



## Premium Dividend™ and Dividend Reinvestment Plan

### QUESTIONS AND ANSWERS

The following series of questions and answers explains some of the key features of the Premium Dividend™ and Dividend Reinvestment Plan (the "**Plan**") of Parkland Fuel Corporation ("**Parkland**") dated January 1, 2011.

**The answers are, however, of a summary nature only, and are expressly subject to the complete text of the Plan, a copy of which may be obtained from the Plan Agent (as defined below) or Parkland at any time upon request or from Parkland's website at [www.parkland.ca](http://www.parkland.ca). Shareholders of Parkland should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.**

#### 1. What does the Plan offer?

If you are an eligible holder ("**Shareholder**") of common shares ("**Shares**") of Parkland as described in the Plan and summarized under Question #4 below, the Plan provides an opportunity for you to receive, by reinvesting the cash dividends ("**Dividends**") declared payable by Parkland on your Shares, either:

- (a) additional Shares at a discounted subscription price equal to 95% of the Average Market Price (as defined in the Plan), which new Shares will be issuable pursuant to the "**Dividend Reinvestment Component**" of the Plan; or
- (b) a premium cash payment (the "**Premium Dividend™**") equal to 102% of the amount of your reinvested Dividends, which payment will be made pursuant to the "**Premium Dividend™ Component**" of the Plan,

in either case upon and subject to the terms and conditions of the Plan.

*You are not required to participate in the Plan.* If you do not elect to participate, then you will continue to receive your regular Dividends in the normal manner.

#### 2. How does participating in the Plan result in my receiving the Premium Dividend™ or additional Shares?

Participation in either the Premium Dividend™ Component or the Dividend Reinvestment Component involves the reinvestment of your regular Dividends in new Shares purchased on your behalf from Parkland.

If you are validly enrolled in the Premium Dividend™ Component, either directly or indirectly through the broker, investment dealer, financial institution or other nominee through which you hold your Shares ("**your broker**"), new Shares purchased through reinvestment of your Dividends will be exchanged with the plan broker (currently Canaccord Genuity Corp.) (the "**Plan Broker**")

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for the Premium Dividend™, which will in turn be remitted to you by the plan agent (currently Valiant Trust Company) (the "**Plan Agent**") directly or through your broker, as applicable, in the same manner that regular Dividends are paid by Parkland. If you are validly enrolled in the Dividend Reinvestment Component, new Shares purchased through reinvestment of your Dividends will be credited to your account under the Plan or, if you are enrolled through your broker, with your broker.

The amount of the Premium Dividend™ or the number of additional Shares that may be purchased under the Plan is subject to proration in certain events, as more particularly described in the Plan. See also Question #10 below.

**3. What are the advantages of the Plan?**

The Dividend Reinvestment Component provides a convenient and cost-effective way for you to increase your investment in Parkland without incurring commissions, service charges or similar fees in connection with the purchase of new Shares from treasury (subject to any fees that may be charged by the broker, investment dealer, financial institution or other nominee through which you hold your Shares). The new Shares purchased with reinvested Dividends will be bought at a 5% discount to the Average Market Price. Subject to the policies of the broker, investment dealer, financial institution or other nominee through which you hold your Shares, full investment of reinvested funds is possible since fractions of Shares can be credited to accounts maintained under the Plan.

The Premium Dividend™ Component provides a means by which you can, in effect, increase your cash receipts by 2% through reinvestment of your regular Dividends in new Shares and the exchange of such new Shares for the Premium Dividend™, being a cash amount equal to 102% of the reinvested Dividend.

**4. Is the Plan available to all Shareholders?**

Shareholders who are resident in Canada may participate in either the Dividend Reinvestment Component or the Premium Dividend™ Component. **Unless otherwise announced by Parkland, Shareholders who are not resident in Canada may not participate, directly or indirectly, in either component of the Plan.**

Parkland and the Plan Agent also reserve the right to deny or cancel participation in the Plan in certain extraordinary circumstances described in the Plan. See "*Eligibility Requirements*" in the Plan.

