PARKLAND • 1969 • PARKLAND • 2019

50 YEARS OF GROWTH

50

OUR MISSION

GREAT PEOPLE WORKING TOGETHER TO BE THE PARTNER OF CHOICE FOR OUR CUSTOMERS AND SUPPLIERS.

50 YEARS OF GROWTH

The history of Parkland Fuel Corporation

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FORWARD

FIFTY YEARS OF INNOVATION, AGILITY AND GROWTH

The story of Parkland is one of entrepreneurialism at its finest.

Parkland's anniversary is celebrated the year it became a public company under the name Parkland Beef Industries in 1969. The seeds of its future position as the largest independent supplier and marketer of fuels and petroleum products in Canada and the Caribbean, a leading convenience store operator, and one of the fastest growing independents in the United States came well before, however, when Joan and Jack Donald leased their first service station in 1957.

The Donalds were entrepreneurial to their core with a strong sense of responsibility to their customers, community and employees. Those values, along with their ambition and passion for the business, were deeply instilled in Parkland and over 50 years it has proven itself to be a progressive, agile company with a proven track record of seizing opportunities and innovative solutions.

This legacy will carry it forward into a future where anything is possible.

JIM PANTELIDIS CHAIRMAN, BOARD OF DIRECTORS

Parkland has grown significantly since Joan and Jack purchased Parkland Beef Industries back in 1976. I met Jack years ago when I was working at Gulf Oil. As I was preparing to leave the petroleum industry, he recruited me to join Parkland's board of directors in 1999.

As I enter my 20th year with Parkland, I am proud to have been a part of its ongoing growth and success. The vision for Parkland was developed 18 years ago by its board of directors and management team. Our strategic goal was to develop an integrated downstream business combining retail and commercial petroleum networks with a supply infrastructure that was second to none. We described this strategic intent as "Virtual Refining."

Parkland has become an aggressive consolidator in North America, building critical mass with a balance between its retail and commercial businesses and fully developed supply infrastructure. Our team continues to evolve as the company becomes more complex. We have come a long way to realizing our goal, but we are not finished. As we continue to strengthen Canada's infrastructure, we are simultaneously growing our supply infrastructure in the U.S. The majority share purchase of Sol has further built on this concept and offers Parkland even greater leverage in its supply negotiations.

The Board of Directors is proud of Parkland's continued focus on strategic growth while remaining true to their core values. Parkland always strives to be the market leader in customer loyalty, employee engagement and investor confidence. We achieve this by exceeding customer expectations and giving our employees tools to succeed while keeping on track with our strategy for growth. The board will continue to lead the company with a measured strategic approach that balances our acquisitions with organic growth and leverages our expertise in efficiently integrating new acquisitions to maximize their value.

Parkland is well-positioned for the future and I hope you enjoy reading about our historic journey. I would like to thank the entire Parkland team for their support and dedication. I am proud of what we've all accomplished and look forward to our ongoing future success.

BOB ESPEY PRESIDENT AND CHIEF EXECUTIVE OFFICER

It is with a great sense of pride that I share Parkland Fuel Corporation's 50-year success story with you. We celebrate the past and a history that has brought our company to where it is today. Parkland is poised for continued growth in markets across North America and the Caribbean, a long way from its humble roots.

Founded in 1961 as a cattle feedlot, Parkland's entry into the petroleum industry began with a single fuel site in 1977 expanding to more than 2,600 locations in 2019.

A half-century of milestones are celebrated in these pages, from our company's initial listing on the Calgary Stock Exchange in 1969 to the Toronto Stock Exchange in 1984; from our forays into different sectors of the petroleum industry to the monumental acquisitions that helped shape Parkland into the company it is today. In an ever-changing industry, Parkland has remained true to its core values – Integrity, People, Teamwork and Success. Over the last half century, Parkland has evolved into a leading independent supplier and marketer of fuel and petroleum products and a leading convenience store operator.

I joined Parkland in 2008, at a time when the business was ramping up for aggressive growth across Canada. I feel very fortunate to have been a part of some of Parkland's transformative times and acquisitions including Chevron Canada's downstream fuel business and the Ultramar business from CST brands. Our expansion into the U.S. and most recently in 2019 the addition of Sol, which expanded Parkland's operations into the Caribbean and parts of Central and South America, were transformational for the company.

No great success is without challenges and Parkland has faced its fair share with strength and resilience. I believe we have some of the best people in the industry working for our company together as one team towards the same goal. Parkland wouldn't be the company it is today without the dedication and hard work of each and every one of our employees. They contribute to our success year after year. Many of our staff members are also shareholders, proof-positive of their commitment to, and belief in, Parkland. It is with my sincerest gratitude that I thank our entire team, without whom none of this would have been possible.

As you read through these pages, I hope that you are filled with the same sense of pride and awe that I have experienced as a part of the Parkland team.

To our shareholders, I extend my thanks for your trust and continued investment in Parkland. If you are not a shareholder, I welcome you to join us on our journey; it is far from over.

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"Almost anyone,
if they want to
apply themselves,
can be an
entrepreneur."

JACK DONALD Parkland Founder

1957–1979 SNAPSHOT:

A young, entrepreneurial Albertan couple, Joan and Jack Donald, build experience in the fuels business and take a leap into the future when they acquire a beef company, publically-held since 1969, and transform it into Parkland Industries, headquartered in Red Deer, Alberta. By 1979, the company has 9 employees, 5 fuel stations and a fuel truck.

1969 1979

THE DONALDS:
BUILDING A BUSINESS

GETTING STARTED

IN 1957, ELVIS PRESLEY WAS AT THE TOP OF THE CHARTS, CHEVROLET HAD ROLLED OUT ITS ICONIC 57 CHEVY BEL AIR, AND GAS WAS 37 CENTS A GALLON.

Like much of North America, 1950s Alberta was enjoying unprecedented prosperity and economic growth. The time was right for an entrepreneurial couple in their early 20's, Joan and Jack Donald, to start a business of their own. Married in 1955, the pair was paying rent to live in Joan's parent's basement in the rapidly growing city of Edmonton. Though they both had good jobs–Joan was working at the Royal Bank of Canada and Jack was a power lineman–they were ready to embark on a business venture of their own.

As a high school student, Jack had worked part-time at a local service station. He liked the business and was good at it. With $2,800 in savings, a bank loan co-signed by Joan's parents and the tenacity and drive that would serve them for the remainder of their careers, the Donalds leased a new, two-bay Texaco station in Edmonton. It was the first step of many, with stops and starts along the way, that would ultimately lead to the founding of Parkland.

LESSONS ALONG THE WAY

Joan ran the Texaco station for three years while Jack focused on getting his journeyman mechanic's certificate from the Southern Alberta Institute of Technology (SAIT). The station was expanding its services and doing well. In 1960, they were approached by a local businessman about purchasing their station and the Donalds, eager to start their family, decided to sell.

COMMUNITY BUILDING AND GIVING BACK

With their growing business presence, Joan and Jack Donald got involved in the Red Deer community where they still live today. Their community work ranged from volunteer roles and participation on boards to generous donations supporting worthy causes.

For many years, Joan served on the board and helped raise millions of dollars for Red Deer Regional Hospital Centre Foundation and she volunteered for the Westerner Exhibition Association in Red Deer raising funds and serving on its board of directors. In 2007, the Donalds donated $1.5 million to the association.

Joan also fundraised and served on the boards of the Shock Trauma Rescue Society (STARS) in Red Deer and Red Deer College.

Jack served two terms as Red Deer Alderman in the 1970s and one term on the Red Deer College Board of Governors. He was a member and chairman of the Red Deer Centrium and Parkland Pavilion construction management committee and served as a president of the Westerner Exposition.

In 2007, the Donalds co-sponsored a gift of $3 million to Red Deer College, helping establish the Donald School of Business. In 2018, they donated another $3 million toward the Donald Family Health and Wellness Center at Red Deer College.

Some of Jack and Joan Donald's awards and acknowledgements include:

2002 Jack inducted into the Canadian Petroleum Hall of Fame

2002 Jack named Red Deer Citizen of the Year

2004 Joan named Red Deer Citizen of the Year

2005 The Donalds receive the Lifetime Philanthropy Award (AFP Calgary)

2011 Jack inducted into the Southern Alberta Business Hall of Fame

2011 Joan appointed member of the Order of Canada

2011 Kathy Lacey (the Donald's daughter) named Red Deer Citizen of the Year

2012 Joan receives the Queen Elizabeth II Diamond Jubilee Medal

2012 Jack awarded an honorary B.B.A. from SAIT

2015 Jack inducted to the Alberta Order of Excellence

2019 John Donald (the Donald's son) named Red Deer Citizen of the Year

That year, Jack took a job with Supermarket Oils, a division of Sanford Oil, hauling and selling tractor fuel and condensate to a territory that spanned from Red Deer, Alberta, into the Yukon and Northwest Territories. He built an impressive client base for the company and before long, he was promoted to sales manager.

However, Jack was reminded which side of the desk he wanted to be sitting on when he caught a glimpse of his boss's paycheque - almost ten times the size of his own. With their entrepreneurial spirit reignited, Joan and Jack decided they would get into the service station business again.

In 1964, The Donalds borrowed a truck from a friend, and along with their two young children, Kathy and John, made the trek to Red Deer. Jack had found an ideal site there and the Donalds purchased it with $5,000 down under a newly created company, Parkland Oil Products Ltd.

During the remainder of the 1960s, Joan and Jack worked hard expanding Parkland Oil Products to an impressive 38 stations, raising their two young children, and becoming part of the Red Deer community.

In 1971, the Donalds again decided to sell their business and its holdings, this time to Turbo Resources, based

in Calgary. The public company held a refinery in Balzac and operated 18 service stations. Joan and Jack became Turbo's largest single shareholders and Jack was named the company's director and vice president of marketing. It was a win-win deal. Jack learned valuable lessons about corporate governance and Turbo benefitted as Jack led the company in its growth from 56 service stations to 220 in only five years.

TWO STATIONS AND A FUEL TRUCK

In the 1970s the Alberta oil industry was booming, creating jobs and unprecedented prosperity. The province's population grew by a third during this period.

While Jack honed his managerial skills at Turbo, he and Joan continued to look for opportunities with a new private company they'd created, Parkland Properties Ltd. It wasn't long before they were back in the service station business.

In 1975, the Donalds purchased a station in Red Deer on the corner of 54th Avenue and 59th Street, including the pumps, a tanker truck, a pick-up truck and all the stock, less the gas in the tanks, for $100,000. A hand-shake and a $100 bill sealed the deal.

The station, called Fas Gas Northside Turbo Station #1, remains part of the Parkland family to this day and is the inspiration behind Parkland's private label products, 59th Street Food Company.

A year later, the couple purchased a second station in Innisfail, Alberta, and renamed it Fas Gas Turbo.

The Turbo name was included on both station banners to adhere to a five-year, non-compete clause Jack had signed when he sold his stations to Turbo and was removed when the term was up.

The Donalds also bought a 5,400-gallon tractor and tanker unit at that time so they could haul their own gasoline from Edmonton.

With two gas stations and a fuel truck, Joan and Jack wanted their business to expand and grow. Working at

PARKLAND BEEF INDUSTRIES

In the Lacombe area of Alberta, a couple of farmers were building and operating a meat-packing plant in Red Deer.

That company, Prairie Packers, established in 1961, seemed doomed. A competitor, Red Deer Packers, which had started up at the same time, was monopolizing the marketplace. Frustrated, but not beaten, the farmers rallied together and decided to construct a feedlot southeast of Lacombe, and changed the company's name to Parkland Beef Industries Ltd. By 1968, Parkland Beef had expanded to include a profitable hog-buying station and had accumulated 500 private shareholders from across Canada.

In 1969, then president and controlling shareholder, S. Donald Moore, succeeded in listing Parkland Beef Industries Ltd., as a public company on the Calgary Stock Exchange, (now the TSX Venture Exchange).

Parkland Beef was purchased by Joan and Jack Donald in 1976 and renamed Parkland Industries Ltd. in 1977 to include the company's fuels businesses. The Parkland Beef Industries division of Parkland was sold in May, 1981 to PBI Feeders Ltd. in Lacombe, a private group of investors including Dave Laird, Parkland's former feedlot manager.

PARKLAND BEEF INDUSTRIES LTD.
R.R. #2 (P.O. BOX 1300) • LACOMBE • ALBERTA

Annual Report to Shareholders

For The 9th Year Ended 30 June 1969

This report reviews a year of vigorous, successful expansion. During the period ending 30 June 1969, over $130,000 of new Treasury financing was completed, our shares were listed on the Calgary Stock Exchange and total cattle feeding increased more than five-fold during the year. Parkland, a pioneer public company in a basic Canadian industry, is proud of its almost 500 Shareholders, from practically every province, so tangibly demonstrating their faith in our future.

Parkland is in the forefront of the accelerating trend to corporate financing of beef industry expansion, particularly in the feedlot stage of the meat production chain. In the past 10 years, marketings of grain-fed feedlot cattle increased well over 100%, and the percentage of grain-fed beef production continues to rise dramatically. New management and research techniques are increasingly applied to our business, now comparable in size to the steel industry. Obviously, the potential in corporate meat production lies in integrated companies able to support the research leading to a uniform product produced by sophisticated automation and computer controls. The financial press regularly predicts that corporate agriculture will be one of the 1970's major growth areas.

ıancial Summary of Operations

For the fiscal year ending 30 June 1969, your Management is pleased to report record operating profits of $43,253, compared with $9,107 in 1968. After depreciation charges of $10,338 ($9,595 for 1968) and provision for $2,142 income tax (none for 1968), net profit reported for the year totalled $30,773 (1968 loss was $488). On Parkland's sole capitalization of 742,174 common shares, earnings were 4¢ per share.

Several non-recurring circumstances affected earnings during the period under review; expenses in connection with Management changes in late 1968; expansion financing available only since December 1968; severe cold weather in January-February 1969; and a distorted pricing structure for replacement feeder cattle during 1969. Earnings projections are unusually difficult in our business, but we have every confidence in our sustained future growth.

Review of Company Operations

To inform our many new Shareholders of Parkland's basic business, a brief survey of corporate history and operations is appropriate. Our livestock feedlot facilities, near Lacombe, in Central Alberta, are strategically located to draw feeder cattle replacements from Southern and Western Alberta ranches and for feed grain supplies from Central and Northern Alberta. To supplement the primary packing plant markets in Calgary and Edmonton, a major expansion in Red Deer slaughter facilities developed in recent years. A ˈ¬rge, new (1964) Interprovincial Packers Ltd. plant was the ˎ, while in November Canada Packers will complete its .¼-million beef packing facility, with a capacity of up to 3,000 head per week. Both plants are within 15 miles of our feedlot. Parkland contributed to the tripling of grain-fed cattle marketings in the Red Deer area during the past 15 years. The new packing plants considerably improve the economics of our cattle feeding operations by reducing transportation costs. Red Deer is forecast to be Canada's most important beef producing region by 1980.

