BIRD
CONSTRUCTION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED MARCH 31, 2013

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Inc.'s ("the Company" or "Bird") financial condition and results of operations should be read in conjunction with the December 31, 2012 consolidated financial statements of Bird Construction Inc. and the notes thereto presented in comparison to the preceding year. This discussion contains forward looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by these statements. See "Forward Looking Information". Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks Relating to the Business" and "Risks Relating to the Shares" included in the Company's most current Annual Information Form dated March 12, 2013. This MD&A has been prepared as of May 13, 2013. Additional information about the Company is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and includes the Company's Annual Information Form and other filings, including those filed by its predecessor, Bird Construction Income Fund ("the Fund").

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EXECUTIVE SUMMARY:

(thousands of dollars, except per share amounts)	For the three months ended March 31 2013	2012
Income Statement Data		
Revenue	$ 288,464	$ 294,654
Net income (1)	2,431	6,435
Basic and diluted earnings per share	0.06	0.15
Adjusted Net Income (3)		
Adjusted net income	3,191	7,242
Adjusted net income per share	0.08	0.17
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	8,361	15,755
Cash flows from operations	(20,266)	(14,699)
Additions to property and equipment (2)	6,745	5,375
Cash dividends paid	7,631	6,955
Cash dividends declared per share	0.18	0.17
	March 31, 2013	December 31, 2012
Balance Sheet Data		
Total assets	661,428	718,147
Working capital	140,260	154,427
Loans and borrowings (including current portion)	45,737	48,174
Shareholders' equity	191,440	191,565

(1) includes comprehensive income, hereafter referred to as net income

(2) computer software purchases included in intangible assets

(3) adjusted net income is a non-GAAP measure and does not have standardized meaning. See page 4.

HIGHLIGHTS DURING THE QUARTER:

- During the first quarter of 2013, the Company generated quarterly revenues of $288.5 million and quarterly net income of $2.4 million, compared with revenues of $294.7 million and net income of $6.4 million in the first quarter of 2012. The reduction in net income in 2013 is a result of lower gross profit margins, combined with higher general and administrative expenses.

- For the first quarter of 2013, the Company's adjusted net income (non-GAAP measure) was $3.2 million, compared with $7.2 million in 2012. The first quarter adjusted net income per share was $0.08 in 2013 compared with $0.17 in 2012.

- On January 17, 2013, the Company completed the acquisition of Nason Contracting Group Ltd. ("Nason"). The purchase price for the acquisition was $12.4 million, which includes estimated post-closing purchase price adjustments, plus the fair value of the obligation for the contingent consideration. Nason is a recognized leader in the construction of water and wastewater facilities in Western Canada. Nason has a 40-year track record of successful construction projects throughout Alberta, British Columbia, Saskatchewan, Yukon and the Northwest Territories. Nason's head office, shops and yard are located in St. Albert, Alberta. Nason performs the majority of its work with its own forces, having particular strength in the execution of mechanical, electrical and instrumentation work.

- The Company's Board of Directors approved a 5.5% increase in the monthly dividend from $0.060 to $0.063 per share effective with the March 2013 dividend.

- During 2013, the Company secured $235.0 million of new construction contracts including change orders on existing contracts. The Company acquired $8.2 million of backlog resulting from the Nason acquisition, and put in place work valued at $288.5 million. The Company has in place backlog at March 31, 2013 of $1,028.6 million, compared to $1,073.9 million as at December 31, 2012.

ADJUSTED NET INCOME MEASURE (NON-GAAP INFORMATION):

As disclosed in note 5 to the annual consolidated financial statements for the year ended December 31, 2012, $6.0 million of the total purchase price attributable to the H.J. O'Connell, Limited ("O'Connell") acquisition was allocated to the value of the backlog acquired, $8.4 million was allocated to the value attributed to customer relationships and $0.8 million of transaction costs was expensed in the period. In addition, $0.9 million was allocated to the value of the backlog acquired through the Nason acquisition. For accounting purposes, these intangible assets are assumed to have finite useful lives and accordingly, the amounts are amortized and expensed to income over the expected useful life of the respective assets. Management believes this accounting principle implies that there is a decline in the value of the acquisitions to the Company immediately. Management believes that this principle is not consistent with the economics used by it to support the O'Connell and Nason acquisitions, as the earnings potential of the business is not diminished by the amortization of the intangible assets. Accordingly, adjusted net income excludes the non-cash amortization expense associated with intangible assets, including the intangible asset amortization relating to the Rideau transaction completed in 2008. Adjusted net income also excludes transaction costs incurred in 2013 associated with the acquisition of Nason as such costs are non-recurring expenses undertaken to achieve increased long-term future earnings and cash flows, and are not associated with the income generating activities undertaken during the year. Management believes that the presentation of adjusted net income and adjusted net income per share provides useful information to shareholders and potential investors as it provides increased transparency and predictive value. Management uses adjusted net income to set targets, assess performance of the Company and set the Company's dividend payout rate.