**5. Am I required to take action if I was previously enrolled in the Distribution Reinvestment Plan of Parkland Income Fund and wish to participate in the new Plan?**

If you were enrolled in the distribution reinvestment plan of Parkland Income Fund and wish to participate in the new Plan you will need to either (i) if you are an eligible Shareholder whose Shares are registered directly in your own name, deliver to the Plan Agent a new Enrollment Form; or (ii) if you are an eligible Shareholder whose Shares are held through your broker, contact your broker to confirm your enrollment in the new Plan and provide appropriate instructions. See "*Enrollment*" in the Plan and Question #6 below.

**6. How do I elect to enroll in and become a participant in the Plan?**

Only registered Shareholders may directly enroll in the Plan. Beneficial owners of Shares may, however, indirectly participate in the Plan through their broker. See "*Enrollment*" in the Plan.

If you are an eligible Shareholder with Shares registered in your own name you may directly enroll in either the Dividend Reinvestment Component or the Premium Dividend™ Component by delivering to the Plan Agent a duly completed Enrollment Form (as defined in the Plan). A copy of the Enrollment Form is available from the Plan Agent's website at [www.valianttrust.com](http://www.valianttrust.com) or by calling the Plan Agent at 1-866-313-1872, or from Parkland's website at [www.parkland.ca](http://www.parkland.ca). An Enrollment Form must be received by 3:00 p.m. (Calgary time) on the business day preceding a Dividend record date in order to be effective for that Dividend.

If you are an eligible Shareholder but your Shares are not registered in your own name, you cannot enroll in the Plan directly but may do so indirectly through your broker by providing appropriate enrollment instructions. Your broker may require certain information or documentation from you before it will act upon your enrollment instructions. Please contact your broker to confirm any information or documentation required to give effect to your instructions, to confirm your broker's policies concerning continued participation following initial enrollment, and to inquire about applicable deadlines.

**7. At what price will new Shares be purchased for my account under the Dividend Reinvestment Component?**

New Shares purchased with reinvested Dividends under the Dividend Reinvestment Component will be purchased from treasury of Parkland at a 5% discount to the Average Market Price (as defined in the Plan).

**8. How do I receive the Premium Dividend™?**

If you are an eligible Shareholder and are enrolled in the Premium Dividend™ Component, your Dividends will, subject to proration as described in the Plan and illustrated under Question #10 below, be reinvested in new Shares under the Plan at a 5% discount to the Average Market Price, and such Shares will, without further action required from you, be exchanged with the Plan Broker for the Premium Dividend™, being a cash payment equal to 102% of the reinvested amount. The Plan Agent will in turn remit payment of the Premium Dividend™ to participants in the Premium Dividend™ Component in the same manner that regular Dividends are paid by Parkland.

**9. How am I able to receive an amount equal to 102% of my Dividend?**

New Shares issued by Parkland on a Dividend payment date pursuant to the Premium Dividend™ Component will be issued at a 5% discount to the Average Market Price. If you are an eligible Shareholder and are enrolled to participate in the Premium Dividend™ Component, then such number of Shares as is approximately equal to the number of new Shares to be purchased on the Dividend payment date with your reinvested Dividends will be pre-sold through the Plan Broker at prevailing market prices. If the prevailing market prices realized are approximately the same as the Average Market Price, then the difference between the issue price of the Shares and the price realized on the pre-sales will be approximately 5%. Of this difference, 2% will be paid to you (the Premium Dividend™ being a cash payment equal to 102% of the reinvested Dividend)

and the balance (which may be more or less than 3%), if any, will be retained by the Plan Broker as compensation for its services in connection with the Plan.

The Plan Broker will in any event be obligated to pay the full amount of the Premium Dividend™ (subject to proration as described in the Plan and illustrated under Question #10 below) against delivery of the corresponding number of new Shares, and bears the risk of unfavourable changes in market price with respect to the new Shares. If the Plan Agent for any reason does not receive sufficient funds from the Plan Broker to pay the Premium Dividend™ on all Shares of participants enrolled in the Premium Dividend™ Component, such participants will be entitled to receive from Parkland the full amount of the regular Dividend for each such Share in respect of which the Premium Dividend™ is not paid.