Since our incorporation as Prairie Packers Ltd. on 16 March 1961, operations have expanded to now include an automatic, mechanized feed mill of the latest design for efficient, low-cost processing of our own feed grain requirements and to furnish custom milling services. In addition to extensive corrals, fencing and grain storage facilities, capital improvements include modern employee housing units, water and electric utilities, access roads and all auxiliary facilities required for an integrated operation. Acreage in excess of feedlot requirements is profitably employed for required hay and roughage crops and for interim grass fattening of cows and younger cattle units as seasonal and economic conditions warrant.

Parkland is also Central Alberta representative for Swift's livestock feeds, concentrates and supplements and manages and supplies their hog feeding contracts in our market area. In addition to normal retail profits, our own substantial requirements are obtained at the lowest cost. Parkland also maintains a profitable hog buying station serving meat packers in Edmonton and Calgary.

Industry Notes

Every beef consumer, meaning all of us, is aware of the recent sustained press publicity on record beef prices. On another newsworthy front decidedly pertinent to our operations, our Prime Minister was forcefully reminded of the calamitous Canadian grain markets during his recent Prairie visit. Normally, the combination of high slaughter cattle prices and low grain prices spells unusually attractive profits for the feedlot operator. However, the effective absence of any market whatever for substantial, farm-held, grain surpluses has resulted in extreme and foolhardy price competition for replacement feeder cattle by grain farmers desiring to market their 1968 production through livestock feeding. This resulted in excessive, uneconomic feeder cattle prices which served to limit our capacity during the past year.

Restricted high-cost bank credit is now limiting such competition for feeder cattle. Exceptionally low grain prices and prospects for a bumper 1969 crop should combine for profitable feeding operations this year. Negotiations are underway with several large grain grower co-operatives to custom feed important cattle numbers for them this Fall, based on bank credits made available for cattle purchases when secured by their collective individual credit and the collateral of their substantial feed grain supplies. Parkland would also provide guarantees, safeguarded by our control of cattle purchases and by our feeding operations utilizing their grain collateral.

Industry Prospects

Long range beef industry studies report expansion prospects matched by very few manufacturing businesses. Canada's cattle population must increase over 55% by 1980 to meet consumer demand. Strong export markets, notably Japan, are assured by an increasingly affluent world economy which cannot elsewhere supply the beef appetite of our overcrowded planet.

Parkland's growth prospects are emphasized by per capita beef consumption comparisons between Canada and the U.S. The relatively free exchange of food products across the International border makes continental beef consumption patterns pertinent to our business. Canadian beef consumption increased from 72 lbs. per capita annually in the early 1960's to 86.8 lbs. per capita in 1968 (itself a 5% increase over 1967) while 1968 U.S. consumption was no less than 109 lbs. per capita. Pork consumption rose only slightly. Obviously, the Canadian market itself offers a substantial growth potential.

Beef prices will continue to be a newsworthy, even explosive, topic during the next few years. Historically, based on records over 80 years, cattle population cycles last for 10 to 16 years; North America's cattle numbers have now increased for the last 11 years. Recent U.S. statistics report cattle totals in feedlot and breeding herds as 700,000 less than 1968. With record high prices, the question is — feed or breed? Increased feeding and slaughter will lower near-term beef prices — but will reduce breeding stock. Reduced calf crops will then inevitably result in record prices shortly thereafter as a growing population, combined with a rising consumption pattern, competes for reduced supplies. On the other hand, if breeding herds are expanded now, this will reduce slaughter and further raise the current high beef prices. In summary, beef industry prospects are bright, irrespective of near-term developments in the character of the cattle population.

Submitted on Behalf of the Board:

10 September 1969 by: Cecil M. Hellofs, President

Turbo, Jack saw the advantages a publically-traded company enjoyed in terms of raising capital. So, on December 31, 1976, Jack Donald resigned as marketing vice president of Turbo Resources, and the Donalds did the unexpected - they purchased a cattle company.

FROM FEEDLOT TO FUEL

In late 1976, Joan and Jack purchased the controlling block of shares for Parkland Beef Industries Ltd., listed on the Calgary Stock Exchange in 1969, from Donald Moore, the company's president. After purchasing Moore's shares, Jack offered him a directorship with the company.

Jack became president and CEO of Parkland Beef Industries Ltd. on January 1, 1977. Joan held a seat on the board and managed Parkland's operations – including annual meetings, annual reports and investor relations.

Over the next couple of months, all of the Donalds' petroleum marketing assets were traded to Parkland Industries Ltd., for shares. The word "Beef" was removed from the company name to reflect the diversity of its new holdings. Parkland Beef Industries Ltd., Fas Gas Oil Ltd., and Fas Gas Realty Ltd. were incorporated as subsidiaries of Parkland Industries.

Parkland, the fuels business, was on its way and Joan and Jack got down to the business of purchasing gas stations.

They began by acquiring ex-Esso stations because that operating model proved easier to convert into Fas Gas sites. After adding green pumps and new signage, adding a fresh coat of paint and discounting the price of gas by a couple of cents per gallon, the freshly branded Fas Gas stations were ready to open for business.

That year, Fas Gas Realty, in conjunction with Fas Gas Oil, purchased sites and constructed modern gas outlets

FAS GAS LITRE LOG

The Fas Gas Litre Log program was rolled out at the same time as metric conversion in the Canadian gas industry came into effect in January 1979. Unique for its time, this customer loyalty program which is still in existence today was originally printed on large cards too big to put in a wallet or pocket. The oversized cardboard log books were created to be tucked into the car's sun visor so customers would be reminded to purchase their fuel at a Fas Gas location. Cards manually tracked litres purchased. Once full (there was room for 20 entries), customers would receive 2 cents (later 3 cents) per litre purchased in cash that could be used as a discount off their purchases or simply as a cash reward.

in Lacombe (October) and Red Deer (December) and modernized Station #2 in Innisfail, adding a new wash bay and office. The construction and expansion of a station in the town of Rocky Mountain House, Alberta, was finalized just after the year-end.

Together with Fas Gas Station #1, Parkland was now operating five stations and sold in excess of 3.4 million gallons of gas in its first year. Its new proprietary brand of motor oils and lubricants, Flo-Rite, also began to gain recognition in the marketplace.

In December 1977, Parkland moved its head office from a temporary mobile site on the feedlot into the Riverside Office Plaza in Red Deer. The space had room for the company to expand and could accommodate up to 12 staff. At this time Parkland's team consisted of five full-time office staff and four employees at the feedlot.

In 1979, the Donalds began to transform Parkland into a gasoline retailing business, increasing assets, revenues and shareholder equity dramatically.

Fas Gas Transport Ltd. was incorporated in January and officially commenced operations with one older truck and a tank trailer. Parkland began searching to lease another tractor-trailer unit later that year to keep up with the demands of its stations.

The company built stations in Stettler and Drumheller, Alberta, and leased them to a private operator. It then created a new brand for privately-owned and independently run outlets called Bi-Lo. The first Bi-Lo station was built in Ponoka, Alberta, and featured computerized, self-serve pumps and a modern convenience store. The Fas Gas brand would be reserved for the full-service, full-line, company-run stores.

At this time, Parkland also began to accept fleet credit cards for government operations like the Royal Canadian Mounted Police (RCMP).

By the end of the decade, Parkland had generated almost half a million dollars in revenue and spent approximately the same amount acquiring assets. Overall sales had increased by more than 60 per cent to $7 million.

THE FAS GAS NAME

Fas Gas is one of Parkland's proprietary brands with 185 stations across Canada (as of June 30, 2019). Joan and Jack Donald discovered the name on a road trip to Texas. After stopping at a motel along the highway, they noticed a decrepit, abandoned service station across the street. Someone had removed what looked like an old Texaco sign and replaced it with the name Fas Gas. Agreeing that Fas Gas was a unique and catchy name, they looked into the naming rights for it in Canada and discovered the Fas Gas name was free and clear. They incorporated the name for themselves, and the rest is history.

"Someday,
we're going
to own that."

Joan & Jack Donald Parkland Founders
(Speaking of the Bowden Refinery)

1980–1989 SNAPSHOT:

Parkland moves into the upstream sector of the oil business, adding exploration, drilling and well-servicing to its portfolio. Downstream, it adds propane and lubricants businesses and in 1987 it purchases a refinery in Bowden, Alberta. It is now a fully-integrated independent fuels business. Fuel marketing remains the lifeblood of the company and it becomes the industry pacesetter by the end of the decade.

1980–1989

EARLY PARKLAND:
DIVERSIFICATION AND GROWTH

CHANGING LANDSCAPE

FOR A FLEDGLING COMPANY IN THE ALBERTA OIL AND GAS INDUSTRY IN THE 1980's, THE CHALLENGES WERE PLENTIFUL. THE ECONOMIC DOWNTURN WOULD HAVE A DRASTIC EFFECT ON THE OIL INDUSTRY.

Global oil prices fell unexpectedly, and like a bubble, Alberta's oil boom burst as supply exceeded demand. Americans and other foreign investors who had once flocked to Alberta were leaving. In Canada, an attempt in 1980 by the federal government to redistribute Alberta's oil wealth and gain tighter control over the oil industry, the National Energy Program (NEP), added to the turmoil. The NEP was hotly contested for five years before the last of the program was dismantled and the oil industry was deregulated in 1985. Tightening profit margins, the on-going fluctuations of supply and demand, and the phasing out of leaded gasoline, were some of the industry's many other challenges. Major and small oil companies were re-organizing and the Alberta oil landscape was changing.

STRATEGY FOR GROWTH

Joan and Jack Donald were eager to move forward with their now-public company, Parkland Industries. Under their steadfast and responsive stewardship, Parkland, based in Red Deer, managed not only to survive, but to thrive.

The Donalds had always dreamed of running a fully-integrated business. Together with their board of directors, they developed and implemented a bold strategy to build and diversify the fuel marketing side of the business,

PEOPLE POWER

Parkland was well-positioned to grow. After years building their business , and with a good grasp of the downstream sector, the Donalds took full advantage of the expertise of Parkland's employees and board of directors. They were first to give credit to the talented and dedicated employees who saw the company through the pressures and challenges of an expanding company in difficult economic times. Senior staff grew with the company and assumed more managerial duties, while Parkland hired and trained new middle and junior management staff.

The Donalds were also talented at identifying business partners who shared their values and passion for strong operations which led to many successful acquisitions.

People had always been a priority at Parkland and in 1982 in recognition of their contributions to the company, employees were offered a stock purchase plan. Many became shareholders who now had a vested interest in the success of their company.

acquire a refinery, and enter the upstream (Exploration & Production) oil sector, all with their characteristic energy, careful oversight and hands-on management.

In 1984, Parkland Industries Ltd. would be listed on the Toronto Stock Exchange in addition to its existing listing on the Alberta Stock Exchange (formerly the Calgary Stock Exchange).

HEADING UPSTREAM: WELL SERVICING AND DRILLING

In January 1981, Parkland made its entrance into the upstream oil sector by acquiring Contact Well Servicing, Ltd. The five-rig, oil well-servicing contractor was the brainchild of Andy Goruk and a group of Red Deer businessmen including the Donalds. Goruk, the force behind Contact's excellent safety record, had more than 30 years of experience in the Alberta oil patch industry and was meticulous about rig maintenance and safety procedures.

By that time, the industry was maturing in Alberta with its more sophisticated research and extraction technologies, expanding delivery systems, and improvements in workplace training and safety. Alberta oil workers were

THE BUSINESS OF BUILDING A GAS STATION

Fas Gas Realty was crucial to Parkland's profitability. Parkland's income base relied on this subsidiary's ability to find, finance and lease commercial properties, principally to Fas Gas Oil. Fas Gas Realty designed and built Fas Gas Oil stations and completed any other development and construction necessary for operations.

Upon approval of the necessary permits Fas Gas Realty efficiently and cost-effectively constructed new stations in less than five weeks. All major equipment purchases were made annually based on the projected new station numbers, ensuring maximum cost-efficiency.

A trained team of dedicated staff was able to move onto sites quickly and perform specialized construction services such as installing tanks, signs, gas pumps and finishing design touches like fences and site clean-up. By maintaining a constant job-site presence, the company was better able to oversee building progress. The onsite team was able to provide quality work and construct an extraordinary number of completed stations in short periods.

An up-to-date list of target locations was maintained for future expansion. Ideal sites that had good accessibility and heavy traffic flow were identified in communities with a population base of more than 3,000 people. Pinpointing the enormous growth potential in Western Canada, the formula proved successful.

developing a worldwide reputation in their field.

The new company provided oil and gas well-workovers, well-servicing and well-completion to the petroleum industry. It was relocated to Parkland's wash bay warehouse and fenced yard in Red Deer South, joining Service Station Supply and transport operations there. Contact Well Servicing had been solidly established before the market downturn and its reputation for quality operations kept it in the black, even during the industry's darkest days.

By the end of 1985, Contact Well Servicing had built its fleet size to 15 through the acquisition of Bow Well Servicing Ltd. in 1984, a profitable, reliable company with six rigs and an excellent safety and performance record; and G.T.X. Service Ltd., a Red Deer-based company with three rigs, in 1985.

FAS GAS: A PROVEN BRAND

Fas Gas retail outlets had been designed to do one thing – sell gas. There were no extras like garage facilities or convenience stores to add to expenses. With high sales volumes, the price strategy was competitive but not predatory, allowing full service at self-serve prices.

From its inception, Fas Gas's best marketing tool had always been the Fas Gas stations themselves. Joan and Jack Donald had a clear vision for the brand and all Fas Gas stations followed the same formula for success. They all offered quality products, value to the customer, quality customer service and convenient locations.

Fas Gas stations were easily identified by standardized building layouts and colour schemes, eye-catching streamers and logos, and recognizable uniforms worn by station personnel. All Fas Gas outlets operated the same standard hours and were meticulously maintained to draw customer loyalty. The sites were operated by commissioned agents who were responsible for their own operating costs and wages.

Fas Gas made substantial technological advancements during the 1980s. Stations were equipped with an advanced, customized point of sale system (POS) that allowed for electronic data transfer, inventory, pricing and administration data. It also permitted implementation of up-to-the–minute pump price changes and preauthorized customers had access to the pumps during unattended hours. In addition, Piezometers, devices used to analyze samples of ground water for traces of leaked hydrocarbon, were installed at several stations with plans for expansion.

Contact Well Servicing was one of the few Alberta well-servicing companies that actually profited in the 1980s. Never working for less than cost, Contact avoided the losses of many companies that chased after work to inject cash flow.

Within months of acquiring the well-servicing operation, Parkland took the next step building upstream operations and formed Contact Drilling Ltd. in April 1981. Contact Well Servicing had been profitable with its service rigs and the decision to enter the drilling business made sense.

Parkland purchased an efficient diesel-electric powered drilling rig with a 10,500-foot capacity, located in Central Alberta. As the rig proved successful, Contact Drilling leased two additional rigs and they were purchased in 1985 after they too did well.

