Mullen Group Ltd.

CHAIRMAN'S MESSAGE
TO OUR SHAREHOLDERS

2013

STILL LOOKING FOR GROWTH!!

"Mullen shareholders enjoyed a stellar year in 2013 – however, our financial performance was essentially flat year-over-year. Are there any logical conclusions that can explain the apparent disconnect?

RAISING THE ANNUAL DIVIDEND FROM $1.00 TO $1.20 PER SHARE IN JANUARY 2013 MIGHT BE PART OF THE REASONING!"

Murray K. Mullen
Chairman & CEO

I am not inclined to spend too much energy or time on the past, choosing rather to focus on the future. Or if you are a fan of hockey it was often said about one of the greatest players of all time – *WAYNE GRETZKY* – that he was always focused "on where the puck was going to be". It is, however, always important to remember the past and more importantly, at least from my perspective, **to Learn from the Past**. With this thought I paused to reflect upon 2013, to revisit my message to you last year, and to analyze what might be different today.

2013 was an interesting year to put it mildly. From a shareholder's perspective it was an outstanding year – one of our all-time best. In fact, Mullen shareholders saw the value of their investment increase by 41.6 percent – a combination of dividends and stock price appreciation. However, from an operational and financial performance point of view I can only characterize last year as "ho-hum". It wasn't bad – in fact Mullen generated record financial results last year. But I wouldn't characterize these as stellar results. So what gives? In this year's Chairman's Message I will do my best to answer this most puzzling question. And of course I will outline our plans for 2014. Like all shareholders I hope 2014 will be another stellar year. However, since hope is not a "strategy" I will focus on those issues within our line of sight.

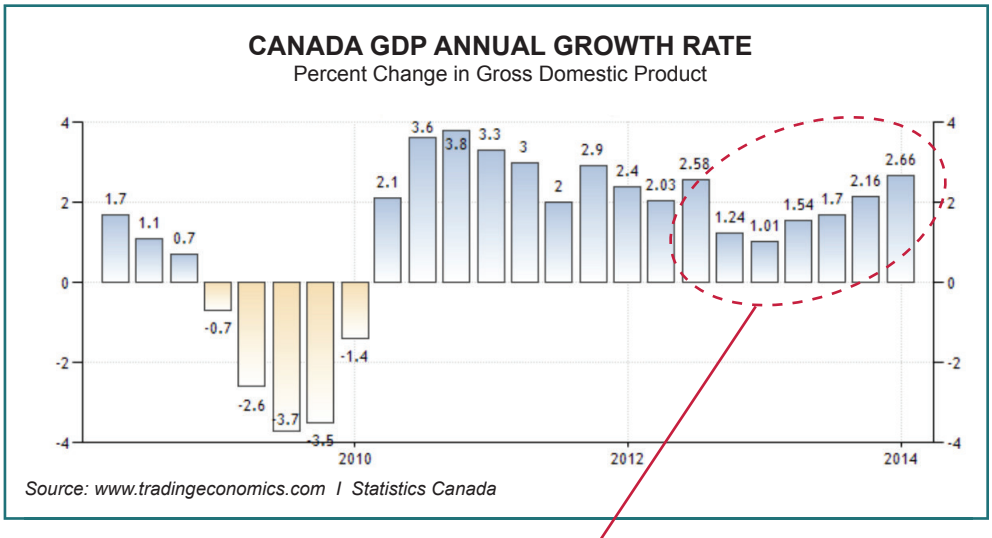
WE THINK tomorrow

2013 – THE YEAR IN REVIEW

As articulated in last year's message titled ***"Where is the Growth"***, I expected a challenging year for the majority of our Operating Entities based upon an analysis of the two sectors of the economy that drive our business, the expectation of modest economic activity as measured by Gross Domestic Product, otherwise known as GDP, and reduced spending by the oil and natural gas industry in western Canada related to drilling activity.

The prevailing view entering the year was that GDP growth in North America would be positive but certainly not robust and well below trend and the productive capacity of the economy. As such, it was difficult to determine how the nine Operating Entities in our Trucking/Logistics segment could grow in the face of modest economic expansion. Furthermore, the oil and natural gas industry began the year with a series of headwinds. Commodity prices were low. There were infrastructure bottlenecks throughout the system, the most serious being pipeline constraints and take-away capacity. With these issues at the forefront of the discussion, I expected drilling activity to be constrained accompanied by competitive pricing for the vast majority of the 16 Operating Entities in our Oilfield Services segment.

Taking all of this into context it was difficult to ascertain where to find growth. Nevertheless, the expectation was that 2013 would still be a good year for Mullen and that our solid, diversified business would generate cash flow in excess of capital requirements, interest payments and taxes. **You saw our confidence when we raised the annual dividend from $1.00 to $1.20 per share in January 2013 – our way of rewarding shareholders in what we assumed would otherwise be a flat year.**



"The growth rate in the economy is too low to generate any real demand acceleration or pricing leverage for our Trucking/Logistics segment."