**10. What will I receive under the Premium Dividend™ Component if proration applies?**

The Premium Dividend™ Component is subject to the possibility of proration in certain events as described in the Plan. To the extent that your election to receive the Premium Dividend™ cannot be fulfilled, in whole or in part, as a result of such proration, or if Parkland determines not to make any new equity available under the Plan on a particular Dividend payment date, or if the Plan Broker for any reason defaults on its obligation to deliver to the Plan Agent funds sufficient to satisfy the full amount of the Premium Dividend™, or if for any other reason a Dividend cannot be reinvested under the Plan, in whole or in part, then you will be entitled to receive from Parkland the full amount of the regular Dividend for each Share in respect of which the Dividend is payable but cannot be reinvested under the Plan.

By way of example, suppose that Parkland determines that the maximum value of equity available under the Premium Dividend™ Component (after satisfying all elections under the Dividend Reinvestment Component) on the relevant Dividend payment date is \$1,700,000, and that Parkland declares a Dividend of \$0.085 per Share. In these circumstances, the maximum number of Shares in respect of which the Premium Dividend™ may be paid is 20,000,000 (being the maximum amount of equity divided by the Dividend per Share). If Shareholders (including you) holding a total of 30,000,000 Shares have elected to receive the Premium Dividend™, then two-thirds proration would apply to all participants enrolled in the Premium Dividend™ Component since, in this example, the Premium Dividend™ can only be paid on 20,000,000 Shares.

If you own 1,500 Shares, are an eligible Shareholder, and are enrolled to participate in the Premium Dividend™ Component, then, in this example, you would receive the Premium Dividend™ equal to 102% of your regular Dividend in respect of 1,000 of your Shares and 100% of your regular Dividend in respect of your remaining 500 Shares. That portion of your Dividend that is not eligible for reinvestment under the Premium Dividend™ Component and to which you would otherwise be entitled on a Dividend payment date will be paid to you in the ordinary manner.

**11. Will certificates or similar documents be issued for new Shares purchased for me under the Plan?**

Neither a share certificate nor a Direct Registration Advice evidencing your registered ownership of Shares will be issued for Shares purchased under the Plan. If you are validly enrolled in the Dividend Reinvestment Component, new Shares purchased for your account will be credited to your account under the Plan or, if you are enrolled indirectly through your broker, with your broker. You may, however, request a Direct Registration Advice or certificate for any number of

whole Shares held under the Plan by the Plan Agent for your account. See "*Registration of Shares*" in the Plan. If you are validly enrolled in the Premium Dividend™ Component, new Shares purchased for your account will be exchanged with the Plan Broker for the Premium Dividend™.

**12. Can I sell Shares held for my account under the Plan?**

Any Shares held under the Plan by the Plan Agent for your account cannot be sold, pledged or otherwise disposed of while so held. If you wish to sell any such Shares, you must first withdraw them from under the Plan. See "*Registration of Shares*" in the Plan.

**13. How can I change my election or terminate my participation under the Plan?**

You may change your election as between the Premium Dividend™ Component and the Dividend Reinvestment Component, or voluntarily terminate your participation, by delivering a new Enrollment Form or termination notice, as the case may be, or if you are enrolled in the Plan indirectly through your broker by providing appropriate instructions to your broker. You should consult with your broker to confirm what information or documentation may be required to give effect to your instructions, and to inquire about any applicable deadlines. See "*Termination of Participation*" and "*Change of Election*" in the Plan.

A new Enrollment Form or termination notice must be received by 3:00 p.m. (Calgary time) on the business day preceding a Dividend record date in order to take effect for that Dividend. Enrollment Forms or termination notices received after that time will not be effective until the next Dividend.

**14. Are there circumstances where I may not be able to acquire additional Shares or receive the Premium Dividend™, as the case may be, in accordance with my election?**

Yes. Your ability to acquire additional Shares under the Dividend Reinvestment Component or receive the Premium Dividend™ under the Premium Dividend™ Component on any particular Dividend payment date depends on the amount of new equity, if any, that Parkland determines to make available under the Plan for that Dividend payment date, and on the elections that other eligible Shareholders have made under the Plan.