In January 1988, Parkland Industries entered into an agreement with Flint Engineering and Construction Ltd. to create a joint venture oil and gas drilling enterprise. The resulting company, Contact Drilling Canada Ltd. was 56 per cent-owned by Parkland (three rigs) and 44 per cent by Flint (two rigs). Headquartered in Calgary, the venture would offer a more competitive service and expanded Contact Drilling's footprint across Alberta, increasing operating profits and margins, and reducing overhead costs.

EXPLORATION WITH COACHWOOD

Along with Contact Well Servicing and Contact Drilling, Parkland Exploration Ltd. was also formed in 1981 and this third move into the upstream sector complemented Parkland's drilling and well interests. Exploration was offered on a fee-for-service basis and guided by Terry Lawrence at Coachwood Resources Ltd. in Calgary. Coachwood Resources was a privately held oil and gas exploration company with proven and probable reserves, cash in the bank and an excellent track record for locating oil prospects.

In June of 1983, Parkland purchased Coachwood, and Terry Lawrence and his crew joined the company. Parkland Exploration was amalgamated with Coachwood in June 1984, under the Coachwood Resources banner.

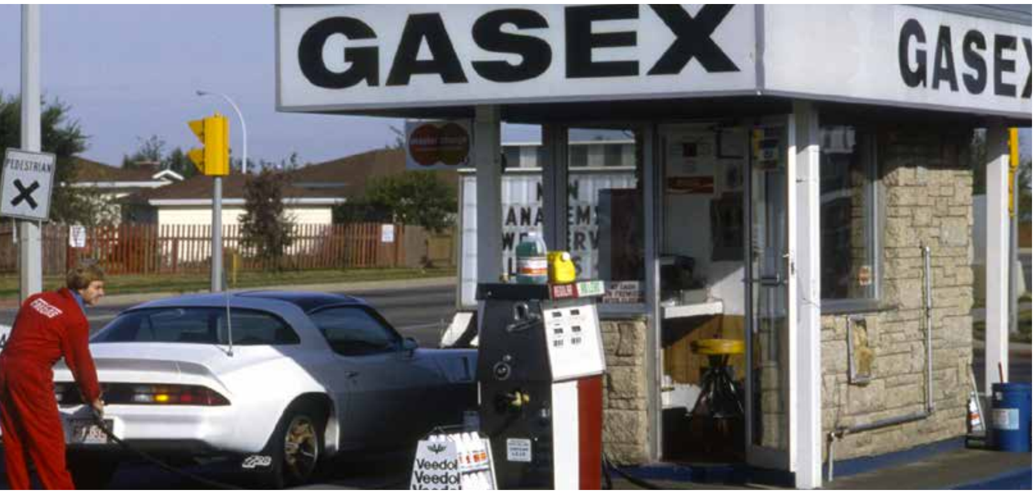
Coachwood identified oil and natural gas opportunities through geological and geophysical research and then drilled in partnership with other companies. In the beginning, its focus was to locate low-risk opportunities; however, as it assumed more operator roles on ventures, it began to generate enough cash flow to begin pursuing more high-risk, high-return prospects. Most of Coachwood's land prospects were focused in Central Alberta.

By 1988, Coachwood had become a significant contributor to Parkland's profitability, production reserves, cash flow and land holdings. The company's earnings had attained record highs despite lower crude prices. Production had swelled by 75 per cent to 688 barrels of oil per day (bopd) from 393 bopd the year before, and oil-field activity had increased. The company's combined land interests totaled 22.7 thousand gross acres of petroleum and natural gas rights in 1983 and increased to some 83.8 thousand gross acres by 1989.

FLEET KARD AND KARDLOCK

Parkland's Fleet Kard program was established in 1985. The program simplified purchasing and accounting procedures for companies using large quantities of gasoline. In the first year, Fleet Kard signed up 10 companies. By the end of 1986, 300 accounts used Fleet Kards at Parkland's 64 stations.

The first Kardlock installed at a Red Deer location gave 30 companies 24-hour access to fuel – activating pumps, issuing receipts and transmitting purchase data. Eliminating manual readings, calculations and invoicing allowed for a more cost-effective internal system. Both programs were successful and continued to expand throughout the decade.



GROWING THE RETAIL MARKETING BUSINESS

At the onset of the 1980s, one of the first steps the company took was to structure its downstream operations into four integrated but separate profit centres under the newly established Retail Marketing Division. The wholly-owned subsidiaries were:

- Fas Gas Oil Ltd. (1977)
- Fas Gas Realty Ltd. (1977)
- Fas Gas Transport Ltd. (1979)
- C/A Service Station Supply Ltd. (1980)

Fas Gas Realty located sites and constructed retail outlets which were then sold or leased and operated by Fas Gas Oil. Fas Gas Transport delivered gasoline to the stations, and C/A Service Station Supply stocked the stations with lubricants, oils and fluids for retail sales.

In 1988, Gasex Propane Plus Ltd. was added to the list of Parkland's Retail Marketing subsidiaries.

The company's board reviewed each subsidiary's operating statements every month, maintaining tight financial control, ensuring inventories were maintained at all service stations and enabling maximum cost savings where synergies existed between the businesses. During the worst of the fuel shortages during this time, thanks to the company's supply advantage, none of Parkland's stations ran out of fuel.

Fas Gas Oil would operate stations under the Fas Gas and Bi-Lo brands. By the end of the decade, Fas Gas Oil, implementing important innovations, would operate 134 fuel stations.

Fas Gas Oil relied on Fas Gas Realty to find, finance and lease commercial properties and build its new stations. The realty division handled all of Parkland's acquisitions

L to R: Jack Donald, Chair of the Board, Garry Brophy, Comptroller, Parkland Industries, Terry Lawrence, Coachwood, General Manager, Jim Jones, Vice President Marketing, Parkland Industries, Terry Lawrence was a Director.

and skillfully managed the company's debt and surpluses resulting in overall significant savings for the company.

Fas Gas Transport delivered fuel to all of Fas Gas Oil's retail outlets, Contact Drilling, and Contact Well Servicing, providing Parkland with the independence it needed to control its fuel delivery schedules.

In 1985, the business began outsourcing its services, hauling gasoline, pipe, steel, and lumber; and moving heavy construction equipment and materials. Fas Gas Transport had opened the decade with one tanker and two 8,400-gallon semi-trailers and closed it with 21 vehicles, a 12-ton picker, and a propane-butane tanker. Ever focused on the needs of its customers, two shifts of drivers were implemented to accommodate 24/7 service.

Service Station Supply was established to sell oil and automotive products. It occupied a unique niche, since the company was the only packager of lubricants in Central Alberta and it was renamed C/A Service Station Supply in 1982. At that time, it relocated from a trailer at the back of Fas Gas Station #1 to an 8,000 square-foot custom space in Red Deer South. In 1986, it introduced its 'Hi-Performance' branded line of products and by then it held warehouse facilities in Red Deer, Calgary, Lethbridge and Edmonton providing bulk dispensing systems to customers with large quantity needs.

Parkland entered into the propane industry in 1988, and by the following year it had 13 outlets associated with Fas Gas stations. Gasex Propane provided a full-service alternative for propane-powered vehicles as well as a propane bottle refill service. Volumes grew steadily after Gasex opened its first outlet.

FAS GAS: INDUSTRY PACESETTER

The marketing of gasoline remained the lifeblood of Parkland Industries. The decade began with shortages of refined products. While none of Parkland's stations ran out of fuel during this time, others did. Prices at the pump sky-rocketed and margins shrank severely as the wholesale cost of product escalated even faster than its retail price. The market, in general, was faltering as Canada entered into a severe recession.

Despite this, Fas Gas Oil sales had increased and it continued to develop new stations in the face of a market-wide downturn. By 1982, Parkland had become the service station industry pacesetter.

In 1984, with 19 Fas Gas outlets and three Bi-Lo stations (operated by independent retailers), Parkland was poised to increase its retail footprint.

The Donalds had identified a path to growth for Fas Gas Oil through the acquisition and development of fuel stations in smaller Western Canadian markets where the big oil companies had pulled out. While the majors concentrated on competitive urban markets offering higher volumes, Parkland used the opportunity to enter the communities they were abandoning thus increasing its market share. These growing non-urban centres had lower real estate prices, loyal customers and historically stable and robust pricing which provided the potential for margins just as competitive as those at prime urban locations. Parkland uniquely positioned itself to benefit from industry restructuring and provide service to smaller communities.

A MAJOR RETAIL PURCHASE

In June 1984, Fas Gas Oil more than doubled its market share by acquiring the assets of Niagara Holdings which included 23 stations and two wholesale supply contracts. The deal included retail outlets in the Edmonton market and the first out-of-province outlet for Fas Gas Oil in Saskatchewan. Most of the outlets, operating under the Gasex and Willwin banners, would be changed over to Parkland's Fas Gas and Bi-Lo brands in 1985, with a few select stations retaining the Gasex name.

Fas Gas Oil continued its aggressive growth strategy acquiring additional retail sites and closing its 1985 fiscal year with 52 stations.

While things were going well for Parkland, the market was still in a state of flux, and shrinking demand, price cutting, coupons and other incentive schemes were common-place as companies competed for market share. The Edmonton-based stations Parkland had acquired from Niagara Holdings were feeling the pinch. However, since the Fas Gas model was predominantly based in small towns, it was insulated from the most extreme competitive conditions in urban centres.

By mid-1989 Fas Gas Oil had seen an increase in sales, volumes and market share for 12 consecutive years in one of the most volatile times in the oil industry. It had 99 gas stations operating under the Fas Gas and Bi-Lo brands and only two closures over that period. It was a formidable feat and Parkland wasn't done yet.

That year, through the acquisition of a company called Armenco, the company added 46 properties which included 36 titled properties and 10 leased holdings. The titled properties were comprised of three parcels of undeveloped land, one leased building, and 32 convenience stores, 25 of which had gas bars leased to various operators. The ten properties obtained under lease were also gas bars. The Armenco acquisition would mark Parkland's first overture into the convenience store business and brought Fas Gas Oil's total number of gas stations to 134 at the end of the decade.

BUYING THE BOWDEN REFINERY

Joan and Jack Donald had always intended to make Parkland a fully-integrated fuel company. Early in their involvement with the fuel industry, the Donalds would drive

by the refinery in Bowden, Alberta, and say, 'Someday we're going to own that.'

In December 1987, they turned their dream into reality. Parkland Industries officially acquired the Bowden refinery from Shell Canada Ltd., for $20 million. Parkland Refining Ltd., a new subsidiary, was formed to take possession. The refinery offered Parkland the long-term stability to expand its retail operations and enhance its visibility. The deal included the purchase of the service station and restaurant complex located across the highway, which coupled with the storage tanks bearing Parkland's logos, provided an optimum branding opportunity.

The Bowden refinery was a coup for the growing gas retailer, securing a stable supply of high-quality gasoline products and providing a huge leap towards becoming a fully-integrated petroleum company. The refinery, operating 24/7, had a throughput capacity of 6,700 barrels per day (bpd) or enough to fill 22,000 cars with gas each day.

It produced diesel fuel, regular leaded gasoline, regular unleaded gasoline and small amounts of a black oil by-product which was sold back to a crude pipeline. By using only condensate as a feedstock (produced when raw natural gas is compressed and cooled), the refinery was able to produce automotive fuels cleanly and efficiently. The Bowden refinery had one of the highest throughputs versus labour ratios in the refining industry.

At the time of purchase, Parkland's operations were capable of consuming 60 per cent of the refinery's output and that was boosted to 100 per cent with the Fas Gas Oil acquisitions that were finalized by the end of the decade.

In 1989, the federal government announced that refiners had until December 1990 to remove lead from their transportation fuels. Parkland was prepared. It had begun upgrades to the facility in May 1989, giving the refinery the ability to produce all grades of unleaded gasoline by January 1990.

The Bowden refinery had an exemplary safety record and was considered one of the safest refinery facilities in the world with an outstanding record as a highly-efficient and environmentally-clean operation. It would go on to set an all-time Canadian refinery record by celebrating 25 years of service without an employee lost-time accident. The refinery also received several awards and commendations for its 300 acres of park-like grounds located 43 kilometres south of Red Deer on Highway 2.

BUSINESS OF THE YEAR

By the end of the 1980s, Parkland Industries was a robust, well-balanced, and growth-oriented company. Joan and Jack Donald had led Parkland from an operation with one service station and a tanker truck in 1977 to a fully-integrated oil company in only twelve years. Its gross sales and operating revenues had reached $118 million. Its asset base had increased from $1.5 million in 1977 to $97 million at the 1989 fiscal year-end. The Donalds would credit the talented and dedicated Parkland employees, who saw the company through the challenges of rapid expansion, for the company's success.

In 1989, Parkland was awarded "Business of the Year" by the city of Red Deer, and received a Certificate of Merit in Entrepreneurship from the Canada Awards for Business Excellence.

"Parkland's business has grown by adding sites strategically one by one and through prudent acquisitions."

Jack Donald Parkland Founder & CEO (1977-2001)

1990–1999 SNAPSHOT:

Parkland divests its upstream businesses and focuses on its retail business, acquiring fuel stations in non-urban markets from the major refiners. It acquires Payless Oil, Thrifty Gas and Great Northern Oil among others, tripling its retail station count and building its propane and wholesale businesses. It also grows its transport division under the Petrohaul name, but the refinery is operating on thin profits. At the end of the decade, Parkland diversifies its portfolio when it opens its first Short Stop convenience store.

1990–1999

SHIFTING FOCUS:
A COMPANY IN TRANSITION

UPHEAVAL AND INDUSTRY RESTRAINT

IN THE EARLY 1990's, THE IRAQ INVASION OF KUWAIT, THE GULF WAR AND OPEC UNCERTAINTY ALL CAUSED TURMOIL IN THE OIL INDUSTRY AND SET THE TONE FOR AN ERRATIC DECADE. MARKET FLUCTUATIONS WERE EXTREME AND THE INDUSTRY WORKED HARD TO ADAPT.

In Alberta, efforts to discover additional conventional oil reserves were tapering off and the atmosphere was one of caution in all sectors of the oil industry. The industry had become saturated with refineries and retail gas outlets and restructuring continued as oil businesses, refineries and fuel stations were closing.

EVOLUTION, VERSATILITY AND OPTIMISM

The oil industry was changing and Parkland would change with it. During the 1990s it would evolve into a growth-oriented and versatile company–identifying new revenue streams; entering new businesses and exiting others; and expanding outward from its Alberta roots into the rest of Western Canada and to the north.

ADDED VALUE AT FAS GAS AND BI-LO

Committed to its customers, Parkland continued to provide the best possible experience at the pump with system and site improvements and incentives.

New point-of-sale systems were installed to modernize customer service, and to monitor individual station sales, inventory, deposits and profits in real time. Parkland Realty was busy building, upgrading and rebranding. Significant renovations included new canopies, paving, landscaping and pump reconfigurations.

