(1)(c) of the *Competition Act*, Court File No. T-325-07. Affidavit sworn November 26, 2007.
 - In the matter of Always Travel Inc. et al. v. Air Canada, American Airlines Inc., United Airlines Inc., Delta Air Lines Inc., Continental Airlines Inc., Northwest Airlines Inc., and the International Air Transport Association (IATA) for a motion to certify a proposed class action amongst travel agents further to an alleged agreement among Defendants to fix commissions, Court File No. T-757-02. Affidavit sworn November 28, 2003.
 - Ontario Superior Court of Justice
 - In the matter of Yaing-Ja Lee and Yong Han Lee v. Korean Air Lines Co., Ltd. for a motion to certify a class of purchasers of direct and one-stop connecting flights between Canada and Korea, the first segment of which originated in Canada from Korean Air Lines during the period from September 8, 2003 to and including August 1, 2007, Court File No. CV-56747 CP. Affidavit sworn October 6, 2014.
 - In the matter of Rhonda Tetefsky et al. v. General Motors Corporation et al. for a motion to certify a class proceeding related to purchases or leases of motor vehicles in Canada during September 2005 to September 2007, Court File No. 07-CV-340633CP. Affidavit sworn June 30, 2011.
 - In the matter of The Fanshawe College of Applied Arts and Technology and Michael Harris v. LG Philips LCD Co. Ltd. et al. for a motion to certify a class proceeding related to purchases of liquid crystal display ("LCD") and televisions, computer monitors and laptops containing LCD, Court File No. 54054-CP. Affidavit sworn April 29, 2009. Responding Affidavit sworn July 16, 2010.
 - In the matter of Kathryn Robinson and Rick Robinson v. Rochester Financial Limited et al. for a motion to certify a class proceeding related to all individuals who participated in the Banyan Tree Gift Program for the taxation years 2003, 2004, 2005, 2006 and 2007, Court File No. 08-CV-349792. Affidavit sworn March 3, 2009.

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- In the matter of Nutech Brands Inc. and Startech.com Ltd. v. Air Canada et al. for a motion to certify a class proceeding related to purchases of airfreight shipping services, Court File No. 50389CP. Affidavit sworn December 16, 2008. Reply Affidavit sworn January 30, 2012.
 - In the matter of Axiom Plastics Inc. v. E.I. Du Pont Canada Company for a motion to certify a class proceeding related to purchases of engineering resins used to manufacture parts for automotive supply, Court File No. 05-CV-302358 CP. Affidavit sworn October 3, 2006. Cross-examination on April 12, 2007.
 - In the matter of North York Branson Hospital et al. v. Praxair, Canadian Liquid Air, Liquid Carbonic, Canadian Oxygen, Air Products Canada et al. for a motion to determine common damages amongst a set of hospitals further to a price-fixing conspiracy in compressed gases, Court File No. 93-CQ-42118. Affidavit sworn October 17, 2001.
 - In the matter of Minnema v. ADM, Ajinomoto, Heartland Lysine and Sewon America for a motion to certify a class of indirect purchasers alleged to have suffered damages further to a price-fixing conspiracy in lysine, Court File No. G23495-99-CP. Affidavit sworn September 13, 2000.
 - Ontario Court (General Division)
 - In the matter of Chadha v. Bayer for a motion to certify a class that alleged it suffered damages further to an alleged price-fixing conspiracy in iron oxide, Court File No. 98-CV-142211. Affidavit sworn November 25, 1998.
 - Supreme Court of British Columbia
 - In the matter of Jeremy Schimpf v. Samsung Electronics Co. Ltd. et al. for a motion to certify a class of purchasers of static random access memory (SRAM) or products that contain SRAM, Court File No. S-070350. Affidavit sworn August 22, 2014.
 - In the matter of Michelle Fairhurst v. Anglo American PLC et al. for a motion to certify a class of purchasers of Gem Grade Diamonds, Court File No. S-071209. Affidavit sworn November 2, 2010. Reply Affidavit sworn December 3, 2010.
 - In the matter of Lana Wakelam v. Johnson & Johnson et al. for a motion to certify a class of consumers of children's cough medicine for use by children under age six, Court File No. S078806. Affidavit sworn November 19, 2009.
 - In the matter of Sun-Rype Products Ltd. and Wendy Weberg v. Archer Daniels Midland Company et al. for a motion to certify a class of purchasers of high-fructose corn syrup (HFCS) and products containing HFCS, Court File No. L051456. Affidavit sworn October 27, 2009. Reply Report filed December 7, 2009. Cross examination on February 1, 2010.
 - In the matter of Pro-Sys Consultants Ltd. v. Infineon Technologies AG et al. for a motion to certify a class of purchasers of dynamic random access memory (DRAM) and products containing DRAM, Court File No. L043141. Affidavit sworn December 22, 2006. Supplementary Affidavit sworn May 15, 2007. Cross examination on June 15, 2007.