If, in respect of any Dividend payment date, fulfilling the elections of all Plan participants would result in the issuance of more than the maximum amount of new equity determined by Parkland to be available under the Plan, then elections for the purchase of new Shares on that Dividend payment date will be accepted (i) first, from participants electing to reinvest their Dividends under the Dividend Reinvestment Component, and (ii) second, to the extent that new equity remains available under the Plan, from participants electing to receive the Premium Dividend™ under the Premium Dividend™ Component.

If Parkland is not able to accept all elections for a particular component of the Plan, then purchases of Shares under that component on the applicable Dividend payment date will be prorated among all participants in that component. See Question #10 above.

The Premium Dividend™ Component is subject to the possibility of additional proration in certain events as described in the Plan.

If Parkland determines not to issue any equity through the Plan on a particular Dividend payment date, or the availability of new Shares is prorated in accordance with the terms of the Plan, or for any other reason a Dividend cannot be reinvested under the Plan, in whole or in part, then participants will be entitled to receive from Parkland the full amount of the regular Dividend on each Share in respect of which the Dividend is payable but cannot be reinvested under the Plan in accordance with the applicable election.

**15. How will the Plan Agent purchase new Shares for me?**

On each Dividend payment date, the Plan Agent will, on your behalf, reinvest the Dividends payable on your Shares that are validly enrolled in the Plan in new Shares purchased directly from Parkland. Such new Shares will, depending on your election, either be credited to your account under the Dividend Reinvestment Component or exchanged on your behalf for the Premium Dividend™ under the Premium Dividend™ Component.

**16. What are the income tax consequences of participating in the Plan?**

Participation in the Plan does not relieve you of any liability for taxes that may be payable in respect of the Dividends reinvested in new Shares or Shares sold on your behalf under the Plan. In determining taxes payable, it is important to recognize that multiple transactions occur under the Plan even though you may only see the result of the final transaction.

Participation in the Dividend Reinvestment Component involves two transactions:

- (i) first, you will receive a Dividend from Parkland; and
- (ii) second, you will use the cash from the Dividend to purchase new Shares at 95% of the Average Market Price.

Participation in the Premium Dividend™ Component involves three transactions:

- (i) first, you will receive a Dividend from Parkland;
- (ii) second, you will use the cash from the Dividend to purchase new Shares at 95% of the Average Market Price; and
- (iii) third, you will sell the new Shares purchased in exchange for the Premium Dividend™, being for a cash amount equal to 102% of the reinvested Dividend.

The first transaction under each component will result in the receipt of a taxable dividend on your existing Shares equal to the amount of the Dividend, and the new Shares purchased under the second transaction will have an initial cost for tax purposes equal to the amount of the Dividend.

Assuming that you hold your Shares (including the new Shares purchased with the cash from the Dividend) as capital property, you should generally realize a capital gain or loss on the sale of the new Shares under the third transaction under the Premium Dividend™ Component equal to the amount by which the proceeds of disposition are greater (or less) than your average adjusted cost base of the Shares sold. In this case, the average adjusted cost base of the Shares sold at any time will be the average cost of all Shares owned by you at that time, including those purchased with the cash from Dividends under the Plan.

The Plan provides a further description of certain Canadian federal income tax considerations relevant to participation in the Plan. The description is, however, a summary only and does not constitute legal or tax advice to any particular Shareholder. **You are urged to consult your own tax advisors concerning the implications of your participation in the Plan having regard to your particular circumstances.**

**17. Where can I get further information?**

If you have any questions regarding the Plan, please direct them to the Plan Agent or to Parkland, as follows:

Valiant Trust Company  
310, 606 - 4th Street S.W.  
Calgary, Alberta T2P 1T1

Attention: Senior Manager, Client Services  
Tel: (403) 233-2801  
Toll Free: 1-866-313-1872  
Fax: (403) 233-2857  
E-mail: [inquiries@valianttrust.com](mailto:inquiries@valianttrust.com)

Parkland Fuel Corporation  
Suite 236, Riverside Office Plaza  
4919 – 59th Street  
Red Deer, Alberta T4N 6C9

Attention: Investor Relations Manager  
Tel: (403) 356-6722  
Fax: (403) 346-3015  
E-mail: [corpinfo@parkland.ca](mailto:corpinfo@parkland.ca)

DATED: January 1, 2011.