PARKLAND INCOME FUND

FOR IMMEDIATE RELEASE: Monday, May 17, 2010

PARKLAND REPORTS FIRST QUARTER FINANCIAL RESULTS

First Quarter 2010 Performance Highlights:

- Record Q1 fuel sales volumes of 816 million litres, up 21% from 673 million litres in Q1 2009.
- Q1 EBITDA of $21.9 million, down 32% from $32.3 million in 2009.
- Distribution payout ratio of 87% for the quarter.
- January 31, 2010 - completion of the Bluewave Energy acquisition for $233M making Parkland the largest national independent fuel marketer in Canada financed by the upsize of Parkland's syndicated credit facilities from $265 million to $400 million.
- March 2010 - implemented the ERP system to develop a single platform to integrate acquisitions, to streamline administrative functions and to improve operational reporting and controls.
- April 30, 2010 - lending syndicate approval for annual renewal of the $400 million credit facilities due on June 7, 2010 and May 7, 2010 approval for amended borrowing covenants for 2010.
- May 3, 2010 - Unitholder approval to complete the conversion of Parkland Income Fund to Parkland Fuel Corporation effective no later than January 2011. Parkland Fuel Corporation will continue as a balanced yield and growth company.

Red Deer, May 17, 2010 – Parkland Income Fund (TSX: PKI.UN) today announced its business performance for the first quarter of 2010. Fuel volumes achieved record levels for the quarter and earnings before interest, taxes, depreciation and amortization (EBITDA) for Q1 2010 was lower by $10.4 million compared to the same period a year earlier primarily due to a $16.7 million reduction in refiners' margins compared to Q1 2009 and a record warm 2010 winter across Canada that caused reductions in heating oil and propane profits by approximately $2.8 million versus 2009.

President and CEO Mike Chorlton commented "In the first quarter of 2010, our focus was on completing the acquisition of Bluewave Energy, implementing our Enterprise Resource Planning (ERP) system and building operational excellence into our core business. In less than three months, the initial integration of Parkland's and Bluewave's commercial business in Western Canada is already producing synergies. Regarding our ERP implementation, while the start-up since March 1, 2010 has had many challenges, the completed system will enable Parkland and its acquired businesses to operate from a single platform for synergies, better performance management and controls, and will enable effective integration of future acquisitions. Parkland's priority for the remainder of 2010 will be operational excellence – to achieve Bluewave integration synergies, to reduce operating costs, to achieve the benefits of our ERP system, and to strategically organize our business processes and people for optimal performance and job satisfaction – combining to build a strong foundation for Parkland's next stage of growth."

"Parkland's retail business unit continues to perform well maintaining volumes and margins during a seasonally slow driving quarter. Our heating oil and propane business had reduced volumes due to a record warm winter across Canada – which also caused Bluewave's initial EBITDA contributions to be less than 2009 for the same February and March periods. Overall, our commercial business is starting to experience some recovery from 2009 with improved volumes and prospects for a better 2010 agricultural inputs season. Refiners' margins for gasoline and diesel continued to run at the low end of seasonal norms and are far off the seasonal records set in Q1 2009." said Mr. Chorlton.

Distributable cash exceeded distributions in the first quarter by 15%. The distribution payout ratio was 87% compared to 56% in Q1 2009. We have maintained our monthly distribution rate of $0.105 per unit.

Trust to Corporation Conversion Plan

On May 3, 2010, Parkland received Unitholder approval to convert back to a corporation by way of a trust unit for corporate share tax-deferred exchange no later than January 2011. After conversion, provided there are no material adverse changes in our outlook for business conditions, Parkland plans to become a balanced yield and growth Company with an expected dividend between 75% and 110% of the current level of the Fund's annual distribution ($1.26 per unit). The final 2011 dividend decision will be made later in 2010 after fully considering the business outlook, the cash requirements of the business, and the Company's desired capital structure as a corporation.

Mr. Chorlton said, "Our 2011 dividend outlook is supported by our expectation that Bluewave Energy earnings will be sufficient to cover additional financing cost and maintenance capital expenditures related to the Bluewave purchase plus 100% of Parkland's income tax as a corporation – leaving Parkland with the continued ability to maintain strong annual dividends. After conversion, we intend to continue the growth of Parkland through both organic network development and by making accretive acquisitions financed by a combination of cash generated from the business, debt and new equity capital as appropriate. The Bluewave purchase caused Parkland to increase its debt to higher than historical levels while maintaining Trust status which limits equity growth. Once Parkland converts back to a corporation in 2011, we will have renewed ability to issue new equity to finance acquisitions or to retire debt."