As it turns out 2013 was very close to expectations. GDP growth was lacklustre at best in Canada, the Achilles heel of our Trucking/Logistics segment. In a virtual no-growth macro environment and little-to-no pricing leverage, our nine Operating Entities did well to hold their own generating revenue of $530 million and EBITDA of $89 million or 17 percent of revenue. Growth would have to come from acquisitions. In June, Mullen was provided with the opportunity to acquire the Jay's Group of Companies, a less-than-truckload regional carrier based in Regina, Saskatchewan, from Dennis Doehl, the founder and entrepreneur who built his company through a combination of hard work, customer service and looking after his people. We will keep the Jay's name, along with the management team, and will operate the company as a standalone Operating Entity in our Trucking/Logistics segment. Jay's generated incremental revenue of $24 million and EBITDA of $3.5 million for the seven months, bringing the total segment year-to-date revenue to $554 million, an increase of $18 million, or 3.4 percent over 2012. In terms of profitability, annual segment EBITDA was $93 million, a decrease of $6 million compared to 2012. From this perspective the challenging and competitive market was very evident.

"There were infrastructure bottlenecks throughout the system, the most serious being pipeline constraints and take-away capacity."

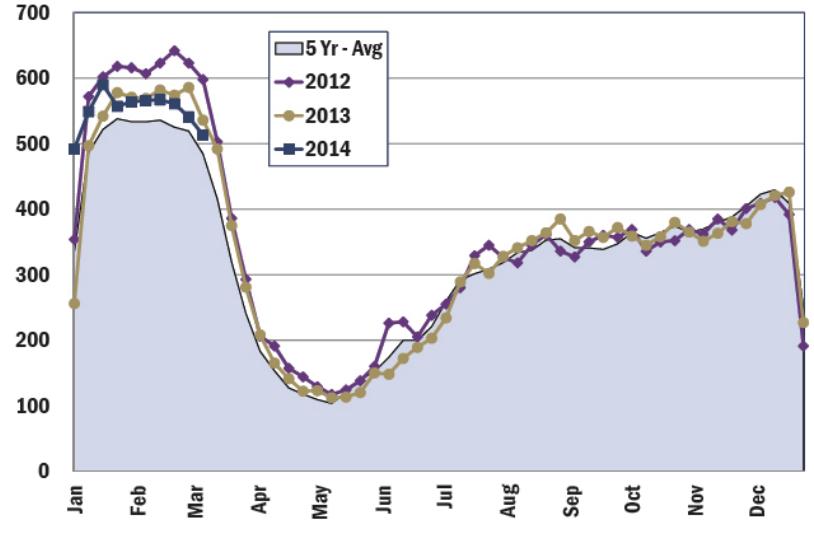
Our Oilfield Services segment is essentially a derivative of the annual spending by the oil and natural gas sector in western Canada, which includes expenditures for activities such as drilling activity, oil sands development, infrastructure investment and ongoing servicing and maintenance. 2013 was in many respects very similar to the overall economy – characterized by little growth and an extremely competitive marketplace. There were, however, a couple of Operating Entities that beat expectations, buffering an otherwise very challenging year. Pipeline related activity was robust as the large mainline pipeline carriers rushed to build new pipelines to handle the increasing flow of crude oil produced in western Canada. Premay Pipeline Hauling had a very strong year hauling, stockpiling and stringing pipe for the mainline big-inch pipe contractors and pipe companies. Canadian Dewatering, our dewatering, rental and service provider, recovered from a challenging 2012 by focusing on its core business. In addition, our Premay Equipment group maintained its market share in the specialized transportation field. These three companies generated combined revenue of $210 million and $64 million of EBITDA as compared to $207 million and $40 million in 2012. However, it is noteworthy that Canadian Dewatering completed a major one-time project in 2012, which represented $30 million of non-recurring low margin revenue.

The balance of Operating Entities – 13 in total that comprise the Oilfield Services segment – are generally tied in one way or another to drilling activity in western Canada, which I mentioned earlier, held steady as compared to 2012. Under very challenging and competitive conditions we did well to maintain market share and profitability at levels close to the prior year. Overall, segment revenue was down by nearly $11 million to $886 million as compared to $897 million in 2012, with EBITDA trending slightly higher, $212 million in 2013, due to the strong performance of those Operating Entities not involved in drilling activity. This diversity is another example of how Mullen shareholders benefit from the organization we have built over the 20 years as a public company.

I invite all shareholders interested in having a more in-depth review of our 2013 financial performance to refer to the 2013 Annual Financial Review prepared by our very talented accounting team led by STEPHEN CLARK, Chief Financial Officer. The document includes over 100 pages of accounting and financial information including analysis, discussion and disclosure information.

"The GOOD NEWS is that drilling activity has been very consistent."

WESTERN CANADIAN RIG COUNT – NUMBER OF RIGS



Source: Peters & Co. Limited I Divestco.

"The BAD NEWS is that there is No Growth."

"Drilling activity in western Canada is a major source of business to Mullen. 2013 was generally flat."