NON-GAAP MEASURE:

Adjusted net income and adjusted net income per share have no standardized meaning prescribed by GAAP and are not considered GAAP measures. Therefore, these measures may not be comparable with similar measures presented by others.

Adjusted Net Income (Non-GAAP Information)
(thousands of dollars, except per share amounts)

	For the three months ended March 31 2013	2012
Net income as reported in financial statements (GAAP)	$ 2,431	$ 6,435
Add: Amortization of intangible assets	872	1,094
Add: Transaction costs	166	-
Add: Associated tax effect	(278)	(287)
Adjusted net income (Non-GAAP Measure)	$ 3,191	$ 7,242
Adjusted net income per share (Non-GAAP Measure)	$ 0.08	$ 0.17

In the first quarter of 2013, adjusted net income of $3.2 million ($0.08 per share) compares to $7.2 million ($0.17 per share) in 2012.

NATURE OF THE BUSINESS:

The Company operates as a general contractor with offices in St. John's, Halifax, Saint John, Wabush, Montreal, Toronto, Winnipeg, Calgary, Edmonton, St. Albert and Vancouver. The Company and its predecessors have been in operation for over 90 years and focus primarily on projects in the industrial, mining, commercial and institutional sectors of the general contracting industry. The Company utilizes fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods.

While Bird self-performs some scopes of work on its projects, particularly in the industrial market sector, the majority of the overall construction risk rests with its subcontractors. The scope of the work of each subcontractor is defined by the same contract documents that form the basis of the Company's agreement with its clients. The terms of the agreement between the Company and its clients are replicated in the agreement between the Company and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by the Company. Depending on the value of the work, the Company may require bonds or other forms of contract security from subcontractors which will help mitigate exposure to possible additional costs should a subcontractor not be able to meet their contractual obligations. Bird's primary constraint on growth is the securement of new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

MISSION STATEMENT:

The Company's mission statement is as follows:

> **Bird Construction Company turns ideas into reality through a tradition of building trust, delivering exceptional client service and creating value.**

The Company's long record of success is based on trust that has been built with clients, employees and business partners and a commitment to providing exceptional customer service. We are committed to providing a remarkable customer experience for our clients by understanding their goals for their project and then ensuring that these objectives are achieved. The Company's core values include:

Safety

- Safety is a moral obligation. Our goal is to attain a zero incident frequency.

Teamwork

- We believe that the best results are achieved when everyone works together; our staff, our clients, our consultants and our subcontractors and suppliers.

Honesty and Integrity

- We do what we say. We are always honest, truthful and conduct ourselves with integrity.

Fairness

- We treat others as we would wish to be treated.

Professionalism and Excellence

- We conduct ourselves in a manner of which we are proud; as individuals, and as representatives of our Company and industry.

Personal Growth

- We support employees in their goal to expand their skills and experience. We believe that employees are entitled to meaningful, satisfying work as they help advance the goals of the Company.

STRATEGY:

The Company will pursue organic growth by expanding its construction activities for clients in the industrial, commercial and institutional market sectors. The Company will continue to utilize a range of contract formats and also will continue to pursue design-build projects across all market sectors. The design work required for these projects is typically specialized and varies widely based on the project type. Accordingly, the Company will continue to outsource design services in order to efficiently access the best expertise available. The Company's long-standing record of providing a quality product to its clients on time and standing behind that product after completion of construction has provided the opportunity for the Company to work with many clients on a repeat basis. The Company will continue to emphasize operational excellence as a means for generating new opportunities and thereby creating value.