In 1997, there were 134 Fas Gas stations, all with standardized hours, colour schemes, and lot layouts. They provided a full-service experience and continued to reward repeat customers with cash-back incentives through the Fas Gas Litre Log loyalty program. Seventy-four Bi-Lo outlets in British Columbia, Alberta, and Saskatchewan operated as full or self-serve stations with individualized hours of operation and the option to offer the Litre Log program. Commissioned operators ran the Fas Gas and Bi-Lo stations and Parkland provided fuel sales on a consignment basis, retaining control of pricing and terms of service.

In 1990, Joan and Jack Donald were running a fully-integrated company, managing both upstream and downstream operations. Parkland entered the decade with 10 wholly-owned subsidiaries:

- **Resource Development:** Contact Well Servicing, Contact Drilling, Coachwood Resources
- **Sales and Service:** Fas Gas Oil, C/A Service Station Supply, Gasex Propane Plus
- **Infrastructure Support:** Fas Gas Realty, Fas Gas Transport
- **Processing:** Parkland Refining
- **Convenience Stores:** Contact Stores (added April 1990)

With their signature energy, optimism and shrewd strategic thinking the Donalds would pursue growth and development in what they and the board of directors were beginning to identify as Parkland's core businesses.

PARTING WAYS WITH THE UPSTREAM BUSINESS

By early 1990, Parkland was focusing on cutting costs and examining its businesses for profitability. Though the Donalds had worked hard to build a presence in all sectors of the industry, together with their board of directors, they decided it was time to restructure. After careful consideration, Parkland divested its upstream businesses, Contact Well Servicing, Contact Drilling and Coachwood Resources.

All assets of Contact Well Servicing, as well as the three drilling rigs from Contact Drilling were sold to North Eastern Energy Group of Calgary in June 1990. The subsidiaries were purchased for shares and debentures and Parkland was able to realize a profit over the longer term when North Eastern (later Ensign Resource Service Group) showed a substantial turnaround in 1993. By 1995, Parkland had sold off all its shares in Ensign Resource Service Group.

Coachwood Resources wasn't drilling as many wells in 1990, but its success rate remained high and it had proven reserves of 1.7 million barrels. Though Coachwood was profitable, it was having trouble raising capital for crude exploration and acquisitions. In 1992, Jack Donald and the board of directors began looking for a merger candidate which resulted in Coachwood's sale to Petrostar Petroleum Corporation for a 44 per cent share of the business.

EXPANDING THE BOARD

In the late 1990s, to bolster its expertise in old and new segments of its business, Parkland decided to expand its board of directors.

In 1999, Alain Ferland joined the board bringing more than 20 years of experience as the former president of Ultramar in Canada and senior vice-president of Ultramar Diamond Shamrock in San Antonio, Texas. Mr. Ferland provided extensive experience in strategic planning, operations, logistics, sales, marketing, project management and mergers.

Jim Pantelidis also joined the board in 1999. As a former president of both upstream and downstream operations at Petro-Canada, he also brought extensive senior oil industry experience and his expertise became invaluable to Parkland. Mr. Pantelidis would go on to become Parkland's longtime and current Chairman of the Board.

Eventually, in 1996, these shares were exchanged for shares of Crestar Energy Inc. and, in September 2000, the Crestar holding was sold at a profit.

CHANGE AND EXPANSION IN THE RETAIL BUSINESS

The number of fuel stations in Canada decreased from almost 25,000 in 1980 to around 13,500 by 1997. Parkland was uniquely positioned to benefit from the on-going industry restructuring and downsizing with a successful strategy it had begun in the 1980s – building market share in non-urban Western Canadian communities. The company continued to pursue these undervalued retail opportunities which were being abandoned by the major oil companies.

Despite competitive conditions in the industry, this strategy, as well as Parkland's strong balance sheet, financial capacity and cash flow allowed it to continue to grow. By the end of the decade, Fas Gas Oil had succeeded in gaining gasoline market share in Alberta, Saskatchewan, Manitoba, British Columbia and the Yukon and operated more than 400 service stations.

Fas Gas Oil also benefitted from practical, hands-on oversight. Lower-volume stores were closed and replaced with more efficient outlets. The company evaluated traffic patterns, community size, competition and demand at all of its outlets to ensure maximum volumes and profitability were maintained. Parkland remained committed to smaller markets and focused on increasing the throughput at each station, boosting revenues and driving higher margins.

ENTERING THE CONVENIENCE STORE SEGMENT

Recognizing the added revenue, higher margins and other advantages of attaching convenience stores to its fuel sites, Parkland began looking for opportunities. In April 1990, it forged an agreement with U.S. based oil company Arco Products under a new subsidiary, Contact Stores Inc., to become a licensee of Arco's branded

ROUND-THE-CLOCK GAS: A PILOT PROJECT

Parkland opened the first Canadian legally-unattended, self-serve gas outlet in Red Deer in 1995. The facility, called Round-the-Clock, was at the cutting edge of system development for retail fueling.

The pilot project tested customer support for an unmanned, fully automated 24-hour station. Round-the-Clock included the necessary remote security and safety features such as shut-off controls and spill control pumps. The easy-to-use system offered customers credit card pay-at-the-pump automation and lower-priced gas. Uniquely, Round-the-Clock never posted its gas prices and always sold 3 cents lower than other retail stations. While the pilot project was eventually abandoned, it provided important information and advanced the company's automated systems expertise.

convenience stores AM/PM Mini Markets.

The franchise agreement allowed Parkland to operate AM/PM Mini Markets in British Columbia, Alberta, Saskatchewan and Manitoba. Arco was a major industry presence serving 700 markets in five states in the U.S., fifty in Taiwan and ten in Japan. Its combination of convenience store/fast food takeout and gasoline outlets provided not only a consistent dual profit base but also increased gasoline sales.

Parkland was the first company in Canada to open AM/PM Mini Markets. Its original sites, which opened in 1991, were located in Red Deer and Whitecourt, Alberta.

It converted the three Mini Markets that it had opened by 1992 to dealer operations. This gave Parkland hands-on control and direct management oversight. Two smaller units were added to existing Fas Gas outlets in 1993.

Longer hours of operation, the attraction of quality fast food takeout and the availability of convenience store products all increased gasoline sales and provided Parkland with important experience in the business.

By the mid-1990s, Parkland was developing a plan to expand its convenience store footprint, only this time with its own branding. In July 1999, it opened its first Short Stop convenience store at Fas Gas Calgary Trail Service in Edmonton.

FAS GAS OIL: ACQUISITIONS ACCELERATE

In April 1994, Parkland closed the acquisition of Calgary-based Payless Oil Company Ltd. from Ensign Resource Service Group which had a long-term supply contract for 68 wholesale branded accounts and ten independently branded accounts.

The supply contract was a significant step for Parkland in its efforts to expand its wholesale business. These stations, and all other wholesale acquisitions were operated through contractual wholesale fuel supply agreements. Parkland provided fuel, signs, credit card facilities and other support services.

In August 1994, Parkland purchased 19 service stations from Petro-Canada along with the associated equipment, lease interests and product supply contracts.

In 1996, Parkland went on to purchase Thrifty Gas's eight retail and 44 wholesale outlets operating under the Thrifty and Chalet brands in south-eastern British Columbia and Northern Manitoba. The Thrifty locations were significant as this was Parklands' first wholesale business expansion into British Columbia.

In January 1997, expanding its geographical footprint even further, Parkland acquired Northern Petroleum, based in Whitehorse, Yukon, and changed the company's name to Great Northern Oil, Inc. This wholesaler's assets included contracts to seven service stations, a retail heating oil business, a contract fuel service, a warehouse, a fuel terminal site and a trucking operation.

In April 1997, Parkland acquired 35 Super Save Gas and Propane outlets from the Actton Group of Langley, B.C.

Finally, in 1999, Parkland absorbed Calgary-based Binks Petroleum Inc. This added another 40 locations and a new banner, Race Trac, to the stable of brands in the Fas Gas Oil division. A new subsidiary, Greenleaf Capital Inc., was created to offer financing to upgrade, renovate or refinance the Race Trac properties to benefit its independent operators. The subsidiary was later dissolved and the services were brought in-house.

REPOSITIONING FUEL BRANDS

Parkland's approach to branding had always been to preserve independent company names to take advantage of local brand recognition and to build on existing community relationships.

In 1998, Fas Gas Oil initiated a strategic repositioning of its gasoline marketing operations and merged all five brand names into its two most recognizable: Fas Gas and Payless. The process, to be completed gradually over several years, would improve the visibility of the company's operations and enhance brand recognition. All retail operators were positioned as Fas Gas, and independent owners who purchased refined products in bulk from Parkland were consolidated under the Payless banner.

PETROHAUL'S SAFETY EXCELLENCE

Travelling more than 25.7 million kilometres, Petrohaul's fleet of highway tractors broke a safety record on July 28, 1995, for operating 4 years without a recordable accident. The company received recognition for its safety, operating and administrative excellence and was selected to participate in Alberta's 'Partners in Compliance' pilot project. The voluntary program was designed to promote company pride in fleet self-compliance to strict regulatory safety requirements at the highest level.

Parkland had hoped to consolidate its B.C.-based Thrifty wholesale outlets under the Payless Oil banner as well, but the Payless name had already been registered in B.C., so it established Mr. Petro Oil Company Ltd. to accommodate the Thrifty locations there. This Parkland subsidiary would later become the umbrella organization for all wholesale gasoline sales in British Columbia. In 1999, Mr. Petro Oil was renamed Race Trac Fuels Ltd.

GASEX GROWS, SERVICE STATION SUPPLY IS SOLD

In 1990, C/A Service Station Supply, with its Hi-Performance lubricants brand, was comprised of six sales and delivery trucks, one bulk oil delivery truck, a distribution point in Lethbridge and warehouses in Calgary and

Edmonton. That year, it acquired Sturdie Oils, including its blending, packaging, and marketing oil products, plus integrated storage and handling facilities in Lethbridge.

Though the division showed modest profits, the increase in overhead and marketing had cut into sales. In 1995, Parkland decided to restructure the subsidiary and in 1996, the assets and inventory of C/A Service Station Supply were sold to Arlyn Enterprises Ltd. (Boss Lubricants) of Calgary.

Gasex Propane Plus fared better, supplementing select Fas Gas stations. The partnership grew to 21 outlets at the beginning of 1991. Volumes had increased 400 per cent over the previous year, and eight more outlets were added by 1993. Propane prices then became as competitive as gas and Parkland decided to halt expansion in 1996 until margins improved. By 1997, margins had begun to recover and Gasex Propane Plus sites increased to 70 by the end of the decade.

PETROHAUL: DEDICATED AND FLEXIBLE DELIVERY

Higher volumes of gasoline sales at the start of the decade kept Fas Gas Transport busy with internal deliveries and it was forced to decrease its contract freight hauling with non-affiliated companies. To better meet both needs, two new trucks were purchased for a total of 21 in the fleet. Two additional trailer units were also acquired at that time and key operating approvals were obtained for British Columbia and 48 states in the U.S.

In response to Parkland's wholesale marketing expansion which was now operating under not just the Fas Gas name but several new brands, Fas Gas Transport was renamed Petrohaul Ltd. in March 1995.

Petrohaul, based in Red Deer, handled all fuel hauling. A new joint-venture company, Total Freight Inc. would operate an equipment hauling and van operation located in Saskatoon, Saskatchewan.

Petrohaul delivered all production from the Parkland refinery as well as most of the refined products Parkland purchased. This efficient and flexible approach resulted in significant cost savings and was distinctive in the industry as most refiners and retailers used contract hauling services.

Petrohaul continued to handle all fuel-hauling services on a 24-hour schedule. This included third-party hauling during periods of reduced gasoline demand and profitable backhaul opportunities.

Petrohaul expanded operations as Parkland's territory grew, including in the Yukon. The Total Freight business, hauling non-petroleum products for third parties, also grew. By 1999, after replacing some of its older equipment, Parkland's transport division owned and operated 35 tractor-trailer units.

REFINERY OPERATIONS: A SECURE FUEL SUPPLY

The construction of the new isomerization unit, which used a blending process that improved the octane rating of gasoline without the presence of lead, was completed in January 1990 to meet unleaded fuel regulations. The Bowden refinery was then able to produce all grades of unleaded gasoline, including fuels with higher levels of octane. The refinery started commercial production in May 1990, after the testing and commissioning process was finalized.

Run by 20 full-time personnel in operations and administration, the refinery's output consisted of 85 per cent gas, 10 per cent by products, and 5 per cent diesel. Its capacity was 6,700 barrels of feedstock per day. The refinery was pivotal to Parkland's long-term growth strategy as it ensured the security of supply for its retail

outlets at competitive costs. In 1990, the refinery provided Parkland with 80 per cent of its fuel needs.

When war erupted in the Middle East in August 1991, feedstock prices skyrocketed leaving the refinery at a considerable disadvantage. In 1992, when the industry rebounded with stronger wholesale prices and as refineries were closing, supply and demand began to balance for the first time in a decade. By this time Parkland was fully utilizing its refinery, and its economic performance was improving. It had managed to maintain its market share and was beginning to improve its technology, completing upgrades in both 1995 and 1996.

By 1995, the refinery was only able to produce 75 per cent of Parkland's requirements because of the company's rapid growth, and that dropped to 50 per cent by 1997. Parkland purchased the remaining volumes through supply agreements.

Most of the condensate the refinery required as a feedstock was obtained from and delivered by a single pipeline stream. Always in the market for high-quality condensate, Parkland was able to use its tanker trucks on a backhaul basis for additional high-quality sources outside of the pipeline service area.

Complicating the refinery's profitability, the oil industry began to use condensate to dilute heavy oil, thereby increasing demand, and pricing, in the marketplace. Dependent on this feedstock, by 1998 the refinery was operating on thin profits.

Parkland incurred additional expenses in 1997 and 1998 when it began a $2.5 million upgrade to the refinery to meet the Canadian Environmental Protection Act's new benzene regulations, which would go into effect on July 1, 1999.

The Parkland refinery remained a Canadian industry leader in safety, and it ended the decade celebrating 36 years without a lost time accident.

“Think like a major, act like an independent.”

Michael Chorlton Parkland president and CEO (2005-2010)

2000–2009 SNAPSHOT:

Before retiring, Joan and Jack Donald lead Parkland to become Canada's largest independent marketer of petroleum products. The revitalized retail division upgrades its Fas Gas stations integrating its Short Stop convenience stores. Under new president and CEO Michael Chorlton, it adds national brands Esso and Sunoco expanding its footprint into Ontario. The commercial division delivers unprecedented growth with significant acquisitions including the $124 million Neufeld purchase which lays the foundation for continued expansion. The Bowden refinery sits in limbo.