- United States District Court, District of Idaho
 - In re Micron Technology Inc., Securities Litigation, Case No. 1:06-cv-00085-BLW, on behalf of Micron, addressing the extent to which any DRAM overcharges arising from an alleged price-fixing agreement. Report filed on November 9, 2009.

PUBLICATIONS AND SELECTED PAPERS

"Economic Analysis Used in Canadian Merger Cases." Chapter 4 in *Competition and Antitrust Laws in Canada: Mergers, Joint Ventures, and Competitor Collaborations*, by Brian A. Facey and Cassandra Brown, LexisNexis Canada, 2013.

"Rigorous Analysis of Economic Evidence on Class Certification in Antitrust Cases." With D. Hawthorne. *Antitrust Magazine*, Fall 2009.

"Competition Class Actions: An Evaluation of Deterrence, Accountability and Corrective Justice." With M.J. Trebilcock. University of Western Ontario Press, 2007.

"Merger to Monopsony in Canada, Europe and the United States: A Selected International Comparison." Chapter 3 in *Handbook of Research in Trans-Atlantic Antitrust*, edited by Philip Marsden, Edward Elgar Publishing Limited, 2006.

"Going Mobile – Slowly: How Wireline Telephone Regulation Slows Cellular Network Development." With N. Quigley. *C.D. Howe Institute Commentary*, December 2005.

"Merger Review in Regulated Industries." With M.J. Trebilcock. *Canadian Business Law Journal*, September 2005.

"Profits versus Rents in Antitrust Analysis: An Application to the Canadian Waste Services Merger." With R.A. Winter. *Antitrust Law Journal*, November 2002.

"Competition Tribunal's Redetermination Decision in *Superior Propane*: Continued Lessons on the Value of the Total Surplus Standard." *Canadian Competition Record*, spring/summer 2002.

"Geographic Market Definition in *Canadian Waste Services*." With R.A. Winter. *Canadian Competition Record*, spring/summer 2002.

"Bad Policy, Bad Law: Bill C-26 Amendments to the *Competition Act* on Airline Predation." With M. J. Trebilcock. *Canadian Competition Record*, spring/summer 2000.

"Conspiracy Law in Canada: Towards an Economic Approach." With P. Hughes. *Review of Industrial Organization*, 13:1-2, 1998.

"Treatment of Mergers." With R. Pittman. Chapter in the *Technical Assistance Manual*, World Bank, 1998.

"Efficiency Analysis in Canadian Merger Cases." *Antitrust Law Journal* 65, 1997.

"Commentary: Antitrust and Health Care: A Canadian's Perspective." *Antitrust Bulletin* 39:2, 1994.

"Divestiture Relief in Merger Cases: An Assessment of Canadian Experience." With A. Wallwork. *McGill Law Journal* 38:3, 1993.

"The Perfect is Not the Enemy of the Good: A Response to Roy Davidson." With A. Kleit. *Canadian Competition Policy Record*, 1992.