THINKING TOMORROW

Everyone wants to be right. We all want to be on the winning side whether it is in sports, in the work we do or in life itself. Investing is exactly the same; we expect to make money from our investment decisions. This fundamental desire to "be right" holds true for the individual investor as well as for companies that allocate capital. It certainly holds true for professional money managers who consider investing in our organization. But what does it take to "be right"? How does one take as much of the guesswork out of the decision-making process as possible? Truthfully, it's not that complicated! It takes analysis, study of the situation, an understanding of the factors that could ultimately affect a variety of outcomes, perhaps even the less understood unintended consequences, and of course it takes a lot of hard work. Here at the Mullen Group we like to characterize all of these traits under the concept of **WE THINK TOMORROW**. We challenge ourselves to be students of history, but not stuck in the past. We view **Tomorrow** as where we want to be, which requires that we **Think** about what is happening around us today and then **Strategize** as how to best position our organization to be successful **Tomorrow**. **WE THINK TOMORROW** is what we do here at the Mullen Group. Within this context there are few common themes that I will focus on in this year's message due to the relevance they will have on our investors and employees alike.

MONETARY POLICY AND THE MARKETS

The meltdown in the financial markets that precipitated the Great Recession is now five years removed. Stock markets and financial assets in general have recovered to pre-2008 levels and hopefully destined to maintain an upward bias. By way of comparison one only needs to look at the S&P 500 Index that has risen an impressive 180 percent from its lows in 2009. Unemployment levels are trending in the right direction and the economy continues to expand, albeit at a pace considered by many to be stubbornly slow. But the reality is that a lot of things are going well today especially when compared to just a few years ago. At the Mullen Group our business, together with shareholders' stock valuation, have recovered quite nicely. We have made up all of the revenue and profitability that was lost in 2009. In fact, many of our 2013 results were records, including revenue, profits and employment levels. These results have not gone unnoticed by investors.

"The Canadian market as measured by the S&P/TSX Index has underperformed the S&P 500 quite significantly since 2012 – a reflection of Canada's reliance on industries related to mining, oil and gas."

The recovery has been impressive. It is also not by accident. In fact the easy monetary policy and liquidity injections into the financial system by central banks around the globe have been a significant form of stimulus to the economy. These measures, which include a combination of low interest rates and Quantitative Easing (or more simply – the printing of money), are being led by the U.S. Federal Reserve. What I find most interesting about these policy decisions is the impact they have had on the psychology of investors and the flow of money within the system. Because at the end of the day the flow of money has a tremendous influence on the value of assets including, for example, Mullen's stock price. Yes, economic activity and our ability to generate revenue and profits are an important element to valuation but so too is the availability of money in the system and the flow of money.

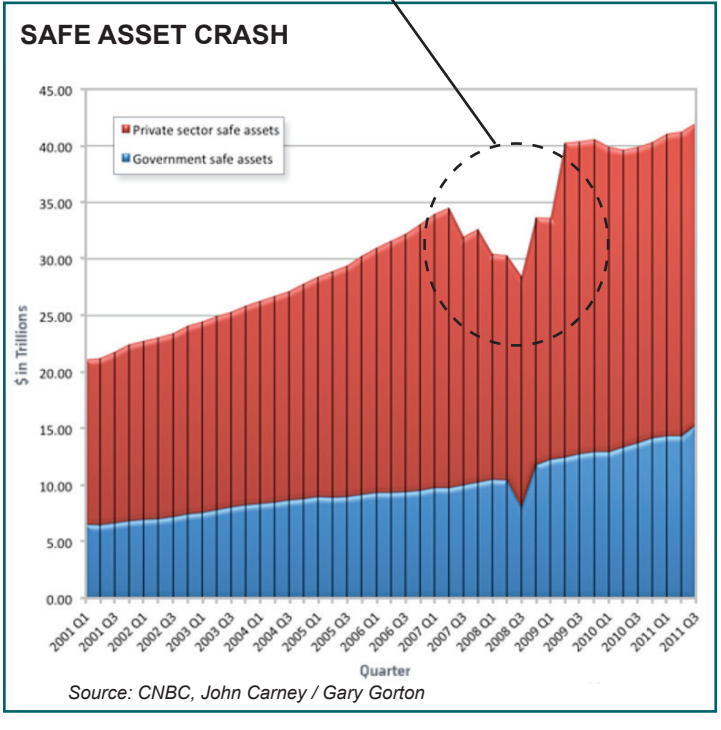
Along with my day job, which entails the overseeing of Mullen's 26 Operating Entities and our approximately 6,000 employee base, I stay connected to the world of economics and finance, which just happens to be what I studied at university (with one major difference – back then I really didn't understand the essence of these disciplines, at least to the same degree as I do today). My interest now is to try and grasp why the Financial Crisis of 2008 happened and of more relevance today – why has the recovery been so impressive? As shareholders can we expect this current trend to continue?