2000 2009

A NEW PATH FOR A NEW CENTURY

END OF AN ERA

THE FIRST DECADE OF THE NEW CENTURY WOULD BE ONE OF UNPRECEDENTED GROWTH AND CHANGE FOR PARKLAND AND IT WOULD ALSO MARK THE END OF AN ERA.

In 2000, Joan Donald announced her retirement from the company and in December 2001, Jack Donald stepped down as Parkland's president and chief executive officer after 25 years of bold leadership.

The duo had led Parkland from its first station in 1977 to an impressive 446 stations in 2001, making it Canada's largest independent marketer of petroleum products with operations in British Columbia, Alberta, Saskatchewan, Manitoba, and the Yukon and Northwest Territories.

Astute, persistent, and responsive, the Donalds had established a diverse and resilient company portfolio and instilled in Parkland the vigor and vision it would need for its dynamic future.

NEW LEADERSHIP TESTED

While Joan would remain on the board after her retirement and Jack would continue as its chairman providing continuity for the senior executive team, Andrew Wiswell was appointed Jack's successor, taking the role of president and CEO in December 2001.

Wiswell was an experienced senior executive and leader in the energy business with a track record of driving financial performance and adding shareholder value.

His leadership skills would be put to the test only two weeks into his tenure when Parkland received an unsolicited offer to purchase the company. In response, Parkland hired outside consultants to help examine the proposal and after due diligence, turned down the offer.

In 2002, the board voted unanimously to convert Parkland to a Canadian income trust, validated by a 99.9 per cent approval from its shareholders. Switching from a privately managed company with shares on the Toronto Stock Exchange to a Canadian income trust meant that Parkland would pay monthly distributions to shareholders instead of paying taxes. As a mature business with a modest growth potential and a strong balance sheet, Parkland was well suited to the income fund model. The structural change would improve liquidity, provide better access to growth capital and deliver shareholder benefits.

On April 30, 2002, the Parkland Income Fund was established as an unincorporated, open-ended, limited-purpose mutual fund trust in Alberta. The fund acquired Parkland Industries Ltd. and its businesses on June 28 and changed its year-end to December 31 to enable comparison with other income trusts.

The Parkland Income Fund's original three trustees were Thomas Chapman, Terry Lawrence (Chair) and David Spencer. The seven members of the board of directors remained: Robert Brawn, Jack Donald (Chairman), Joan Donald, Alain Ferland, Jim Pantelidis, Alfio Truant and Andrew Wiswell.

BUILDING A MANAGEMENT TEAM

After the income fund conversion, Parkland developed strategies to position itself for continued growth, part of which included a change in its leadership structure. The newly formed management team included Andrew Wiswell, the president and CEO and three vice presidents in its three main areas of responsibility: corporate and accounting (John Schroeder); retail markets (Kelly G. Collier); and wholesale, supply and distribution (Randy K. Nicholls).

The capabilities of the board and management team were expanded that year welcoming Kris Matthews, certified management accountant (CMA), and Stewart MacPhail, an experienced executive from Shell Canada. Thomas H. Chapman was added to the team as its corporate secretary in 2004.

INCOME TRUST: A WIN FOR EMPLOYEE SHAREHOLDERS

Under the terms of the income trust arrangement, for each Parkland common share, shareholders elected to receive either two units in the Parkland Income Fund, or, if they were a Canadian resident, two units in a limited partnership (LP) controlled by the Parkland Income Fund. The LP units were exchangeable for fund units on a one-for-one basis. Shareholders also received a one-time special cash dividend of $1 for each Parkland common share owned. The board of directors set the initial level of monthly distributions at 14 cents per fund unit.

Parkland's performance in the first six months exceeded its expectations. By 2003, the fund had distributed a total of $20.4 million to unit holders. Monthly distributions increased to 17 cents per trust unit in 2005, and a special distribution of 10 cents per unit was paid out in December 2005.

The Parkland Income Fund was a corporate milestone and of real benefit to its staff. Many of the shareholders were Parkland employees who saw their investment increase in value with the change.

In The Globe and Mail's 2004 annual report on Business in Canada, Parkland appeared in the top 20 Biggest Stock Market Winners for the first time, a post it would hold for the next 15 years. It was rated 18th by revenue in the 50 Top Income Trusts in Canada.

EARLY DECADE: CANADA'S LARGEST INDEPENDENT FUELS MARKETER

Parkland entered the 21st century ready to ramp up the growth of the 1990s.

By December 2000, Parkland's combined fuel sales had reached almost 808 million litres, 25 per cent from retail and 75 per cent from wholesale, making it Canada's largest independent marketer of fuel and petroleum products.

With trusted regional brands like Fas Gas and Race Trac, Parkland owned and operated 432 service stations in Canada. Gasex Propane Plus had become a division of Fas Gas Oil operating 55 sites, and Petrohaul operated 40 tractors and 43 trailers.

Parkland's Great Northern Oil, which operated a bulk facility for home heating fuels in Whitehorse, had purchased Totem Oil headquartered in Seattle, Washington that October. The acquisition of Totem Oil included fuel operations as well as transportation equipment.

At that time, Parkland employed more than 400 people and its growth was only beginning.

A REFINERY IN LIMBO

Parkland was revving up but the refinery in Bowden was in limbo. Soaring condensate feedstock costs had impacted Parkland's refinery earnings for several years and its throughput was down as a result of benzene regulation upgrades in 1999. At that time, the refinery was prepared for a sale that did not transpire.

At a competitive disadvantage, Parkland suspended operations in September 2001. It was agreed they would recommence when condensate prices were at par with crude oil for a sustained period but the shutdown was costly, accruing $400,000 in annual facility maintenance expenses.

In 2004, Parkland wrote off its investment in the facility and focused on securing other sources of income from the site. The company spent $1.5 million in 2005 to prepare the refinery for other alternatives and it continued to be used as a fuel terminal while Parkland searched for other possible opportunities.

A TRUSTED SUPPLY PARTNER

With the refinery out of commission, Parkland reinforced strong relationships with the major refiners in Western Canada. Key to Parkland's success and ability to grow was its capacity to maintain secure sources of fuel supply at competitive prices and, with an understanding of how to create trusted partnerships, the company worked closely with its supply partners to ensure it met or exceeded all contractual obligations.

Parkland's supply and distribution division managed the purchasing, resale and distribution of fuels for the growing demands of its businesses. It maintained lifting rights at most western refineries and primary terminals which provided the flexibility to best serve its customers.

FULL SPEED AHEAD WITH PETROHAUL

One of Parkland's key competitive strengths was Petrohaul, Parkland's trucking business. Under Don Heisler, Petrohaul's general manager, the division offered dedicated, low-cost and on-time fuel delivery with in-house quality control.

Petrohaul was transporting fuel, propane and other products throughout the marketing network, providing hauling services to other marketers and delivering premium condensate to the Bowden refinery on a back-haul basis. Its ability to service most of Parkland's distribution needs was based on consumption and demand requirements and was crucial to turnkey operations at Parkland.

In May 2004, Petrohaul was relocated from Petrolia

Park in Red Deer to the Economy Carriers Limited yard in Edmonton as a more strategic position to service Parkland's sites. It was recognized with awards for outstanding safety performance in 2005 by the Canadian Petroleum Products Institute Western Distribution Task Force.

As the demands of the business grew, Petrohaul kept pace, acquiring additional assets and integrating Total

SHORT STOP AND SHORT STOP EXPRESS

Short Stop convenience stores would provide customers with a full range of 24-hour food and convenience items at full-size Fas Gas locations (2,000 to 2,500 square feet). The stores offered high quality products with high retail margins, automated teller machines (ATMs), lottery terminals, beverages, snacks, and a wide variety of food items, including fresh and hot food in some markets, in addition to fuel. On average only 90 days were needed to construct, equip, stock and set up a store. The stores were generally company-operated so Parkland had oversight and quality control of merchandise and service and it retained full retail profits.

Short Stop Express was created to serve smaller footprint Fas Gas locations (800 to 1,000 square feet). These stores offered a more limited selection of items chosen to best suit the local market. These sites were operated by independent owners and Parkland specified store layout, decor, products and suppliers. The independent operators paid a per centage of merchandise sales back to Short Stop Foods as rent.

In many cases the Short Stop or Short Stop Express stores were the only 24-hour stores in their market areas and they provided a much-needed service to their communities.

Parkland's strategy to build on this non-fuel revenue stream paid off as Short Stop and Short Stop Express became one of the fastest-growing convenience store chains in non-urban Western Canada.

Freight, its third-party, non-petroleum product hauling business, to improve efficiencies and services.

RETAIL STRATEGY: CONVENIENCE STORES IMPROVE PROFITS

Seeing the potential with its first Short Stop convenience store in 1999, Parkland focused on developing a retail strategy building market share and non-fuel revenue streams to diversify its dependence on fuel margins.

Tim Rhodes, general manager of Short Stop Food Stores Inc., led this new business sector creating a team that would develop two brands: Short Stop and Short Stop Express. Research indicated the stores would best serve rural communities with populations of 2,000 to 6,000 people, so Short Stop Foods first focused its attention there.

The convenience store business was an almost immediate success. Profit margins for merchandise sales far exceeded that of fuel sales alone, and the business expanded rapidly. The Short Stops Foods team built experience and expertise in food and merchandise sales and they became expert at evaluating and selecting sites, developing in-house marketing programs, managing supplier relationships and overseeing daily operations. As sales grew, so did supplier relationships which improved promotional support, product selection and costing and the team was soon able to take advantage of supply synergies between Short Stop and Short Stop Express.

By 2005, Short Stop and Short Stop Express existed at 63 Fas Gas locations. Just one year later, in 2006, merchandise sales grew to $6.9 million with 91 stores (39 corporate

stores and 52 run by commissioned operators). Building on this success, Parkland began adding new product lines, like its Bello coffee brand. Its first touchless car wash opened in Prince Albert, Saskatchewan, in 2006, with two more the following year. Partnerships with major branded food service operators were also being explored after a successfully co-developed site with McDonald's in Morden, Manitoba.

By the end of the decade, Short Stop Food Stores was operating 94 convenience stores under its umbrella.

FAS GAS REBRANDS TO FAS GAS PLUS

By 2003, Parkland was rapidly increasing its fuel sales, mostly through new wholesale accounts, and plans were underway to give its iconic brand, Fas Gas, a major facelift.

With the success of Short Stop Foods, it was clear that Parkland's Fas Gas stations were benefitting from the higher margins in food and merchandise sales. To boost sales and better serve its customers, Parkland began a revitalization program for its Fas Gas locations providing a revamped design and enhanced experience which included the addition of Short Stop convenience stores. These service stations would be rebranded Fas Gas Plus.

The program began with six pre-selected Fas Gas locations. The upgrades required an investment of approximately $225,000 per site, and with early results

FAS GAS PLUS

The first Fas Gas Plus station opened in April 2003, in North Battleford, Saskatchewan. The Fas Gas Plus upgrade included an internal and external redesign with new green and gold colours, expanded merchandise offerings, the popular Litre Log loyalty program, improved customer service standards and a new contract with operators to share in-store revenues.

The sites were built or upgraded to provide consistent in-store merchandise with either a 2,000–2,500 square foot Short Stop convenience store or a smaller footprint Short Stop Express at 800 to 1,000 square feet.

The larger sites were generally company-operated with salaried managers and staff, and Parkland retained full retail fuel and the merchandise profit. The smaller sites were generally operated by company staff or by a contracted operator who supplied all on-site labour in exchange for a commission based on fuel sales volume. Parkland consigned fuel to these smaller sites and retained full retail fuel profit and a percentage of merchandise sales.

In 2007, a local newspaper, the Red Deer Express, awarded Fas Gas Plus its Readers' Choice gold medal and a bronze medal for Friendliest Staff. The following year in the Express's Best of Red Deer, Fas Gas Plus won gold awards in the categories 'Best Service Station' and 'Best Business to Work For.'

RACE TRAC AN INDEPENDENT BRAND

Bradley Williams, general manager for Race Trac Fuels, led a vigorous marketing campaign and developed a sales team that focused on improving profits and programs for independent operators. Wholesale fuel income for Race Trac Fuels included three profit streams: independent retail fuel dealers, commercial customers and fuel resellers.

Race Trac retail fuel dealers were independently owned and operated, and had long-term fuel supply contracts with Parkland, typically five years. In return, Parkland provided signage and marketing expertise. Pumps could be supplied on a loan basis, and financing for capital expenditures was also available. Parkland's investment in a Race Trac retail site was typically one-tenth that of a Fas Gas service station.

Marketing programs with promotions, proprietary fleet cards, advertising support and a dealer-funded customer loyalty program were just some of the resources available to owners. The loyalty program, named Gold Points, allowed customers to collect points through their purchases which could then be used like cash at a variety of stores. At the time, Parkland was the only company offering this type of program in Western Canada.

Commercial customers were supplied either through Race Trac's nine cardlock facilities or through direct fuel delivery to companies that maintained their own tankage. Resellers, another customer base, bought fuel from Parkland to supply their own retail and wholesale customers. Resellers provided the lowest margins but that was offset by no investment requirements on Parkland's part.

exceeding expectations, 19 sites were upgraded by the end of the year.

By the end of 2009, all but nine Fas Gas locations had been upgraded to Fas Gas Plus and the brand had grown to be the largest segment of Parkland's retail side as retail sales volumes escalated from the upgrades.

RECORD SALES FOR RACE TRAC FUELS

In July 2000, Payless Oil Company Ltd. was amalgamated with Race Trac Fuels Ltd. which served independent retailers, dealer-owned and operated local businesses generally located in smaller rural markets–who entered into long-term fuel contracts with Parkland allowing it to profit from wholesale fuel margins.

The decade opened with record sales volumes and a stronger market presence for the Race Trac brand. By 2003, Race Trac Fuels was the second largest contributor to sales and profits in the Parkland portfolio, contributing 44 per cent of its total fuel revenues. It had become the company's fastest growing division with a volume growth of 150 million litres, requiring Parkland to renegotiate supply agreements to meet its increasing needs. By 2005, there were 215 Race Trac locations across Parkland's marketing area.

MID-DECADE: CHANGING OF THE GUARD

In May 2005, Andrew Wiswell resigned as president and CEO of Parkland and remained a member of the board of directors until May 2006. John Schroeder was named interim president and CEO and remained vice president and chief financial officer as well as corporate secretary and chief privacy officer until September 2005, when Michael Chorlton was appointed the new president and CEO of Parkland Income Trust.

Chorlton was an experienced senior executive with a

background in the petroleum industry, agribusiness and information technology and he came to Parkland with industry know-how and an eye toward growth.

By mid-decade Parkland had a clear mission and an ambitious marketing strategy to increase market share and diversify its earnings. Under Chorlton's direction, Parkland began acquiring businesses to grow its scale and build profit. To grow, the company would redouble its focus on retail gas and propane, make a huge push into commercial businesses and expand geographically.

EXPANDING RETAIL FOOTPRINT

By mid-decade, the Fas Gas Plus brand had boosted both fuel and merchandise sales. Short Stop Food Stores maintained double-digit growth.