"Competition Policy in Canada: The First Hundred Years." With W.T. Stanbury. *Competition Bureau*, 1989. (Released in connection with the centenary proceedings of Canadian competition policy.)

SELECTED PRESENTATIONS

"Economics of Retail Mergers." Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 2014.

"Economics of Price Maintenance." Panel discussant at the Canadian Bar Association Roundtable: Draft Enforcement Guidelines for Price Maintenance, 2014.

"Class Certification Today: How Rigorous is 'Rigorous Analysis'?" Panel discussant at the American Bar Association 61st Antitrust Law Spring Meeting, 2013.

"Behavioural Economics: Cutting Edge or Junk Science." Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 2011.

"Economic Theories of Monopsony in Competition Cases." Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 2007.

"Efficiencies Analysis in Canadian Merger Review: A Case for Leaving Things Be." Panel discussant at the Canadian Bar Association Competition Law Section Spring meeting, 2006.

"Year in Review." Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 2005.

"Industrial Economics and Performance in Canada." Panel discussant at the Industry Canada Workshop, 2004.

"Selected Comments on Revisions to the Canadian Merger Enforcement Guidelines." Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 2003.

"Economics of Loyalty Discounts." Panel discussant at the Conference Board Antitrust Conference, New York, 2002.

"Establishing Efficiencies: Successful Approaches to Using Economic Evidence." Panel discussant at the Conference Board Antitrust Conference, New York, 2001.

"Economic Issues Arising from the Air Canada/CAIL Merger." Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 2000.

"Process and Politics in Canadian Merger Review." With M.J. Trebilcock. Panel discussant at the Law and Economics Programme University of Toronto Roundtable, 2000.

"Differentiated Products Mergers: Recent Experience in Canada and the United States" With L. Csorgo. Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 1998.

"Treatment of Joint Ventures." Panel discussant at the U.S. Federal Trade Commission's Roundtables on Joint Ventures, 1998.

"Treatment of Efficiencies." Panel discussant at the U.S. Federal Trade Commission's Global Hearings on Competition and Innovation, 1996.

"Emerging Issues in Competition Policy." Panel discussant at the Canadian Bar Association Competition Law Section Annual Fall Meeting, 1996.

"Facilitating Practices: Canadian and U.S. Experience." With J. Langenfeld. University of Toronto Law and Economics Programme, 1994.

"Antitrust and Health Care." Panel discussant at the Western Economic Association meetings, 1993.

THE COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF the proposed acquisition by Parkland Industries Ltd., a wholly-owned subsidiary of Parkland Fuel Corporation, of substantially all of the assets of Pioneer Petroleum Holding Limited Partnership, Pioneer Energy LP, Pioneer Petroleum Transport Inc., Pioneer Energy Inc., Pioneer Fuels Inc., Pioneer Petroleum Holding Inc., Pioneer Energy Management Inc., 668086 N.B. Limited, 3269344 Nova Scotia Limited and 1796745 Ontario Ltd.;

AND IN THE MATTER OF an Application by the Commissioner of Competition for one or more orders pursuant to section 92 of the *Competition Act*.

AND IN THE MATTER OF an Application for an Interim Order pursuant to section 104 of the *Competition Act*.

BETWEEN:

COMMISSIONER OF COMPETITION

Applicant

- and -

PARKLAND INDUSTRIES LTD., PARKLAND FUEL CORPORATION, PIONEER PETROLEUMS HOLDING LIMITED PARTNERSHIP, PIONEER ENERGY LP, PIONEER PETROLEUMS TRANSPORT INC., PIONEER ENERGY INC., PIONEER FUELS INC., PIONEER PETROLEUMS HOLDING INC., PIONEER ENERGY MANAGEMENT INC., 668086 N.B. LIMITED, 3269344 NOVA SCOTIA LIMITED AND 1796745 ONTARIO LTD.

Respondents

**RESPONDING APPLICATION RECORD OF THE RESPONDENTS
PARKLAND INDUSTRIES LTD. AND PARKLAND FUEL CORPORATION**

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