In the past I spoke about how confidence is so important to the financial system. In fact, I believe it is the foundation of any functioning economy. People, investors and creditors alike must have trust in the system for the system to work. In 2008 our confidence was shaken when 12 of the 13 most important financial institutions in the U.S., the epicenter of the world's financial markets, were near failure and needed extraordinary support. The impact was devastating as millions of people were thrown out of work. Stock valuations plummeted around the globe. Commerce and economic activity collapsed. How could this happen? *GARY GORTON*, a Yale University Professor has studied

"The quality of 'safe assets' influences an investors' view, psychology and ultimately appetite for 'risk assets'.

this issue intensively and describes the important role of "safe assets" and how this influences investors' view, psychology and ultimately their appetite for "risk assets" *(see graph Safe Asset Crash)*. He defines safe assets as Treasury bonds, municipal bonds, and other forms of debt issued by government – sponsored entities. In his paper "Collateral Crisis", his basic premise is that once confidence was broken in the so-called safe assets investors had no option but to act in their best interest, which was to go into protection mode. Under such a scenario, investors, except for a brave few, lose all appetite for risk assets such as stocks. This is compounded by the fact that as consumers they cut back on discretionary items. The results then become quite predictable – sell and run for the hills!! Which is exactly what happened.

"Rarely do 'safe assets' collapse – but when they do the tolerance for 'risk assets' suffers – which explains why stock valuations and the economy plunged in 2008-09."

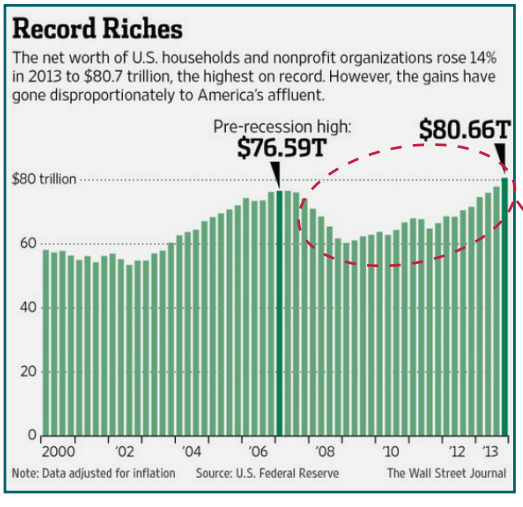


Source: CNBC, John Carney / Gary Gorton

With the financial system under stress the economy quickly entered into a downward spiral, job losses mounted and government deficits ballooned out of control, all of which contributed to additional losses. But like all things there is both a start and an end. The beginning of the "end" of the downward cycle was precipitated by the Federal Reserve and Central Banks around the globe riding to the rescue. They provided much needed liquidity to the system, backstopping losses in the safe asset category and providing investors with the confidence that their assets were safe once again. The foundation for a recovery was established.

"The value of assets have fully recovered everything lost prior to the 2008 collapse. Everything must be good!"

But because the Great Recession was so profound, so deep and long lasting, the liquidity-easing policies have been maintained for an extended period. To investors in stocks this has been a "Great Recovery". Of course no one really knows with any degree of certainty how long this recovery can be maintained, but there are **two trends that I believe are of importance to Mullen's shareholders.**

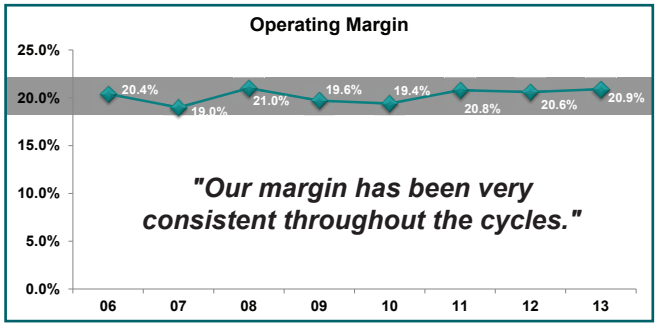


"The GREAT RECESSION followed by a Great Recovery"

First, any policy that artificially suppresses interest rates really is an attack on the safe asset class. The Federal Reserve may have protected the safe assets but it is not currently rewarding this asset class, which really is what interest rates are. Bank deposits essentially earn zero interest, so if you sit on cash you get nothing. Long-term rates such as the U.S. 10-year Treasury bond are currently around 2.7 percent – well below historical averages and barely keeping pace with inflation. So what are the options available to holders of safe assets? You can sit and get paid nothing or you can start looking outside the security of the traditional safe asset class. While there are many different asset classes stocks are a logical and viable alternative, particularly stocks like Mullen that pay investors an annual dividend. At a current rate of $1.20 per share investors can buy a Mullen share and

"Mullen has distributed over $800 million to shareholders by way of trust distributions or dividends since 2005."

get paid, which is similar in some respects to an interest rate on safe assets. One of our key roles today as senior executives is to provide investors with the "Confidence" that their money is "safe" when they invest in Mullen. We have a strong diversified organization, supported by a very talented team, operating in two sectors of the economy that we understand –Trucking/Logistics and Oilfield Services. Our ultimate objective is to convince investors that an investment in Mullen should be viewed as a **SAFE INVESTMENT**.