The Company has secured and will continue to pursue design-build contracts with clients participating in the Public Private Partnership ("PPP") market in the institutional sector. In addition to the Company's more traditional role of acting as a construction contractor to the PPP project, the Company is actively looking to acquire an equity position in PPP projects as a means to support its construction operations and generate additional construction opportunities. The Company has accumulated shareholders' equity in order to have the financial capacity to pre-qualify for PPP construction contracts and should the right opportunities arise, acquire a non-controlling ownership interest in the PPP concession, using internally generated funds. In 2012, the Company was part of consortia short-listed to proceed to prepare bids for the Iqaluit International Airport Improvement project and the North Island Hospitals project located on Vancouver Island. These two projects have yet to be awarded. In addition, the Company is submitting a bid for the East Rail Maintenance Facility in Toronto. The Company will have a minority equity position in these projects in addition to serving as a member of the respective design-build team, should the securement be successful.

The Company has developed expertise in the construction of water and wastewater treatment facilities and will continue to capitalize on this expertise. On January 17, 2013, the Company acquired all of the outstanding shares of Nason as part of its strategy in this market. Nason has a 40-year track record and is a recognized leader in the construction of water and wastewater facilities in Western Canada. Nason performs the majority of its work with its own forces and has particular strength in the execution of mechanical, electrical and instrumentation work.

While there has been some recent signs of uncertainty in the industrial market, the Company is still well positioned to capitalize on numerous construction activities in northern Alberta. In addition, the Company is also positioning itself to address the maintenance requirements of our oil sands clients. Achievement of this strategic initiative may be accomplished through an acquisition or through organic growth, or a combination of both. With oil sands production methods becoming increasingly more environmentally friendly, the Company will seek to develop construction expertise in the area of steam-assisted gravity drainage ("SAGD") as the industry moves in this direction. Through the acquisition of O'Connell, the Company expects to benefit from the many attractive opportunities that are expected to arise through the continued development of Canada's resource sector.

Bird has secured several heavy civil construction contracts with earth moving components in northern Alberta and the Company will continue to pursue these opportunities in the future.

Bird will continue its efforts to attract and retain a highly skilled professional work force to increase its capacity and productivity to deliver increasing revenues and earnings in the future. Bird prides itself in providing a working environment for its employees based on the principles of honesty, integrity, excellence and professionalism. We support employees in their goal to expand their skills and experience. The Company believes that employees are entitled to meaningful, satisfying work as they help advance the goals of the organization.

The Company emphasizes providing a safe working environment for its employees and those of its subcontractors. Our safety program is supported through ongoing safety training programs, on-site safety supervision and audits of these programs.

KEY PERFORMANCE DRIVERS:

Securing profitable construction contracts and then controlling the costs during the execution of that work are key drivers of success for the Company.

In order to achieve this, new work must be available, which is a function of the general state of the economy. In periods of strong economic growth, capital spending will generally increase and there will be more opportunities available in the construction industry. Economic conditions in the construction industry generally improved in the latter half of 2011 and throughout the first half of 2012, with this improvement being reflected in the Company's revenues and gross margins reported throughout 2012. Economic conditions generally weakened in the latter half of 2012 and there are now some indications that conditions may be improving.

However, the market for construction services continues to be very competitive which may have the potential to reduce gross margins on new awards.

The Company must be successful in securing profitable work when it is available. The construction industry is highly fragmented and accordingly, the Company competes with a number of international, national, regional and local construction firms. One of the Company's competitive advantages rests in its long-standing reputation for delivering high quality projects that fully meet the needs of the customer.

The Company's success in securing work is also reflected in the value of backlog, which is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the reporting period. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence. The following table shows the Company's backlog at the end of the comparative reporting periods. The Company's current level of backlog of $1,028.6 million is substantial, but the Company must be successful in securing additional projects to achieve its strategic objectives.

Backlog (thousands of dollars)		March 31, 2013		March 31, 2012		December 31, 2012
Backlog	$	1,028,600	$	1,165,900	$	1,073,900

Once the Company has secured a potentially profitable contract, the profitability of that contract, measured by the gross profit percentage, is primarily a function of management's ability to control the costs associated with that contract. The following table shows the gross margin percentage realized by the Company in the comparative periods.

Three months ended March 31, 2013	**Three months ended March 31, 2012**	**Year ended December 31, 2012**
6.1%	7.4%	9.8%

In the first quarter of 2013, the Company realized a gross profit percentage of 6.1%. The decline in the gross profit percentage for the quarter is a result of the timing and mix of construction projects combined with operational challenges on a couple of projects which resulted in lower productivity and schedule delays serving to increase construction costs in the quarter. The gross margin percentages recognized in the first quarter of 2012 and throughout 2012 reflected improved market conditions that were experienced in the last half of 2011 and the first two quarters of 2012.