Growth

On January 31, 2010, Parkland closed the acquisition of Bluewave, which had 2009 fuel sales volumes of 645 million litres and normalized EBITDA of over $34 million. The Bluewave acquisition makes Parkland the largest national independent fuel marketer in Canada with a coast-to-coast network of retail, commercial, cardlock, heating oil and propane distribution outlets. Parkland expects to realize synergies from the combined Parkland/Bluewave business of at least $2 million in 2010 and $5 million in 2011 in addition to other cost saving initiatives that are being undertaken to reduce overhead costs in proportion to the size of the overall business.

The Parkland Q1 2010 results include Bluewave for the months of February and March but do not include January which is typically Bluewave's most profitable month at the peak of the heating oil season.

Outlook

Retail fuel volumes in our market areas have generally maintained 2009 same-store sales levels to date in 2010 despite the overall weakness in the economy. Commercial fuel sales volumes have reflected the weakness in the heating oil and propane markets which have been impaired by record warm winter temperatures. However, commercial and industrial fuel sales are showing signs of modest 2010 recovery from increased activity in the forestry, trucking and oil and gas drilling industries.

The agricultural input season is forecast to be better than 2009 with an early spring in most markets resulting in a good start to seasonal fertilizer and related agricultural product sales.

Refiners' margins for gasoline have declined after reaching a peak in Q1 2009 and are slowly recovering from lower than seasonal norms in Q4 2009 and Q1 2010. Refiners' margins for diesel continue to be weak as there is excess diesel supply in the market as the commercial-industrial economy slowly recovers from weakness that started in mid-2008.

Fuel Volumes

Fuel volumes grew with total fuel sales of 816 million litres in the quarter ended March 31, 2010, an increase of 21% from 673 million litres for the same period in 2009. The increase resulted primarily from the acquisitions completed over the past year.

Retail fuel volumes in company-operated stations ranged from flat to slightly positive year-over-year.

Gross Profit

Retail selling prices were similar to the prior year as underlying crude oil prices were similar year-over-year. However, in some markets retail prices were compressed due to discounting by some competitors to gain market share resulting in reduced margins on a per litre basis. In addition to the retail margins for gasoline and diesel, we participate in the refiners' margins for a significant portion of our supply volumes. In Q1 2010 this participation yielded earnings approximately $16.7 million lower than the comparative period in 2009.

Our inventory of fuel volumes on hand is subject to revaluation as underlying crude oil prices rise and fall. In the first quarter of 2010 it resulted in an increase in earnings of $1.7 million compared to a gain of $4.6 million in 2009.

Our operating and direct costs were $36.1 million in the first quarter compared to $27.3 million for the same period in 2009 and our marketing, general and administrative expenses were $17.4 million in the first quarter compared to $12.3 million in 2009. The increases are primarily a result of additional business operations acquired since Q1 2009 – Columbia Fuels, Anmart Fuels and Bluewave Energy.

Enterprise Resource Planning (ERP) Implementation

On March 1, 2010 Parkland launched the upgrade of its JD Edwards ERP system designed to integrate onto a single platform the supply-chain and accounting transaction streams from the core Parkland business with the business acquisitions made since 2006 (other than Columbia Fuels and Bluewave Energy). The March 2010 implementation experienced complications with processing certain sales transactions which resulted in invoicing delays and delayed customer collections. Closing the quarter was delayed by the same processing complications. Parkland has added resources to overcome the ERP implementation challenges and expects to substantially stabilize the system in Q2 2010.

Columbia Fuels and Bluewave Energy will continue to operate on separate fuel management and accounting systems until the Parkland ERP system is stabilized and an ERP integration plan is confirmed for Columbia and Bluewave.