Parkland was noticed in the industry for its ability to offer customers a choice from its multi-branded network that best matched their needs. The Race Trac brand appealed to the rural market with independent and local ownership. For Parkland that meant large fuel volumes at wholesale margins. Fas Gas Plus sites were largely company-owned and were rated highly by customers for top value, service and community involvement. For its part, Parkland enjoyed the profits from full retail margins.

Parkland's Retail Division was now focused on controlling costs, increasing market share and diversifying into more urban markets without sacrificing its core non-urban demographic. It would expand geographically and add a mix of business profiles, like its convenience stores, to mitigate its reliance on fuel margins.

ADDING A NATIONAL BRAND: THE ESSO RETAIL BRANDED DISTRIBUTORSHIP

In 2005, Parkland entered into a Retail Branded Distributorship (RBD) with Imperial Oil, giving Parkland the non-exclusive right to manage and supply branded fuel to the Esso independent network of sites in Alberta and Saskatchewan, except for the urban centres of Edmonton and Calgary.

RBDs were implemented by Imperial Oil in various markets across Canada allowing dealers to benefit from the services of a locally-branded supplier while still maintaining the benefits of the Esso brand. Parkland purchased branded products from Imperial Oil and carried out all the fuel sales and service functions to its dealer network in the two provinces.

In addition, for the first time, Parkland would be able to offer its own independent retailers the option to carry a national brand.

By the end of the 2005, Parkland operated 150 Esso sites and had increased its volumes by 24 per cent. That year, it reported record annual performances in sales, margins, earnings and distributions.

COMMERCIAL SUCCESS: ACQUISITIONS KICK INTO HIGH GEAR

By 2007, Parkland was receiving positive national and international recognition. It was named one of the Top 10 energy trusts in Canada by the National Post 500 and in its report, 'Distribution Machines,' The Globe and Mail listed Parkland as fifth in Canada for increasing cash distributions. The Financial Post's published report on Canada's largest corporations rated Parkland third for return on shareholder assets and the eighth largest energy trust.

At that time Parkland remained the largest independent marketer of fuel and petroleum products in Canada. It was also the fastest growing with 750 employees, 565 retail sites, and increasing sales volumes and net earnings.

The mission of this decade was growth, and the growth of Parkland's commercial division was about to kick into high gear.

In 2007, under the direction of Michael Chorlton and his team, Parkland decided to significantly grow its

PARKLAND VALUES THE KEY TO SUCCESS

As it had from the beginning, Parkland took its commitment to community, team members and stakeholders seriously. Principles of integrity and respect were built into every level of the organization and everything it did and they made it possible for Parkland to be the most trusted source for fuel and related products in the marketplace. Values-based leadership was expected of all managers and executives as they fostered innovation, rewarded initiative and set challenging goals for all employees.

Parkland was also committed to making a positive difference in the communities it served. At the corporate level, it provided financial support to projects that focused on health, education and youth. The Fas Gas Plus Community Care Sponsorship Program funded programs and provided facilities and assistance for additional fundraising. It encouraged staff to volunteer in local projects, providing support for food banks, homeless shelters, women's shelters, youth development, family support and programs for those with special needs.

commercial division with the acquisition of five complementary businesses serving commercial and industrial customers in northern Alberta and British Columbia.

The catalyst was the 2007 $124 million acquisition of Neufeld Petroleum & Propane Ltd., a privately-held and operated company based in Grande Prairie, Alberta. This acquisition included marketing Petro-Canada branded and unbranded bulk fuel and propane, along with complementary products such as lubricants, agricultural inputs (e.g. fertilizers, farm chemicals) and oilfield fluids to commercial customers in its service area. It supplied residential customers with their home heating needs and operated 14 retail fuel locations in northern Alberta, northeastern British Columbia, and the Northwest Territories.

The new products offered significant profit potential through their servicing requirements. They became the basis for four more acquisitions in 2007 that would set the stage for future strategic growth and become the foundation of the company's new commercial business unit.

FIVE NEW COMPANIES AND AN EXPANDED CUSTOMER BASE

The Neufeld acquisition was followed that same year by three tuck-in acquisitions for the business – Joy Propane, Oliver's Propane Plus and Roblyn Bulk Sales.

Joy Propane Ltd., headquartered in Dawson Creek, B.C., was a significant addition to Parkland's propane business. As a propane supplier, it served the oil and gas, forestry, agricultural, residential and auto industries in British Columbia and Alberta, operating from B.C. branches in Dawson Creek, Fort St. John, Chetwynd and Tumbler Ridge, as well as one branch in Fairview, Alberta.

Parkland then added Oliver's Propane Plus in High Prairie, Alberta, a wholesale customer of Neufeld and Roblyn Bulk Sales Ltd., of Edson, Alberta, a supplier of oilfield services with vacuum and pressure trucks in the Edson area.

Parkland also acquired the bulk fuel and lubricants business of United Petroleum Products Inc. (UPP), a privately-held company out of Burnaby, British Columbia. A commercial and retail marketer, UPP supplied bulk fuel and lubricants to a network of commercial accounts and independent service station operators in areas of British Columbia not accessible to the Neufeld branches which further extended Parkland's reach.

With these five acquisitions, Parkland now had access to a new customer base in an industry it understood well. Because the commercial operations were seasonally strong during fall and winter and the retail fuel businesses were strong during the spring and summer driving season, the commercial acquisitions balanced Parkland's revenues by adding a counter-seasonal revenue stream which also improved its cash flow.

IMPROVING TECHNOLOGY WITH CUSTOMER TRUST

Parkland experienced one of its most difficult challenges of the decade with a technology upgrade that began in 2007. With several acquisitions in diverse business sectors, Parkland needed an information technology (IT) system to harmonize its accounting methods. The system would offer a standardized platform for all of Parkland's businesses including those that had been newly acquired. Always ready to innovate, Parkland underwent an extensive process to develop and engineer its proprietary enterprise resource planning (ERP) software upgrade.

Complications integrating accounting systems ensued when invoicing and pricing weren't working, forcing a reversion to manual applications and delaying deployment dates. The program would have to be completely re-engineered and Parkland's IT, finance, commercial, and retail departments ran a coordinated effort to keep finances and accounting organized. Because of its reputation in the business, Parkland was able to count on the support and cooperation of long-time, loyal business customers through the transition.

In early 2010, the new ERP system went live. It provided a single platform for business processes, systems controls, and operations, and brought best practices to core activities. This vital investment improved Parkland's overall operational efficiency and its ability to capitalize on synergies, setting the stage for the seamless integration of its future acquisitions.

HEADING TO ONTARIO WITH SUNOCO AND ESSO BRANDS

In November, 2008, Bob Espey was named vice president, retail division, as the company broke new ground with its brands.

With one national brand under its belt, Parkland headed into Ontario for the first time with the acquisition of Noco Energy Canada in 2008. The Noco fuel supply and marketing business included 56 independently-owned and operated Esso, Sunoco and Noco-branded locations and 69 wholesale accounts outside the greater Toronto area. The 18 independently-owned and operated Sunoco branded locations were expected to be rebranded following an upcoming merger of Sunoco with Petro-Canada. Collectively, this group accounted for fuel volumes of over 300 million litres.

The Noco Energy Canada purchase added 35 independent Esso locations in Ontario and another 40 dealers were added later that year in Alberta and Ontario. Parkland soon served 253 Esso dealers in Central and Western Canada. It earned a wholesaler's profit margin on the fuel volumes sold and had the potential to expand organically and through acquisitions.

By the end of the decade, Parkland's retail division owned or supplied 622 retail stations including the Esso and Sunoco national brands. Of the 622, Parkland operated or commissioned 148 and 480 were independent-dealer operated. There were 275 stations in Alberta, 130 in Saskatchewan, 99 in British Columbia, 80 in Ontario, 23 in Manitoba, 12 in the Yukon, and three in the Northwest Territories. Fas Gas Plus remained the largest segment of Parkland's retail offering as the brand upgrades brought consumers a more urban offering to rural markets.

ADDITIONAL ACQUISITIONS

In 2008 and 2009, the company continued to build and consolidate the commercial businesses to gain synergies, extend product lines and expand its footprint.

With the increased distribution requirements, the acquisition in 2008 of Wiebe Transport Inc., headquartered in Grande Prairie, Alberta, provided much-needed additional long haul trucking capacity to the Parkland fleet and extended its capabilities beyond bulk fuel, propane and fertilizer to include bulk dry products.

The counter-seasonal demands of the fuel, propane, fertilizer and bulk dry products businesses allowed it to

improve overall fleet efficiency and deliver valuable transportation infrastructure like maintenance shops and terminals. Wiebe also operated a rail distribution centre out of Grande Prairie and had mechanical and repair shops in both Grande Prairie and La Crete, Alberta.

In 2009, the fuel distribution business, Columbia Fuels Ltd., headquartered in Victoria, B.C., joined Parkland. Columbia Fuels specialized in home heating oil, bulk petroleum and bio fuels and operated bulk fuel terminals on Vancouver Island and the Sunshine Coast region of British Columbia.

Also in 2009, Parkland bought Eagle Marine Ltd., in Ucluelet, B.C., and folded it into the Columbia Fuels brand. This strategic location consisted of a marine fueling dock, a general store, fueled excursion vessels, commercial boats, deep water tuna boats and pleasure craft.

Parkland then purchased Anmart Fuels Ltd. With

branches in Taber and Foremost, Alberta, this company added two cardlocks, bulk deliveries of lubricants, fuel, methanol and glycol, and a complete range of oils, lubricants, and automotive degreasers.

Parkland's commercial division had become a robust, active industry consolidator and a multi-branded fuel operator offering products ranging from gasoline, diesel, propane and lubricants to oilfield fluids and agricultural products. It supplied commercial customers through a chain of 35 cardlocks and it operated 20 distribution centers across northern Alberta and northeastern British Columbia. Its customer base came from varied industries including conventional oil production, agriculture, oil and gas exploration, residential, forestry and heavy oil production. To fully utilize supply capacity, Parkland also sold to independent resellers, who in turn supplied retail operators and commercial customers.

LAYING THE GROUNDWORK

As the decade came to a close, Parkland continued to be Canada's largest independent marketer of petroleum products with 1,191 employees. As a significant and trusted player in the industry with a forward-thinking team, Parkland had successfully laid the groundwork for business expansion and the major acquisitions it would orchestrate in the decade to come.

"Each and every member of the Parkland team is behind the success of this great company and it is our dedication and ingenuity that will drive us forward as One Parkland."

Bob Espey Parkland President and CEO (2011-present)

2010–2019 SNAPSHOT:

Parkland builds its brands and strengthens its network across Canada. This growth comes organically and through key commercial and retail acquisitions. The multi-million and billion dollar deals include Bluewave, Pioneer, On the Run, Ultramar and Chevron. The company expands its footprint into the U.S., building a presence from the Midwest down through the Rockies to Mexico and into Florida. It caps off the decade with major expansion into the Caribbean, Central and South America with the acquisition of Sol.

2010 2019

A BRIDGE TO THE FUTURE

A DECADE OF EXPONENTIAL GROWTH

PARKLAND HAD GROWN SIGNIFICANTLY IN THE 2000s, HOWEVER THIS GROWTH MOMENTUM WOULD ACCELERATE AND PARKLAND WOULD PUT THE PEDAL TO THE METAL IN THE NEW DECADE.

The same entrepreneurial spirit cultivated by the Donalds early on would continue to drive the company forward. Million dollar deals would be supplanted by billion dollar deals and Parkland would almost triple its number of service stations, grow its annual fuel sales volumes by more than 800 per cent, and establish itself in the U.S., Caribbean and Central and South American markets.

It would create further depth in its existing businesses by continuously building its brands and acquiring new ones; as well as adding to its infrastructure and distribution systems. It would also diversify its portfolio, bringing in new businesses as varied as aviation fuels, rail transport, bio fuels and food. In the latter part of the decade it would strengthen its supply advantage by re-entering the refining industry with the purchase of one refinery and a financial stake in another.

Relentlessly focused on delivering value to its partners and investors, Parkland was growing organically–improving

fuel sales, operating efficiently, and effectively managing its fuel supply–and through acquisition, building its scale to gain a supply advantage across its growing branded network.

Parkland developed a proven platform and business model that could seamlessly integrate new businesses. Its management and business teams worked closely with acquisition partners to retain individual brand integrity; offer the new customer base the highest-quality products and services; integrate new employees; and grow.

By the end of the decade, these strategies would catapult Parkland from its Red Deer roots into a leading international fuel supplier and marketer with operations in Canada, the U.S., the Caribbean and Central and South America.

BUILDING A VIRTUAL REFINERY

Parkland hit the ground running in 2010. It was distributing 3.5 billion litres of fuel, almost 5 per cent of the total Canadian fuel market. Its enterprise value had grown from approximately $250 million in 2005 to nearly $1 billion in the span of five years under the guidance of Michael Chorlton, Parkland's CEO.

With no working refinery and a significant supply contract with Suncor/Petro-Canada coming to an end in 2013, Parkland's challenge was to grow in scope and scale and create the leverage needed to negotiate the best supply deals in the industry. Parkland wanted the competitive supply advantages of a refiner without actually being one.

To create this 'virtual refinery,' Parkland would ramp up the growth and development of its commercial, wholesale and retail businesses. It would also fully develop its supply infrastructure including terminals, pipelines, bulk plants and transportation across Canada to accommodate a strategic network of trusted suppliers.

BEGINNING WITH BLUEWAVE

By 2010, Parkland's largest acquisition to date was already in the works, and in January it purchased Bluewave Energy Limited Partnership, based in Dartmouth, Nova Scotia, for $232 million.

The deal united Canada's two leading independent fuel business consolidators. Bluewave Energy, a national petroleum distribution company was Shell's largest branded distributor in Canada. Through this acquisition, Parkland had coast-to-coast coverage of the Canadian market with a network of retail, commercial, cardlock, heating oil and propane distribution outlets. The deal added roughly 650 million litres to its annual fuel sales, a seasoned management team and strong supplier relationships.

Bluewave preceded a smaller but also significant acquisition in December 2010, Island Petroleum in Prince Edward Island. Island Petroleum was the province's leading heating oil supplier. The $24 million acquisition added 70 million litres in annual fuel sales and Parkland was now established in the two eastern provinces.

Parkland was accruing service stations, delivery trucks, cardlocks, and service vehicles among other assets and its relationship with key refiners was strengthening with the deals. Fuel supply contracts with eight oil refiners were now in place to meet its growing needs.

THE END OF THE INCOME TRUST AND NEW MANAGEMENT

On January 1, 2011, Parkland Income Fund completed a long-planned conversion from an income trust back to a corporation as new federal regulations, announced in 2006, took effect. As Parkland Fuel Corporation, it added a Calgary office that same year, though Parkland would not move its head offices from Red Deer to Calgary until 2017.