Financial condition

In order to pursue and secure projects, the Company must have adequate working capital and equity retained in the business to support its surety and contract security requirements. The Company continually monitors the adequacy of its working capital and equity to satisfy contract security needs. The following shows the working capital and equity of the Company in the comparative reporting periods.

(thousands of dollars)		**March 31, 2013**		**March 31, 2012**		**December 31, 2012**
Working capital	$	140,260	$	125,711	$	154,427
Shareholders' equity	$	191,440	$	161,728	$	191,565

The $14.2 million decline in the amount of working capital in the quarter ended March 31, 2013 is primarily a result of $5.6 million of cash applied to the acquisition of Nason, $6.3 million invested in property and equipment, and $2.5 million applied to the repayment of debt.

The change in amount of shareholders' equity from December 31, 2012 represents the extent to which dividends declared exceeded earnings in the current quarter, offset to some extent by the issuance of 363,007 common shares valued at $5 million as part of the acquisition of Nason.

The Company believes it has sufficient working capital and equity to conduct its business in the ordinary course plus an amount to accommodate potential strategic initiatives.

Safety
At Bird we recognize that on a construction site, the difference between being fully committed to people and safety and not being fully committed can often be measured in life-altering injuries or lives. As such, we believe that safety is everybody's responsibility, every minute of every day on every job – from the workers on our project sites to the leadership of the organization. Our goal is to create and sustain an environment and culture where everybody understands, accepts and actively shares in this responsibility.

To this end, Bird will continue to commit every reasonable effort in the interest of incident prevention and to ensure that all workers on our projects and in our offices can expect to go home at the end of the work day as healthy as when they arrived. We will collaborate with our employees, our subcontractors, our clients and our suppliers in a spirit of consultation and cooperation to achieve this.

In the first quarter of 2013, Bird executed over 800,000 manhours of work, incurring a single lost time incident (LTI) for an LTI frequency of 0.24.

Lost Time Incident Frequency

Three months ended March 31, 2013	Three months ended March 31, 2012	Year ended December 31, 2012
0.24	0.61	0.50

RESULTS OF OPERATIONS:

THREE MONTHS ENDED MARCH 31, 2013 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2012

In the first quarter of 2013, the Company generated quarterly earnings of $2.4 million on quarterly construction revenue of $288.5 million compared with $6.4 million and $294.7 million, respectively, in 2012. The decrease in current quarter earnings is a result of a decrease in the Company's gross profit recognized on projects combined with higher general and administrative expenses. The decrease in earnings is in part attributable to lower margins, primarily due to a change in the timing and mix of work executed in the respective periods.

In the first quarter of 2013, the Company generated adjusted net income (non-GAAP measure) of $3.2 million compared with $7.2 million in 2012.

Construction revenue of $288.5 million was comparable to the $294.7 million recorded in the first quarter of 2012.

In the first quarter of 2013, the Company's gross profit of $17.6 million compares with $21.9 million recorded a year ago. The reduction in the Company's gross profit as compared with the prior year is attributable to lower gross profit margins as a result of the timing and mix of construction projects executed in the respective periods. In the first quarter of 2013, the gross profit margin was 6.1% compared with 7.4% in 2012. Furthermore, the Company was impacted by operational challenges that affected schedule and productivity on a couple of projects which resulted in an increase to costs on those projects.

General and administrative expenses of $14.7 million in the quarter were $1.3 million higher than the amount recorded in 2012. The increase is primarily attributable to the inclusion of the Nason general and administrative costs in 2013 and an increase in staff costs needed to support the Company's long-term strategy. General and administrative costs represent 5.1% of construction revenues in 2013 compared with 4.5% of construction revenues in 2012. The increase in the percentage of general and administrative costs is due to the addition of Nason general and administrative costs and the requirement for additional staff to support higher construction activity projected in the Company's long-term strategy.

Finance income of $1.4 million in the quarter was $0.4 million higher than the amount recorded in 2012. The increase is due to the recording of a $0.4 million unrealized gain on our portfolio investments.

Finance costs of $0.9 million were comparable to the $0.8 million recorded in the first quarter of 2012.

In 2013, income tax expense of $0.9 million was $1.4 million lower than 2012, consistent with lower pre-tax earnings in the first quarter of 2013.