In addition, an investment in Mullen offers the potential for some growth as the economy and the markets we serve expand. This is the second attribute of the Great Recovery – economic expansion is really what the Federal Reserve is after. Stability, followed by economic growth, jobs for the underemployed and eventually government deficits fall. Sure sounds like a good plan and perhaps the path that the Monetary Aristocrats have embarked upon will achieve these intended goals. However, even some of the members of the Federal Reserve acknowledge that these goals are still unrealized. In a speech recently, Philadelphia Federal Reserve President, Charles Plosser, said: "*We should be aware of the unintended consequences of monetary policy around the world. We have initiated programs and policies that we have never tried before and we have to be cautious in thinking about the risk that policies engender and worry about those to make sure that they do not get out of line and overtake the economy in a negative way.*" Time will tell; however, my personal perspective is that what is needed to fuel the next wave of sustainable real growth is Sound Fiscal Policy (effective taxation, a more productive regulatory environment accompanied by controls on government spending and investments in infrastructure). **TIME WILL TELL!!!**

In this next section I will outline the three areas of potential growth for Mullen. However, I do not want to mislead our shareholders. Mullen is not the traditional growth story that was once our trademark. Our primary focus today is distributing cash generated from the business to our shareholders by way of ***sustainable dividends.*** *Our view currently is that while there are opportunities to grow, the returns associated with these opportunities are below our historical standards and involve a much higher degree of risk. As such any growth will be both measured and strategic. We cannot take big risks and be safe at the same time. Therefore, we will not take big risks. Nevertheless, there are a few quality opportunities that we hope to capitalize upon over the course of the next few years.*

1 WE WILL GROW AS THE ECONOMY EXPANDS

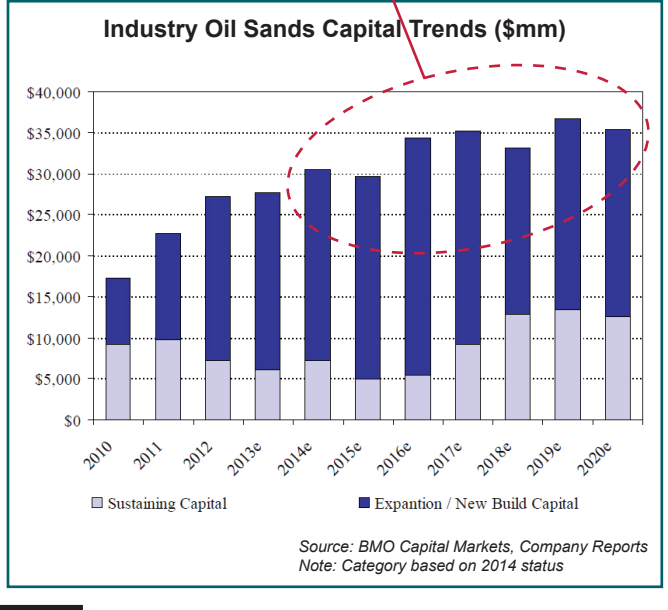
2.0 percent doesn't sound like much and in fact it isn't. However, if we consider the compounding effect of 2.0 percent annual growth over an extended period there will be an inflection point where the growth becomes sufficient to use up all of the productive capacity in the economy. Consider the size of the economy today versus 2009. It's not just 2.0 percent bigger. Its 2.0 percent per year multiplied by five years. And while the recovery has not been robust it has nevertheless been steady. It's just not strong enough to produce inflation or to justify any real pricing leverage. At Mullen we have witnessed virtually the same pattern. Nothing particularly spectacular – just a **steady performance** that generally speaking tracks the GDP of the Canadian economy.

There is another important element that requires consideration and that relates to the role demographics will have on the availability of professional truck drivers, particularly for long-haul drivers. This is a well-known trend but it is my premise that we are actually nearing a critical stage when age becomes a real issue. Quite simply, this part of the industry is unable to attract young drivers. As such, it is only a matter of a few years before this issue has a real impact. Any market that has demand growth accompanied by supply restraint can expect pricing leverage. I continue to hold onto this belief – that the day will come when pricing leverage returns to the Trucking/Logistics sector. Until then we must remain competitive and accept margins that are below our expectations. Mullen shareholders will ultimately benefit from our understanding of this emerging trend.

2 THE ENERGY STORY CONTINUES TO EVOLVE

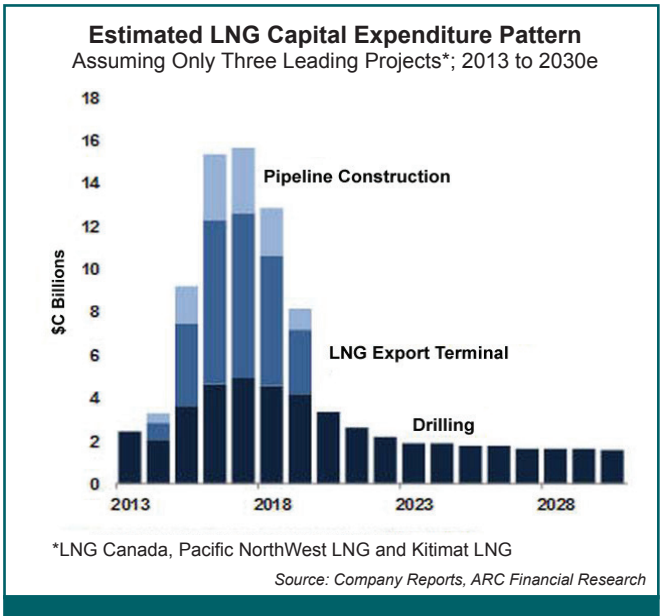
Energy offers Mullen shareholders the best growth potential for a couple of reasons. **First,** energy in the form of natural gas or crude oil is a consumable, which means the oil and natural gas industry must continue to pursue the next molecule for future consumption. All economies need energy. **Second,** North America is resource-rich, an advantage that not all countries are afforded. Western Canada happens to be blessed with some of the very best prospects in North America and is our primary base of business. That's an attractive combination – ongoing demand accompanied by opportunity in a market we know, understand and in which we already have a large presence. But the energy story is a complicated one and subject to cyclical ebbs and flows, highs and lows. It can also be extremely competitive especially following a cyclical high. Demand levels and pricing can decline very quickly, challenging even the best operators. This is why experience and diversification are such important factors for shareholders to consider before investing in the sector. At Mullen we have both.