In May 2011, Bob Espey succeeded Michael Chorlton as Parkland's president and CEO. Espey had served as chief operating officer (COO) from 2010 to 2011, and vice president, retail markets from 2008 to 2010.

Espey focused on developing Parkland's retail brands and concentrated on driving the supply side of the business to create a strong supply advantage for the company. Knowledgeable about the business and with a keen eye for strategic acquisitions, Espey continues to lead Parkland's growth.

During this period, some of Parkland's businesses would be divested and some would adapt. Focusing on its core businesses, Parkland sold Petrohaul and Wiebe, its long-haul subsidiaries, in 2011. The Bowden refinery was converted into a flexible fuel and finished products terminal in 2012, extending its supply options and reducing transportation costs.

THE PARKLAND PENNY PLAN

In 2012, the company unveiled the Parkland Penny Plan. The Penny Plan was a strategic move to increase earnings by growing annual fuel volumes to 7 billion litres and to achieve efficiencies within the organization equivalent to a penny per litre over the next five years. Parkland would endeavour to double its adjusted earnings by the end of 2016. The plan was to accrue $70 million from savings, efficiencies, and economies of scale and $55 million from top-line growth, primarily through accretive acquisitions.

In just two years, by the end of 2014, Parkland had well-exceeded its goal, reaching annual sales volumes of 8.9 billion litres. The figure marked an important milestone for Parkland as it represented approximately 10 per cent of Canada's total annual diesel, gasoline and heating oil consumption.

COMMERCIAL DIVISION A GROWING PRESENCE

The Parkland marketing business was now comprised of four divisions–Commercial Fuels, Retail Fuels, Supply and Wholesale, and Transport. Retail and commercial fuel sales represented the majority of Parkland's gross profits and the commercial fuels division had become its fastest growing segment serving commercial, industrial and residential customers with bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services.

PARTENARIAT
Parkland
PLEDGE

COMMUNITY AND THE PARKLAND PLEDGE

Community was one of Parkland's core values and in 2014 it launched the Parkland Pledge program. Based on years of service, every employee would receive $250 to $500 to donate to a local charity of their choice. Parkland also rewarded its employees with additional donation money for participating in volunteer programs in their local communities. From its headquarters, Parkland couldn't reach all the communities in which it did business but its employees at the local level could. Having an employee-driven charitable giving program empowered Parkland employees and boosted local community engagement.

As Parkland advanced its strategy to build infrastructure and a nationwide delivery network, potential for the commercial division grew. With the Bluewave acquisition, the division accounted for $1.1 billion in revenue in 2010, up from $431 million the year before.

Parkland's commercial fuel family of brands included Bluewave Energy, Columbia Fuels, Great Northern Oil, Neufeld Petroleum & Propane, United Petroleum Products, Island Petroleum and Race Trac cardlock locations.

COMMERCIAL EXPANSION: PROPANE AND RAIL CARS

Parkland made a series of acquisitions beginning in 2013 that would bolster its presence in the propane and other commercial fuel sectors; build the needed distribution infrastructure to support its continued growth in Western Canada and Ontario; and expand its geographic footprint into Quebec.

In February 2013, Parkland acquired Elbow River Marketing Limited Partnership from AvenEx Energy Corporation. Elbow River was a North American transporter, supplier and marketer of liquefied petroleum gases (butane, propane and condensate), crude oil, heavy fuel oil and a growing portfolio of refined fuel and biofuel products.

Significantly changing the scope of Parkland's transportation holdings, the acquisition included 1,400 rail cars. This provided a new means of transport for the company, diversifying its earnings and further differentiating it from other fuel marketers.

Parkland became Canada's third largest propane marketer when it acquired Ontario-based Sparlings Propane Ltd. in April 2013. The Sparlings acquisition, along with Parkland's Western propane operations, would enable Parkland to leverage new propane supply options that could be accessed through Elbow River Marketing.

FINDING THE RIGHT FIT: THE BUSINESS OF ACQUISITIONS

Parkland's business development team was always looking for new opportunities. Once it completed an acquisition, it turned it over to the Parkland integration team to assimilate systems, assist in its management, and instill Parkland's core values. Finding growth opportunities wasn't generally a problem for Parkland but finding the right fit was the key to growing successfully. Parkland worked the business of acquisitions down to a science. Seeking out opportunities to diversify when evaluating an opportunity, whether through geography, product, or a market type, ensured that Parkland identified avenues for growth and effectively managed risk. Parkland was selective in how it approached acquisitions and each one went through a vigorous due-diligence process regardless of the size of the deal.

For Parkland, the value in acquisitions were in the synergies, finding opportunities to manage costs, and most importantly, utilizing the growing scale of the business and its purchasing power. Combining entities could create great value but it required adaptability and sometimes the greatest challenges centred around supply chain management.

With the Sparlings brand, Parkland now had the platform for aggressive development of propane opportunities across all its markets.

In May, it entered into an agreement to become Morgan Stanley Capital Group Inc.'s fuel marketer in Quebec and it acquired TransMontaigne Marketing Canada Inc. Under the terms of the agreement, Parkland would purchase inventory from Morgan Stanley and lease terminal storage through CanTerm Canadian Terminals Inc. in both Montreal and Quebec City. The agreement and asset purchase would provide Parkland with a new supply platform for growth in the province of Quebec.

Parkland purchased another Ontario-based propane company around that same time, R-Gas Propane, and also added Nova Scotia's Scotsburn Co-operative Service Ltd.

In 2016, Parkland added two more propane acquisitions. In April, it acquired the propane marketing company Propane Nord-Ouest, serving the mining industry and other industrial customers in northwestern Quebec. The acquisition included exclusive access to the Mirault rail facility in Val d'Or for Parkland's all-season supply of propane as well as fuel and lubricant products.

In May that year it acquired Girard Bulk Service Ltd., a propane business serving commercial and residential customers in southeastern Saskatchewan.

The busy year ended with two final acquisitions in December 2016. First, Parkland acquired the assets of PNE Corporation, adding a national propane cylinder exchange service provider to its mix of propane businesses. In addition to its 33 and 100-pound cylinders, Parkland was now able to include a 20-pound cylinder exchange through PNE's national customers and retail marketers including Canadian Tire, Loblaws, Lowes, Rona, The Home Depot, Esso and Petro-Canada. The deal added approximately 17 million litres of propane sales annually.

Finally, the assets of Propane Guys in Saskatchewan were acquired that December. Specializing in residential, commercial and industrial propane supply and equipment rentals, the addition enhanced Parkland's commercial and propane presence in the province.

BRAND REFRESHMENT

Parkland began a brand refreshment for On the Run/Marché Express in 2017, positioning it as 'Canada's convenience store.' The goal was to eventually bring all of Parkland's convenience store assets under the On the Run brand.

The refreshed store design was launched in January 2018 with three flagship sites and 16 retrofitted locations. The stores were equipped with complete retail offerings and fully-integrated food service.

Parkland was focused on offering the best value-added customer experience in the industry. Every On the Run store now offered a grab-and-go selection of fresh food brought in daily. Stores included made-to-order food services or offered attached quick-service restaurants like Tim Horton's, A&W, and Triple-O, a restaurant featuring burgers, ice cream and shakes handmade on-site.

Incorporating the best concepts and practices from its acquired businesses, Parkland developed an open floorplan so that all of its store sections were integrated into one cohesive experience. Select retrofitted Chevron locations had two-storey atriums. These new concepts elevated the customer experience and supported the shift to higher margin categories. Sales at both the flagship and retrofitted stores were performing above expectations.

NORTH AMERICAN GROWTH WITH PARKLAND USA

Following a period of rapid growth that created a large coast-to-coast network in Canada, establishing a North American presence by expanding into the U.S. was Parkland's next logical next step. The strategy would mirror the growth model it had used for its Canadian operations; acquiring smaller family-owned businesses that were attracted to Parkland because of its commitment to continue their legacies, support their employees, and maintain community connections.

SPF Energy Inc. in Minot, North Dakota, was first to fit the bill. The acquisition, completed in January 2014, added 1.2 billion litres of fuels for distribution in North Dakota, Montana, Minnesota, South Dakota and Wyoming. It also provided Parkland with a platform for growth in the Northwest United States and allowed it to optimize efficiencies by exporting its excess refined products from Western Canada.

SPF Energy was the parent company of Farstad Oil Inc. and Superpumper Inc. and had wholesale, commercial and retail businesses similar to Parkland's Canadian operations. Farstad Oil was responsible for servicing wholesale contracts, managing fuel supply contracts, and purchasing and distributing fuel through third-party rail and highway carriers and its fleet of 75 trucks. Its assets also included a diesel storage site in Minot.

SPF Energy had retail service stations operating under the Cenex, Conoco, Exxon, Shell, Mobil, Sinclair and Tesoro brands, 16 corporate-run convenience stores operating under the proprietary brand-name Superpumper, and a network of independent dealer-owned and dealer-operated stations with supply contracts. In 2015, SPF Energy was renamed Parkland USA.

Doug Haugh was appointed Parkland USA president in September 2017. Haugh came to Parkland with extensive experience and a number of senior management roles in the oil and gas industry. At that time, Parkland USA held 25 Superpumper sites and supplied 180 dealer sites, which included a number of multi-site chains.

RETAIL GROWTH ACROSS CANADA

When it came to acquisitions, owners understood Parkland would follow through on the original intent for their brands, making it a preferred and trusted partner, and Parkland made increasingly significant acquisitions that would add to its brand offerings.

In June 2011, Parkland acquired Cango, Inc., a major independent retailer in Ontario, which boosted its presence in the province and added 155 fuel retails sites, 80 of which were under the Esso banner. That same month it also acquired seven Save On Foods gas bars from Overwaitea Food Group in British Columbia and Alberta which were converted to Fas Gas Plus stations.

In November 2012, it purchased Magnum Oil (MB) Ltd., a Manitoba lubricants company. Then, in June 2015, Parkland made its largest acquisition to date.

THE PIONEER LEGACY: PRESERVING A BRAND

Murray Hogarth (1930-2014) founded Pioneer on November 28, 1956. The first station was opened in Hamilton Mountain, Ontario. With values similar to Parkland's, Pioneer was a natural fit. Like Parkland, the company attributed its success to its commitment to service excellence and customer loyalty. Parkland retained Pioneer's loyalty program after the acquisition allowing customers to earn Bonus Bucks on eligible purchases of fuel and in-store merchandise as well as special limited-time promotions. Bonus Bucks could be redeemed as cash at select Pioneer locations.

Several of Pioneer's convenience stores were uniquely positioned with Tim Horton's restaurants. Pioneer had built a relationship with the iconic Canadian brand and the franchise restaurants had been added as stand-alone stores or as co-retail outlets to many locations.

Parkland understood the value of the Pioneer brand and the importance of preserving its legacy. The majority of Pioneer's staff remained with the company upon completion of the acquisition.

PIONEER ENERGY JOINS THE FAMILY

Parkland's reputation was built on reliable brand stewardship. It had become a benchmark for companies like Pioneer Energy, an Ontario family-owned business with brand values similar to its own. Pioneer first took notice of Parkland as a potential partner in 2003 and more than a decade later, in June 2015, Bob Espey and Tim Hogarth, Pioneer president and son of the company founder, finalized a $398 million agreement.

Pioneer Energy was Canada's largest and most respected private independent fuel company and the deal would significantly increase Parkland's footprint in the east. To maintain continuity, Parkland named Tim Hogarth to its board of directors.

By the time of its acquisition, Pioneer was moving three billion litres of fuel annually under the Pioneer (152 sites) and Esso (230 sites) brands and it operated 100 convenience stores. The acquisition gave Parkland further access to key markets and supply synergies, and it provided an expanded platform for growth in Ontario and Manitoba.

Pioneer increased Parkland's retail station count to more than 1,000, boosting its share of Canada's fuel market to nine per cent. Surpassing the 9.6 billion litres of product it sold in 2015, Parkland reported fuel sales of 10.4 billion litres in 2016. Pioneer contributed 1 billion litres that year.

CONVENIENCE WITH ON THE RUN/ MARCHÉ EXPRESS

By the end of 2015, Parkland had a network of 1,075 service stations across Canada, up from 682 in 2014.

It had become skilled at picking up assets that were being dropped by the major oil refiners and in March 2016, Parkland signed an agreement with Imperial Oil as it divested its retail network. With the deal, Parkland acquired the On the Run/Marché Express convenience store franchise, including 80 locations operating under the Esso brand in Ontario and Quebec. It also included another 17 Esso-branded retail sites in Saskatchewan and Manitoba.

Parkland was able to capitalize on the market strength that Esso had built over the years and the deal provided it with a recognized national convenience store brand, deepening its presence in Quebec and Ontario. On the

SOL'S BACKGROUND

Founded in 2005, Sol burst into the marketplace with the acquisition of Shell's businesses in Belize, Guyana, Suriname, and the Eastern Caribbean, followed by its Puerto Rico business in 2006. The company continued to grow organically and through acquisitions, including Shell and ExxonMobil's assets in Suriname, Guyana, Dominican Republic and the Republic of Haiti. It introduced a proprietary retail gas brand, Sol, in 2009. By 2013, Sol was the distributor of Shell's lubricants in Jamaica, proceeding to become the largest macro distributor of Shell lubricants in the Caribbean and one of the top macro distributors in the world. More key acquisitions from Shell, Rubis and ExxonMobil over the years cemented Sol's position as an energy leader in the region.

Sol's operations spanned across 23 countries in the Caribbean, Central America, and the northern coast of South America. It serviced a combined population of 43 million people over a similar geographic size as Parkland in Canada, moving its fuel by ship instead of truck, rail and pipeline.

Sol offered a robust portfolio of retail, supply, distribution, and commercial and industrial businesses across a diverse set of industries. It sold 4.8 billion litres of fuel volumes annually and it operated 526 retail stations. Of these, 266 were company-owned or leased sites, and 260 were dealer-owned and operated. The majority of sites were Shell (197), Esso (163) or Sol (93) branded.

Sol's infrastructure assets included 32 import terminals, seven pipelines, three marine berths, and ten charter ships.

In commercial and industrial operations it supplied gasoline, diesel, fuel oil, propane and other petroleum products to customers in the mining, power generation, manufacturing, construction, transport and hospitality industries.

Located in 13 countries, Sol's aviation business included airport terminals and infrastructure in several markets and moved 600 million litres of aviation fuels annually.

Run had the potential to provide a nation-wide umbrella for Parkland's disparate convenience store brands and tie the network together. The acquisition, along with a new national convenience store wholesale partnership, was expected to allow Parkland to drive cost-efficiencies and deliver increasingly competitive and improved products to customers across its retail segment.

NEXT-LEVEL ACQUISITIONS: CHEVRON AND ULTRAMAR

In 2017, the scope and scale of Parkland's acquisitions moved up another notch as it gained experience purchasing and consolidating businesses. That year, Parkland completed two strategic acquisitions that almost tripled the company's size and added the reputable national brands Chevron and Ultramar to its portfolio.