FUTURE OPERATING PERFORMANCE:

Successful financial performance of the Company is dependent upon securing profitable construction contracts and then controlling the costs associated with the execution of the work. The ability to secure contracts is a function of the general state of the economy. At March 31, 2013, the Company's backlog stands at $1.03 billion. Management is cautiously optimistic that improving market conditions may have a positive impact on the level of contract awards in the next few quarters, which could impact the Company's operating results late in 2013 and beyond.

The Company is pursuing larger scale and self performed heavy civil opportunities in Canada's commodity, mining and hydro power markets. Recent volatility in commodity pricing has caused some of our clients to re-examine their capital spending plans, which has resulted in uncertain timing for future large scale construction prospects; however, the Company is well positioned to capitalize on many smaller to medium size opportunities which continue to come to market.

The industrial market contributed 43% of 2012 revenues (31% in 2011). Although the outlook for the level of 2013 oil sands activity remains somewhat uncertain due to a combination of constraints surrounding pipeline capacity and volatile commodity pricing, reasonable amounts of oil sands activity is expected to continue into 2013, and Bird has the capacity to participate successfully in this sector moving forward. The Company is seeing an increase in the level of engineering and procurement activity related to a number of projects in the industrial market and these opportunities are expected to come to market in the near future. Mining sector activity is also expected to be somewhat uncertain, making it difficult to produce the results that the Company desires. However, the Company is currently pursuing a number of other civil and industrial work programs which could contribute to results in 2013 and beyond.

The institutional sector represented 37% of 2012 revenues (58% in 2011). The Company anticipates that institutional spending will be limited, as all levels of government are still under pressure to address budget deficits. However, the Company will continue to be active in the PPP sector and will be submitting proposals for projects of this nature in 2013 and beyond. Competition for these projects will continue to be intense and there can be no assurance that the Company will be successful in achieving contract awards. It is anticipated that the results in 2013 will be close to that produced in 2012 in the institutional sector.

The retail and commercial sector represented 20% of 2012 revenues (11% in 2011). In 2013, the Company expects this sector to remain consistent with 2012, with a reasonable number of prospects coming to market, although this sector will remain very competitive.

While we remain confident in our longer-term prospects, the 2013 results will be lower than 2012, based on the level of profitability we anticipate our backlog will produce and the anticipated market conditions for the remainder of the year. We are cautiously optimistic that improving conditions will prevail late in 2013 to support improved results in the following year.

Backlog

During the first quarter, the Company secured $235.0 million in new construction contracts (including change orders to existing contracts) and acquired $8.2 million of backlog resulting from the Nason acquisition on January 17, 2013. The Company's backlog is $1,028.6 million at March 31, 2013, compared to $1,073.9 million as at December 31, 2012. With respect to the current backlog, $748.1 million is expected to be put in place during 2013, leaving $280.5 million to carry forward to 2014 and beyond. The following table outlines the changes in the amount of the Company's backlog throughout the current fiscal period and with a comparison to the prior year.

Backlog
(thousands of dollars)

December 31, 2011	$	1,235.6
Securements and Change Orders in 2012		1,293.2
Realized in construction revenues in 2012		(1,454.9)
December 31, 2012	$	1,073.9
Securements and Change Orders in 2013		235.0
Acquisition of Nason		8.2
Realized in construction revenues in 2013		(288.5)
	$	1,028.6

In addition to backlog, at March 31, 2013, the value of uncompleted construction management contract work, for which the Company acts as an agent for the customer, is $87.5 million, compared with $96.0 million at December 31, 2012.

ACCOUNTING POLICIES:

The Company's significant accounting policies are outlined in the notes to the March 31, 2013 Unaudited Condensed Consolidated Interim Financial Statements. The Unaudited Condensed Consolidated Interim Financial Statements were prepared using the same accounting policies as our most recent annual consolidated financial statements, except for the adoption of new standards effective as of January 1, 2013. The adoption of these new standards did not have a material impact on the methods of computation or on the presentation of the Company's consolidated financial statements.

Future accounting changes

IFRS 9 *Financial Instruments* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments - Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized costs and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010, and they largely carried forward existing requirements in IAS 39 *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. In January 2012, the effective date was revised to January 1, 2015, with earlier application permitted. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

SUMMARY OF QUARTERLY RESULTS:

The table below summarizes the results for the eight most recent quarters (in thousands of dollars, except per share amounts). Although the Company experiences some seasonality in its business, variations in net income from quarter to quarter primarily reflect the differences in the profitability of the contracts administered in the respective quarters. Contracts typically extend over several quarters and sometimes over several years. For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of gross profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline, although certain risks will remain until the contract has been completed, and even beyond. As a result, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in immediately prior quarters.