"The expectation is that oil sands investment will expand considerably over the next five years – if access to new markets is supported by Canadians."



I won't repeat my diatribe in last year's message but I will refer you to it. I spoke about Canada's need for pipelines – it is that simple. As the U.S. embarks on a full court press toward energy self-sufficiency, Canadians must realize that there are two obvious outcomes. **First,** the U.S. will not need as much of our oil or natural gas. As their production grows they will import less from Canada. **Second,** and of equal importance, is the potential for the U.S., once our biggest and only outside consumer of these commodities, to be our biggest competitor! Under this dual threat we must build pipelines and infrastructure that will allow oil and gas companies access to new overseas markets. We need pipelines for both commodities if Canada is to maintain its economic standing, create good jobs and have the tax revenues so badly needed. **WE NEED PIPELINES – IT REMAINS THAT SIMPLE!**

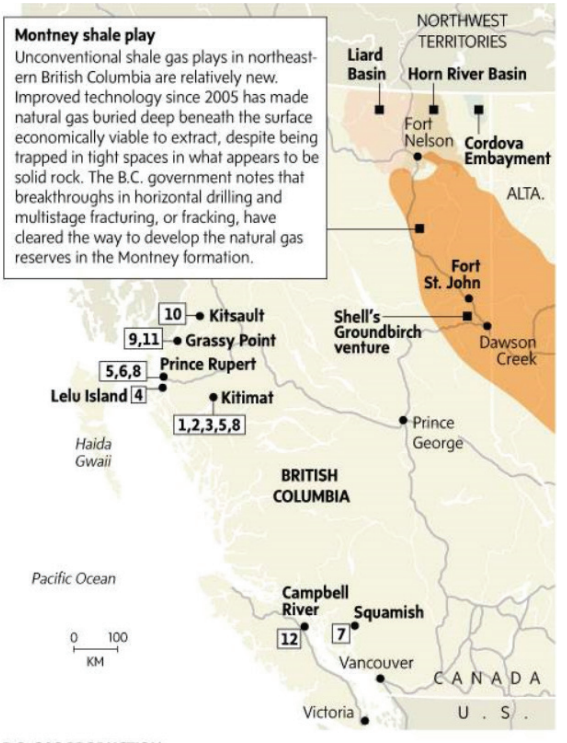
If the governments can facilitate approval of the many planned projects, there will be continued development of Canada's vast energy supplies. As you can see from the graphs the potential investment for both commodities is immense. And to Mullen – investment means growth!



"Exporting natural gas to new markets requires 'liquefying the gas for transportation by ship'. LNG represents a tremendous opportunity for Canada's vast natural gas resource."

continued... **2. THE ENERGY STORY CONTINUES TO EVOLVE**

SHALE GAS REGIONS



1. KITIMAT LNG
2. DOUGLAS CHANNEL ENERGY
3. LNG CANADA
4. PACIFIC NORTHWEST LNG
5. WEST COAST CANADA LNG
6. PRINCE RUPERT LNG
7. WOODFIBRE LNG EXPORT
8. TRITON LNG
9. AURORA LNG
10. KITSAULT LNG
11. WOODSIDE LNG
12. DISCOVERY LNG

"No one knows exactly how many projects will be approved but there are currently a dozen projects being considered, and the list keeps growing."

Sources: John Sopinski and Brent Jang, The Globe and Mail i National Energy Board; Spectra Energy

3. ACQUISITIONS

Since 1993 Mullen has been on a steadfast mission – **WE ACQUIRE COMPANIES AND STRIVE TO IMPROVE THEIR PERFORMANCE**. However, the current market conditions are different than the last 20 years. The opportunities we review are not of a caliber that excite us. Furthermore, the valuations are outside our comfort zone primarily, I believe, due to the amount of easy money in the system, all of which is looking for a home. We know and understand the risks associated with acquisitions whereas today's money managers just want the deal. Perhaps this capital is being misallocated and will ultimately end badly for some; the reality is that cheap easy money is a major source of competition for our acquisition strategy. While we have no alternative but to accept this fact, we will continue to be on the lookout for the next great opportunity. It will, however, have to be a great company and strategic to Mullen.