Credit Renewal and Amended Covenants

Parkland has available an Extendible Facility, including an operating loan, capital loan and letters of credit, up to a maximum amount of $400 million - increased from $265 million to $400 million on January 31, 2010. The Extendible Facility is subject to renewal on June 7, 2010 at which time it can be extended at Parkland or lender's option for 364 days. On April 30, 2010 the lending syndicate approved the annual renewal of the Extendible Facility to June 7, 2011 subject to final documentation. On May 7, 2010, Parkland received formal approval from its lending syndicate for amended covenants for all of 2010 to increase the Funded Debt to EBITDA threshold to 3.0 to 1.0 (from 2.5 to 1.0) and Total Debt to EBITDA threshold to 4.0 to 1.0 (from 3.5 to 1.0).

The Fund exceeded certain pre-amendment covenants at March 31, 2010. The Fund had cash on hand at various banks that could have been applied at quarter-end to reduce debt and satisfy covenant thresholds. However, the covenant conditions were not contemplated at that time. As at March 31, 2010 the Fund was in compliance with the May 7, 2010 amended covenants.

CONSOLIDATED HIGHLIGHTS

(in millions of Canadian dollars except volume and per Unit amounts)	Three months ended March 31, 2010	Three months ended March 31, 2009	% Change
Fuel volume (millions of litres)	**816**	673	21
Net sales and operating revenues	**680.3**	455.1	49
Gross profit	**75.5**	72.0	5
Gross margin	**11%**	16%	
Operating and direct costs	**36.2**	27.3	33
Marketing, general and administrative	**17.4**	12.3	41
Income before income taxes	**2.4**	22.5	(89)
Income tax (recovery) expense	**(3.1)**	2.7	
Net earnings	**5.4**	19.8	(73)
EBITDA [1]	**21.9**	32.3	(32)
Earnings per Unit - basic	**$0.11**	$0.40	
Earnings per Unit - diluted	**$0.09**	$0.40	
Distributable cash flow [2]	**18.6**	28.3	(34)
Distributions	**16.1**	15.7	3
Distribution payout ratio	**87%**	56%	

(1) Please refer to the Non-GAAP Measures section in the MD&A for a definition of EBITDA

(2) Please see Distributable Cash Flow reconciliation table in the MD&A

The MD&A as well as the complete unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements for the first quarter ended March 31, 2010 are available online at http://files.newswire.ca/714/ParklandQ12010FSMDA.pdf.

Fund Description

Parkland Income Fund currently operates retail and wholesale fuels and convenience store businesses under its Fas Gas Plus, Fas Gas, Race Trac Fuels and Short Stop Food Stores brands and through independent branded dealers, and transports fuel and other products through its Distribution division. With 622 locations, Parkland has developed a strong market niche in Canada outside of major urban markets focused in the West and Ontario. The Fund supplies propane, bulk fuel, heating oil, lubricants, industrial fluids, agricultural inputs and associated services to commercial and industrial customers across Canada under the Neufeld, United Petroleum, Columbia Fuels, Bluewave Energy and Great Northern Oil brands. Additionally, Parkland operates the Bowden refinery near Red Deer, Alberta as a storage and contract-processing site.

Parkland is focused on creating and delivering value for its unitholders through the continuous refinement of its site portfolio, increasing revenue diversification through growth in non-fuel revenues and active supply chain management.

Parkland units and convertible debentures trade on the Toronto Stock Exchange (TSX) under the symbols PKI.UN and PKI.DB. For more information, visit www.parkland.ca.

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as “believe”, “expects”, “expected”, “will”, *"intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words and include but are not limited to, statements regarding the accretive effects of the acquisition and the anticipated benefits of the acquisition. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in the Fund's annual report, annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause the Fund's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and the Fund does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.*

Conference Call

Parkland will hold a conference call for Analysts, Brokers and Investors to discuss first quarter results as follows:

Wednesday, May 19, 2010, 9:00 a.m. (11:00 a.m. Eastern Time)
Direct: 647-427-7450
Toll-free: 888-231-8191
Passcode: 75189638 followed by the pound sign

The replay will be available as follows:

From Wednesday, May 19, 2010, 12:00 noon (2:00 p.m. Eastern Time)
To Tuesday, June 2, 2010 at 9:59 p.m. (11:59 p.m. Eastern Time)
Direct: 416-849-0833
Toll-free: 800-642-1687
Passcode: 75189638 followed by the pound sign

Webcast

http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3078900

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If you prefer to receive Company news releases via e-mail, please request at corpinfo@parkland.ca.