There are also a number of other factors that can affect the Company's revenues and profit from quarter to quarter. These include the timing of contract awards, the value of subcontractor billings and project scheduling. Management does not believe that any individual factor is responsible for changes in revenue from quarter to quarter.

(thousands of dollars)	2011			2012				2013
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue (1)	192,752	278,561	332,002	294,654	343,083	396,840	420,292	288,464
Net income (1)	3,013	9,549	12,924	6,435	9,002	18,104	24,704	2,431
Earnings per share (2)	0.07	0.23	0.30	0.15	0.22	0.43	0.58	0.06

(1) Revenue and net income include the contribution of O'Connell from August 31, 2011, the date of acquisition
(2) Adjusted for the April 2011 three-for-one stock split

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY:

The Company believes that its strong balance sheet, including equity of $191.4 million and $140.3 million of working capital, provides it with the financial capacity to support all of our contract security requirements, including the ability to secure performance bonds, issue labour and material bonds, issue letters of credit to support contract requirements and provide parent company performance guarantees. Although the Company introduced long-term debt into its capital structure to finance the acquisition of O'Connell and later to finance the purchase of equipment, management believes that the amount of long-term debt totalling $45.8 million at March 31, 2013 is manageable in light of the level of earnings of the Company to support interest and principal payments under the debt, combined with the amount of shareholders' equity retained in the business. The Company expects to utilize cash from operations, existing working capital, including cash and cash equivalent balances, and draws on its credit facilities to fund liabilities as they become due, finance future capital expenditures and pay dividends on shares.

The following table outlines the amount of Shareholders' equity, working capital, long-term debt and backlog at March 31, 2013, March 31, 2012 and December 31, 2012.

Financial Condition table

(thousands of dollars)	March 31, 2013		March 31, 2012		December 31, 2012	
Shareholders' equity	$	191,440	$	161,728	$	191,565
Working capital	$	140,260	$	125,711	$	154,427
Long-term debt	$	45,737	$	44,422	$	48,174
Backlog	$	1,028,600	$	1,165,900	$	1,073,900

During the first quarter of 2013, the Company made $2.5 million of principal repayments on outstanding debt and issued no new debt. The following table provides details of outstanding debt as at March 31, 2013 and principal repayments due over the next five years, excluding the amortization of debt financing costs of $0.3 million.

Debt	Amount	Year 1	Year 2	Year 3	Year 4	Year 5
(thousands of dollars)						
Loans and borrowings	$ 44,447	$ 13,574	$ 13,780	$ 13,616	$ 3,477	$ -

Credit Facilities

The Company has a number of credit facilities available to it to support the issuance of letters of credit, finance future capital expenditures and finance the day-to-day operations of the business.

Issuance of Letters of Credit

The Company has available $131.5 million of demand facilities used to primarily support the issuance of letters of credit. All letters of credit issued under these facilities are supported by the pledge of Company-owned financial instruments.

Letters of credit are typically issued to support the Company's performance obligations relating to PPP construction projects. The following table outlines the amount of the credit facilities, the amount of issued letters of credit and the amount of collateral pledged in support of the outstanding letters of credit.

(thousands of dollars)	March 31, 2013	March 31, 2012	December 31, 2012
Operating line of credit	$ 131,500	$ 131,500	$ 131,500
Letters of credit issued	$ 31,823	$ 43,176	$ 31,561
Collateral pledged to support letters of credit	$ 40,660	$ 53,229	$ 40,215

At March 31, 2013, the amount of outstanding letters of credit remained relatively consistent with the balance at December 31, 2012.

Operating Lines of Credit

(a) Committed revolving line of credit:
The Company has a committed unsecured revolving line of credit for $30.0 million with a Canadian chartered bank. The facility expires on September 28, 2017. This facility may be used in the normal course of business for general working capital purposes, and to fund future capital expenditures and qualifying permitted acquisitions. At March 31, 2013, no amounts were outstanding under this facility. This credit facility includes standard default and covenant provisions whereby accelerated repayment may be required if the Company were to violate certain financial covenants.

(b) Committed revolving line of credit:
A subsidiary of the Company has a committed revolving credit facility of $20.0 million, maturing on May 31, 2015. The facility may be used to finance normal course operations of the subsidiary. Borrowings under this facility are secured by a first charge against the accounts receivable of the subsidiary. At March 31, 2013, the Company had no outstanding amounts due under this facility. This credit facility includes standard default and covenant provisions whereby accelerated repayment may be required if the subsidiary were to violate certain financial covenants.