FINAL WORD

There is no better way to end a Chairman's Message then to let the shareholders know that I fully expect 2014 will be another record year in terms of revenue and operating profitability for the Mullen Group. It won't be easy for all the reasons I have written about but I know our organization is up to the challenge. We have a very talented and motivated group of people managing and operating our 26 Operating Entities and they know what it takes to compete. However, it also takes capital to be competitive, which is why the Board approved a $100 million CAPEX program for 2014. This investment will ensure the Mullen Group remains an industry leader in the markets we serve and an Employer of Choice.

It will also take discipline, particularly on the cost side of our business to maintain our profitability until growth returns. And on this issue our Corporate Office is leading the way – looking at a number of initiatives. The most notable from a shareholder perspective relates to the changing of auditors from KPMG LLP to PricewaterhouseCoopers LLP, both high quality audit firms. Quite simply we were presented with an opportunity to reduce the cost of the audit. Our obligation to shareholders is to ensure we receive the overall best cost/value proposition available. I know that our Operating Entities have to fight this very same battle every day, which is why we take nothing for granted.

One last point of interest that I will address and that is the Annual Dividend. At $1.20 per share we currently pay out $110 million to shareholders annually, which represents approximately 37 percent of the operating income Mullen generated in 2013, an amount we are totally comfortable with and in keeping with our strategy of ensuring Mullen is, and continues to be, recognized by shareholders as a Safe Asset. By maintaining the dividend at the current level any additional funds generated in excess of current requirements will be used to facilitate internal growth initiatives, assuming of course that Canada Supports the Building of New Pipelines. But I am an optimist on this one because it just makes so much sense and having capital available when the opportunity arises is what we do at the Mullen Group – **WE THINK TOMORROW**. So, in essence, our strategy is to build the base sustainable cash flow through internal growth and then increase the dividend. We trust you agree with our approach.

Thank you to our shareholders for your continued support. And THANK YOU to all of our employees and owner operators. Your passion, your commitment to finding new and creative ways to ensure your Operating Entity remains best-in-class is a challenge to those of us here in the Corporate Office. I can assure you, we also will be looking at ways to make this organization even better. **KEEP SAFE OUT THERE – we need you and YOUR FAMILY needs you!!!**

Sincerely, and on behalf of your Board of Directors,

Murray K. Mullen
Chairman and Chief Executive Officer
March 12, 2014

OUR CULTURE – PEOPLE, SAFETY AND COMMUNITY

Prepared by:
RICHARD MALONEY
Senior Vice President

and
CATHY DELAY
Director of Human Resources

The success of our Self Managed Business Unit model is based on the principles of leadership and accountability. By adhering to these principles we have created a people-focused culture within the Mullen Group that is committed to a safe working environment where people want to work and where we are viewed as a responsible employer in the communities in which we operate. We call this being an EMPLOYER OF CHOICE.

PEOPLE

In our pursuit of being an **EMPLOYER OF CHOICE** we have developed our HR Strategy and Employment Standards around a specific set of Guiding Principles, Core Objectives and Basic Principles of Frontline Leadership. Through our HR Dashboard, we measure Key Performance Indicators ("KPI") that tell us what is working in our Operating Entities and, just as importantly, what is not. From this we are able to direct improvement initiatives to enhance our HR Strategies.

In 2013 our workforce grew to 5,996 employees and owner operators, which was a 10 percent increase from 2012. One of the KPI we monitor within our overall group is that of turnover. In 2013 we recorded a 9 percent improvement in turnover compared to 2012; simply stated, fewer people left in 2013. We also monitor Revenue Generating to Non-Revenue Generating ("RTNR") workers within our Operating Entities, which tells us how effective we are at managing our general and administrative expenses. (Generally, the higher the number the more efficient we are.) While our RTNR was 4.3:1 in both 2012 and 2013 we expect to achieve improvement as we continue to invest in technologies and information systems that will enhance our operating capabilities. Another key metric is education and training. We know that in most cases a well-trained workforce will make better, safer decisions and we expect all of our people to complete at least 20 hours of education and training each year. In 2013 we recorded 135,000 hours of training, being equal to 22.5 hours/person and remaining in-line with the prior year. Finally, Mullen Group closely monitors workforce demographics since we know that the aging of our workforce will pose challenges in the coming years. In 2013 the average age of our workforce was 42.

Mullen Group's commitment to leadership development has been a key contributor to our success and the reason so many of our people have been able to advance within the organization. Our leadership development program is based on the concepts of our award-winning ***On The Road To Quality*** program, our ***Strategies for a Successful Organization*** doctrine and our ***Business Management Certificate*** program, which in its 20th year has graduated 500 students. Finally, we are proud to support the children of our employees who are pursuing post-secondary education. Through the Roland and Leona Mullen scholarship we have provided $295,000 of funding to 206 kids since its inception in 2004.