ULTRAMAR DEAL PROPELS PARKLAND

In June 2017, Parkland closed a $978 million deal with CST Brands Canada giving it exclusive rights to the Ultramar brand with a few grandfathered exceptions. The acquisition of CST's assets propelled Parkland's expansion further into Ontario, Quebec and Atlantic Canada, increasing its footprint to over 1,700 sites and making it the second-largest convenience store network in the country.

Parkland acquired a total of 495 dealer and commissioned agent retail fuel sites, 73 commercial cardlock sites, 30 commercial and home heating sites, 159 company-operated fuel sites and a french-speaking corporate presence in Montreal. The businesses operated under a number of recognizable brands including Ultramar, Dépanneur du Coin/Corner Store, Dépan Express/ExpressMart and Pipeline Commercial.

Ultramar employees in Quebec and Atlantic Canada who transitioned over to Parkland worked hard to ensure a seamless transition for its daily customers and all Ultramar sites within Parkland's family maintained the excellent community relations and customer service for which they were known.

The CST deal gave Parkland full access in Eastern Canada and commercial and retail distribution capability from Quebec all the way to the Atlantic provinces, locking in Parkland's presence nationwide with a significant number of valuable assets in every segment of the downstream business.

THE CHEVRON MILESTONE AND A RETURN TO REFINING

Parkland had been trying to grow its relationship with Chevron for years. It was Parkland's move into the U.S. and discussions with Parkland USA that finally brought the Canadian arm of Chevron to the table. In a strategic move that gave Parkland access to this major national

retail fuel brand, it purchased 12 Chevron service stations in northern British Columbia in 2014 and the following year it purchased an additional eleven.

In October 2017, Parkland broke the billion dollar acquisition barrier, and then some, with the $1.7 billion purchase of all outstanding shares of Chevron Canada R&M ULC which operated Chevron's downstream fuel business in British Columbia and Alberta. The purchase of the American multinational energy company's Canadian downstream assets was yet another milestone for Parkland. It was the largest acquisition in Parkland's history making it the exclusive distributor of Chevron-branded fuels in Alberta and British Columbia.

The purchase was transformational for Parkland, adding not only the kind of scale it needed to leverage optimum supply deals across its businesses but also offering new businesses of a different scope including aviation fuels and a working refinery.

The deal included 129 Chevron-branded retail service stations (principally in the Greater Vancouver area), 37 cardlock stations in British Columbia and Alberta, a wholesale aviation fuel business serving Vancouver, three terminals in Burnaby, Hatch Point and Port Hardy, B.C., a Coal Harbour, B.C., fuel barge, and three marine fueling facilities on the Fraser River.

It also included Chevron's light sweet crude refinery in Burnaby, British Columbia. The refinery, a historic British Columbia facility, started production in 1935 under Standard Oil and was built on the shores of the Burrard Inlet near Vancouver. Using advanced technology, it could efficiently transform crude and synthetic oils, condensate, and butanes into approximately 55,000 barrels-per-day of gasoline, diesel, jet fuel, heavy fuel oils, butanes and propane. The Burnaby refinery was a proven asset that would directly support Parkland's core fuel marketing business in an important region and enhance its supply advantage.

The Burnaby terminal and refinery gave Parkland important access to the Pacific Coast. Historically, the major oil companies had protected these water bound terminals and cracking that almost 80-year exclusivity as an independent was a significant achievement for the company.

ONE PARKLAND

As Parkland headed into 2018, its focus was on leveraging its national network, its brands, and its strong supply advantage. With more than 13 billion litres of fuel sold in 2017, it was fully capitalizing on its existing business infrastructure and it was becoming the partner of choice for suppliers, acquisitions and customers. The Burnaby refinery was operating at 95 per cent capacity and higher refining margins were boosting profits.

Parkland now offered premium options to its dealer network with the Esso, Ultramar, Chevron and Fas Gas Plus brands. Dealers wanting to operate with greater independence were offered the proven Pioneer and Race Trac brands.

A new proprietary brand, '59th Street Food Co.,' named after Parkland's first station on 59th Street in Red Deer, launched successfully in late 2017 to service most of Parkland's locations. The new private label food brand allowed Parkland to provide quality products at more competitive prices and increased its margins. Sales were strong and plans to double the brand's offerings were in the works.

With an upgrade program underway, On the Run was becoming the standard-bearer for Parkland's convenience store network as brands were folded under its banner. With the improvements, Parkland's convenience stores were showing same-store sales growth of 3.5 per cent. The retail brands, together with their commercial counterparts, were all operating under one Parkland umbrella.

The company would build on this 'One Parkland' team concept by integrating its businesses onto one IT platform. The customized Enterprise Resource Planning (ERP) system, launched in 2010, was now fully optimizing Parkland's entire fuel supply chain, driving down costs and providing a scalable growth platform to integrate newly acquired companies. The system-wide window into each of Parkland's business units seamlessly created synergies that were exceeding expectations.

As the industry shakeup continued, Parkland remained ready for additional opportunities.

MOVING BEYOND NORTH AMERICA WITH SOL

In 2019, Parkland took another major step as it expanded beyond North America. In January, it acquired the outstanding shares of Sol Investments Ltd., a privately-held company owned by the Simpson Group based in Grand Cayman. Sol was the Caribbean's largest independent fuel marketer and convenience store operator. Parkland would acquire 75 per cent of the outstanding shares for $1.35 billion and The Simpson Group would own approximately 10 per cent of Parkland's shares once the acquisition closed.

Though its location and geography were unfamiliar, Sol's business model was very similar to Parkland's own and in some ways more developed, coming with supply and front-end capability in place. It was a unique opportunity that Parkland management did not want to pass up and they decided to accelerate the company's international growth plans.

With the acquisition, Parkland formed Parkland International, headquartered in Grand Cayman. Pierre Magnan was named Parkland International's president. Magnan joined Parkland in 2015 as its vice president, general counsel and corporate secretary and served as vice

president, corporate development from 2017 to 2018.

As part of the deal, Parkland received from Sol a 21.75 per cent financial stake in the SARA refinery located in Fort-de-France, Martinique. The refinery enabled Sol to achieve superior supply economics in the Caribbean region as its largest fuel marketer with an integrated supply chain.

Sol added significant scale to Parkland's retail and supply businesses. Parkland now had the potential to grow even more by using its supply advantage and a comprehensive supply infrastructure to access key new markets.

THE PARKLAND USA FOOTPRINT GROWS

Under Doug Haugh's leadership, Parkland USA more than doubled its business. Through acquisitions and organic growth the USA business unit built operations in the Dakotas and Montana, down throughout the Rockies and Arizona, east into Florida and all the way to Mexico–all the time demonstrating its ability to grow and scale a significant U.S. business.

The acquisition of Rhinehart Oil Co., Inc. in August 2018 expanded Parkland's U.S. presence beyond North Dakota and into the Rocky Mountain region of the U.S., which included two of the fastest growing metro areas in the country–Denver and Salt Lake City.

Rhinehart was a lubricants, commercial fuel and retail business with operations in Utah, Colorado, Wyoming and New Mexico. Headquartered in American Fork, Utah, it operated and supplied four cardlock locations and marketed and distributed a full range of fuels, lubricants, and chemical products from ten distribution facilities. It also operated nine retail convenience store locations under the Hart's Gas and Food brand.

A third-generation independent family business run by John and Dave Jardine, Rhinehart was looking for a buyer that valued its name and brand, its commitment to its employees, and its community involvement; and Parkland was the right fit. Retaining its brand, Rhinehart could expand utilizing Parkland's resources. After the sale, the Jardine brothers joined Parkland. David Jardine became Parkland USA's chief financial officer and John Jardine took on the role of vice president of lubricants.

The Rhinehart acquisition provided Parkland with the experienced local staff and scalable infrastructure to establish a Regional Operations Centre (ROC) in the Rocky Mountain tributary. This ROC would be the platform to enable organic growth and acquisitions, and leverage its substantial existing fuels capacity.

In October 2018, Parkland acquired another family business, Missouri Valley Petroleum, Inc. (MVP), founded in 1947, and headquartered in Manden, North Dakota. MVP was a retail, wholesale and lubricant business with three bulk terminals co-located with cardlocks in

Williston, Belfield and Mandan, and six retail sites with convenience stores.

At the time, MVP supplied 19 branded dealers across North Dakota and distributed 318 million litres of fuel and petroleum products annually. MVP was the second largest company in terms of petroleum products sold in North Dakota; Parkland was the largest. With this synergy and their combined strength, Parkland could expand its existing footprint retaining the MVP name, and further grow its commercial propane operating capabilities in North Dakota.

Bradco Inc., based in Holbrook, Arizona, was the third and final company added to Parkland USA in 2018. A third generation family-run business founded in 1936, Bradco was a distributor of petroleum products for ExxonMobil in the Southwestern United States. Its assets included warehouses, terminals and four Pacific Pride cardlock facilities in Arizona.

In May 2019, Parkland USA announced the acquisition of Ken Bettridge Distributing Inc., or KB Oil, a bulk fuel and lubricants distributor and a fleet fueling, convenience store and cardlock operator in southwestern Utah and southeastern Nevada. The family-owned business of more than 40 years brought nine convenience stores and approximately 160 employees into the Parkland fold.

At that point, Parkland USA operated 50 retail sites and supplied more than 225 dealer sites, which included a number of multi-site dealer chains with both branded and unbranded relationships.

In Oct. 2019, Parkland acquired Miami-based Tropic Oil Company, Inc.. A transporter, distributor and marketer of a full range of fuels and lubricants across the central and south Florida regions, Tropic Oil supplied and operated nine cardlock facilities and four bulk storage plants and warehouses.

The Tropic Oil acquisition advanced Parkland USA's growth strategy by providing a toehold in Florida and the Gulf Coast region. It created a new Regional Operating Center (ROC) that would serve the southeastern states through organic growth and further acquisitions and would complement Sol's business in the Caribbean with its significant supply and distribution synergy potential.

Parkland USA's brand portfolio now included Rhinehart Oil, Harts Gas and Food, Missouri Valley Petroleum, Bradco, KB Oil and Tropic Oil.

THINKING FORWARD

A dynamic business, eager to grow and expand into new territory, Parkland was also an industry leader in innovation and it would continue to explore new avenues for the company's future. Mobile fueling, a national loyalty program and alternative fuel opportunities were just some of the programs in the works.

FILLD – INNOVATION IN MOBILE FUELING

With a $5 million investment in Filld Inc., Parkland brought an innovative new fueling option to Canada in November 2018. Under the direction of Michael Buhr, president and CEO, Filld was conceived as a mobile fueling service that would free drivers from having to stop at a gas station to fuel up. Trained delivery technicians in safety-compliant Filld trucks would follow algorithmically-optimized routes to deliver top-quality fuel to consumers. With its invaluable industry expertise, Parkland would be the exclusive fuel provider for Filld in Canada, and a preferred provider in the U.S.

Ian White, Parkland's senior vice president, strategic marketing and innovation, and Doug Haugh, president of Parkland USA, were named to Filld's board of directors. Filld's mobile fueling service would first roll out in the Vancouver marketplace to be followed by expansion into additional Canadian communities.

COAST TO COAST LOYALTY WITH JOURNIE™ REWARDS

To harness the scale of its coast-to-coast Canadian retail business, Parkland launched a flagship nationwide rewards and loyalty program called JOURNIE™ Rewards in October 2019. With CIBC as its strategic banking partner, the JOURNIE™ Rewards program would give customers instant fuel savings and merchandise offers across its coast-to-coast network of 1,300 Chevron, Ultramar, Pioneer, and Fas Gas Plus sites.

The JOURNIE program is supported by a new mobile app designed to provide a fun and engaging way for members to interact with Parkland's fuel stations and convenience stores. It was Parkland's first customer mobile app and digital membership card with the capacity to offer further benefits to the customer and create a more multi-faceted and interactive connection between customer, car and Parkland sites.

INDUSTRY LEADER IN A LOW CARBON FUTURE

Exploring the low carbon energy market, Parkland continued to build its position as a large reseller of ethanol and biodiesel fuel and actively sought other opportunities. In 2019, the company launched a carbon credit trading desk, which was contributing positively in a matter of months.

The Parkland team in Burnaby, in conjunction with the province of British Columbia, successfully conducted trial runs co-processing canola and tallow. This established Parkland as a highly innovative industry leader in North America, helping it to refine its own low carbon gasoline, diesel, and jet fuel, and eliminating the need to import expensive low carbon products.

THE LEGACY LIVES ON

From the time the Donalds opened their first service station, Parkland's commitment to its customers has been the driving force behind the company's growth and success. With a deep-rooted entrepreneurial spirit running through its veins, Parkland has innovated, expanded, adapted, evolved and prospered.

Over 50 years, Parkland has built a coalition of quality brands, a unique supply advantage, and a comprehensive infrastructure that can now seamlessly offer quality products and services across its international network. This unique platform, One Parkland, is the company`s springboard to a dynamic future.

PARKLAND FUEL CORPORATION

MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR LEADERSHIP TEAM (AS OF MAY 2019)

Front Row (Form Left to Right)

David Spencer Board Member, **Steven Richardson** Board Member, **Lisa Colnett** Board Member, **Jim Pantelidis** Chairman of the Board, **Deborah Stein** Board Member, **Bob Espey**, President and Chief Executive Officer, **Tim Hogarth** Board Member, **Domenic Pilla** Board Member, **John Bechtold** Board Member

Back Row (From Left to Right)

Mike McMillan Senior Vice President and Chief Financial Officer, **Christy Elliott** Vice President and Senior General Counsel, **Ian White** Senior Vice President, Strategic Marketing and Innovation, **Darren Smart** Senior Vice President, Strategy and Corporate Development, **Doug Haugh** President, Parkland USA, **Ryan Krogmeier** Senior Vice President, Supply, Trading and Refining, **Peter Kilty** Senior Vice President, Retail Operations, **Stephanie McDonald** Senior Vice President, People and Culture, **Pierre Magnan** President, Parkland International

"No one who achieves success does so without the help of others. The wise and confident acknowledge this help with gratitude."

ALFRED NORTH WHITEHEAD

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Finally, we are grateful to have Bob Espey, our current president and chief executive officer, for his inspiration, leadership and vision at Parkland and for his unwavering belief in our team. He has worked relentlessly to grow Parkland into the company that it has become today, while instilling safety and teamwork at the forefront of all interactions that we conduct within the business.

The story behind Parkland's success and growth is one that can only be told because of the inspiring community our people have created over the past 50 years. We hope our readers enjoy our story of a prominent business rising from humble beginnings. What is most exciting for all of us, and our shareholders, is that the journey for Parkland is just beginning.

Peter Kilty
Senior Vice-President, Special Projects,
Parkland Fuel Corporation


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A&W
DRIVE THRU 24H
TECHRON
ATM
Gasoline
Self Serve
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105.9


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