At March 31, 2013, the Company was in compliance with all debt covenants relating to its operating lines of credit. The Company expects to continue to comply with these provisions.

Equipment Financing

(a) A subsidiary of the Company has an equipment financing facility with a Canadian chartered bank for $20.0 million for the purpose of financing future equipment purchases. At March 31, 2013, the Company has drawn $2.9 million under this facility. Draws under this facility are permitted until May 31, 2015. The facility allows the Company access to term financing for up to five years with a maximum amortization period of 84 months. Interest can be set using either a fixed or variable rate option. Any draws under this facility will be secured by equipment purchased with the proceeds from the loan.

(b) In addition, the Company has an operating lease line of credit for $42.5 million with the financing arm of a major heavy equipment supplier to finance operating equipment leases. Draws under this facility are recognized as operating leases for accounting purposes. At March 31, 2013, the Company has drawn $23.1 million under this facility. The Company's total lease commitments are outlined under Contractual Obligations.

Liquidity
A manageable amount of long-term debt, a high proportion of working capital represented by cash and other liquid securities and access to a number of unutilized credit facilities will enable the Company to meet its obligations as they become due. The amount of equity retained in the business supports the Company's strategic objectives including active participation in the PPP infrastructure market, while also providing the Company with sufficient financial capacity to withstand a downturn in the construction industry should it occur.

Financial Position
The following table provides an overview of the Company's financial position for the period indicated.

	March 31, 2013		December 31, 2012	
Financial Position Data				
Cash and cash equivalents	$	141,099	$	183,079
Investment in marketable securities		16,330		15,956
Working capital		140,260		154,427
Long-term debt		45,737		48,174
Shareholders' equity		191,440		191,565

As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. At March 31, 2013, these balances consisted of $141.1 million of cash and cash equivalents and $16.3 million of liquid securities for a total of $157.4 million. The $157.4 million is comprised of the Company's $140.2 million of working capital plus a working cash balance of $14.5 million, and $2.7 million of cash held to finance the current dividend payable. These components are summarized in the following table for March 31, 2013 and March 31, 2012.

Working Capital Components (thousands of dollars)	March 31, 2013		March 31, 2012	
Investment in marketable securities (preferred shares)	$	16,330	$	16,043
Cash and cash equivalents held for working capital		123,930		109,668
		140,260		125,711
Cash held for dividends payable		2,691		2,529
Dividends payable		(2,691)		(2,529)
Working cash		14,478		35,972
Non-cash net current liabilities		(14,478)		(35,972)
Working capital	$	140,260	$	125,711

The Company's non-cash net current asset/liability position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of accounts receivable from clients, and also the timing of settlement of income taxes payable. The working cash balance absorbs these fluctuations with no net impact to the Company's net working capital position or ability to access surety support.

Cash Flow Data

The following table provides an overview of cash flows during the periods indicated:

(thousands of dollars)	Three months ended March 31, 2013	2012
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	$ 8,361	$ 15,755
Cash flows used in operating activities	(20,266)	(14,699)
Investing activities	(11,537)	(4,506)
Financing activities	(10,177)	(6,028)
Increase/decrease in cash and cash equivalents	$ (41,980)	$ (25,233)

Operating Activities

During the three months ended March 31, 2013, the Company used cash in operating activities of $20.3 million compared with a use of cash of $14.7 million in the first quarter of last year, consistent with a decline in 2013 net earnings compared to last year. In the current quarter, cash flow from operations was comprised of $8.4 million of cash from operating activities before changes in non-cash working capital and $28.7 million of cash used to fund an increase in the Company's non-cash working capital position, which represents a normal course fluctuation in the Company's net current liability position. In some periods, this fluctuation will be a use of cash, as in the current period, but in other periods, it will be a source of cash, tending to balance out over time and having no net impact on the Company's working capital.

Investing Activities

In the first quarter of 2013, the Company used $11.5 million of cash in investing activities. The higher level of investing activity in 2013 in large part represents the cash required to fund the Nason acquisition in January of this year. The Company used $5.6 million of net cash to acquire a 100% interest in Nason. In 2013, the Company used $6.3 million to purchase property and equipment. These property and equipment expenditures primarily relate to purchases of heavy equipment to support our construction operations in the industrial market sector.