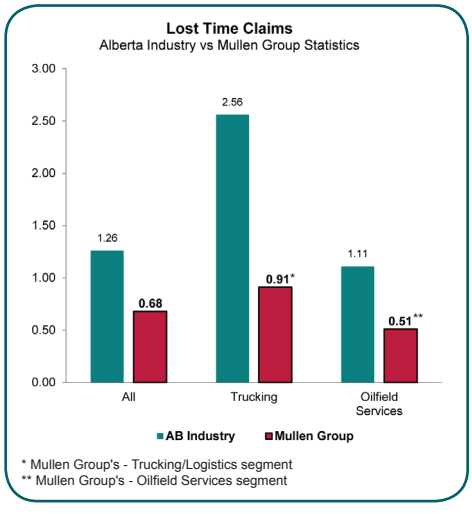
SAFETY

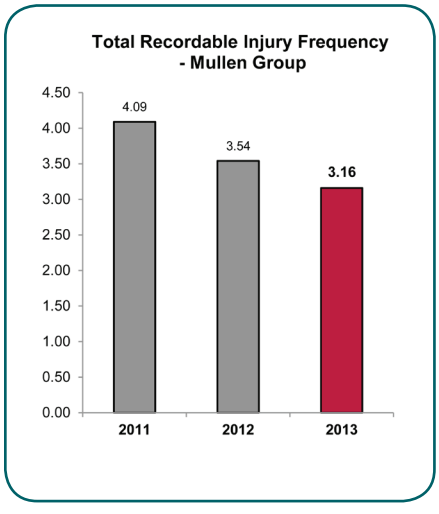
We expect each of our Operating Entities to pursue Excellence in Safety – accepting anything less would be the same as compromising the well-being of our people, which is not acceptable. Within the Mullen Group we have established HSE Guidelines that provide a road map for our Operating Entities to create a Health, Safety and Environmental Management System (HSEMS) that works for their company and for the industry in which they operate. Each year the Mullen Group evaluates the effectiveness of its Operating Entities' HSEMS through a

"Mullen Group believes that our culture is the foundation that supports our long-term strategy and we will be relentless in our pursuit of being the EMPLOYER OF CHOICE."

comprehensive safety audit that we call the Grand Prize Safety Award or GPSA. The GPSA evaluates, among other things: the leadership team's commitment to HSE; our focus on hiring, training and certification; and hazard assessment. The GPSA has proven to be a very effective tool in the improvement of our overall performance – both operationally and from a safety perspective. ***The 2013 GPSA winner was Mill Creek Motor Freight L.P.***

In 2013, Mullen Group's lost-time claims ("LTC") were notably better than industry. As the chart indicates below, Mullen's LTC frequency is virtually half of All Industries in the province of Alberta. Moreover, our TRIF, or total recordable injury frequency – a measure that identifies total LTC, Medical Aids and Modified Work cases for a given group, continues to improve each year. These results reflect our focus on being an industry leader in terms of safety performance.





COMMUNITY

Every year Mullen Group, our Operating Entities, and our people make significant contributions to the communities in which we operate through monetary sponsorship, donations and volunteering. In 2013 alone we donated over $600,000 to charitable causes, local sponsorship and community support initiatives. Mullen Group is able to support communities and numerous charitable causes because we have a proven business model that is both sustainable and profitable.

As many of you know, the 2013 flooding in southern Alberta was an unprecedented tragedy that impacted many communities and hundreds of thousands of people. This event was all the more tragic to Mullen Group since a number of our people had homes in High River, Alberta, one of the areas most significantly impacted by the floods. Many of our people sustained extensive damage to their homes leaving them without a place to live for many months while others outright lost their homes and many personal belongings. Mullen Group and our Operating Entities helped support our people and the greater High River community in a number of ways. We made Mullen Trucking's operational terminal, based in Aldersyde, Alberta, available to our people as a temporary residence, and provided clothing and food donated by employees not impacted by the floods. We mobilized a fleet of vacuum trucks to assist with the cleanup of homes for our people, their families and their friends. We assisted the M.D. of Foothills with their disaster recovery plan. Finally, our Canadian Dewatering group was instrumental in pumping out the water that was trapped in the Town of High River. Supporting the communities in which we work, make our homes and raise our families has always been a fundamental belief of our company.

As we look forward to the next 10 years we know that recruiting and retaining talented people will become more challenging. Successful companies – those able to hire the best and brightest talent – will need a people focused culture. Knowing that it is people, not companies, that provide customer service, we have developed this people focused culture by creating a safe and quality work environment, where growth opportunities are available to everyone, and where our people are properly compensated for what they do. Mullen Group believes that our culture is the foundation that supports our long-term strategy and we will be relentless in our pursuit of being the **EMPLOYER OF CHOICE**.

BMC Graduation Class of '2013'

At the Mullen Group we have developed our own Business Management Certificate Program and since it's inception 20 years ago we have graduated 500 students. In 2013 the BMC Program graduated another 41 employees at the Banff Centre in Banff, Alberta.

WE THINK tomorrow

ADVISORY:
This message may contain forward-looking statements that are subject to risk factors associated with the oil and natural gas business and the overall economy. Mullen Group believes that the expectations reflected in this message are reasonable, but results may be affected by a variety of variables. Mullen Group relies on litigation protection for "forward-looking statements. Mullen Group is a company that owns a network of independently operated businesses.

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