In 2012, investing activities used cash of $4.5 million. In 2012, the Company used $5.3 million to purchase property and equipment, partially offset by the receipt of cash of approximately $0.8 million resulting from the redemption of preferred share investments.

Financing Activities

During the three months ended March 31, 2013, $10.2 million of cash was used in financing activities. The Company paid monthly dividends totalling $7.6 million and used $2.5 million to repay long-term debt.

In the first quarter of 2012, $6.0 million of cash was used in financing activities. The Company paid $7.0 million in dividends and approximately $1.6 million of cash was used to repay long-term debt. Partially offsetting these cash outflows was the receipt of $2.5 million of cash from the issuance of long-term debt used primarily to finance the purchases of heavy equipment to support our construction operations in the industrial market sector.

DIVIDENDS:

The Company declared monthly dividends on common shares payable on or about the 20th of the month following the month in which the dividend was declared. The following table outlines the historical dividend history.

January 1, 2012 to March 31, 2012	$0.170
April 1, 2012 to June 30, 2012	$0.180
July 1, 2012 to September 30, 2012	$0.180
October 1, 2012 to December 31, 2012	$0.180
January 1, 2013 to March 31, 2013	$0.183

Effective March 12, 2013, the Company increased its monthly dividend by 5.5%, bringing the monthly dividend rate to $0.0633 per common share compared to $0.060 per common share, previously.

CAPABILITY TO DELIVER RESULTS:

Productive capacity relates to the financial and non-financial resources available to the Company to execute its strategy and achieve planned results. From a financial perspective, the Company believes it has sufficient working capital and access to its operating lines of credit to execute its current operational and growth objectives. The belief is fully explained in sections of this MD&A dealing with financial condition and liquidity.

In addition to financial capacity, the success of the Company is very much dependent upon the management and leadership skills of senior management. On an annual basis, high-performing candidates are identified for training and progression into more senior critical positions within the Company. The Company's performance management system emphasizes the development of leadership skills. In addition, the Company sponsors internal and external training programs, including a Bird leadership program to provide a forum for high potential candidates to develop their leadership skills.

CONTRACTUAL OBLIGATIONS:

At March 31, 2013, the Company has future contractual obligations totalling $403.0 million. Obligations for accounts payable, finance and operating annual lease payments and for principal repayments, including interest, under long-term debt over the next five years are:

(thousands of dollars)		Accounts Payable	Finance Leases	Operating Leases	Long-Term Debt	Total
2013	$	317,167	387	6,739	12,539	336,832
2014		11,096	618	6,952	14,899	33,565
2015		90	607	3,590	14,608	18,895
2016		-	44	1,576	5,795	7,415
2017		-	-	904	-	904
Thereafter		-	-	5,401	-	5,401
	$	328,353	1,656	25,162	47,841	403,012

OFF BALANCE SHEET ARRANGEMENTS:

The Company has operating lease obligations described under Contractual Obligations noted above and surety lien bonds issued on behalf of the Company totalling $6.1 million at March 31, 2013.

CRITICAL ACCOUNTING ESTIMATES:

The accounting principles used by the Company to account for its construction contracts involve the use of estimates.

Construction revenue, construction costs, deferred contract revenue and costs and estimated earnings in excess of billings include amounts that are derived using the percentage of completion basis. Percentage of completion is calculated based on the costs incurred on each construction contract to the end of the respective accounting period divided by the total estimated costs. Revenue from unit price contracts conducted in the heavy construction, civil construction and contract mining construction sectors is based on billable work completed. Contract costs for unit price contracts, including heavy construction, civil construction and contract surface mining construction sectors are adjusted so the gross profit recognized in the period is based on the percentage of revenue realized relative to total contract value. Any excess of progress billings over earned revenue determined using the percentage of completion method is carried as deferred revenue in the consolidated financial statements. Any excess of cost and estimated earnings over progress billings on construction contracts is carried as costs and estimated earnings in excess of billings in the consolidated financial statements.

Revenue and estimated costs to complete for each contract are updated and reviewed by management at least once each financial reporting period. In making such estimates, judgments are required to evaluate issues related to scheduling, material costs, labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction contracts, estimates may change significantly from one accounting period to the next.

Construction contracts typically extend over several quarters and sometimes over several years. For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the amount of income to be recognized for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and the remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline, although certain risks will remain until the contract has been completed, and even beyond. As a result of this, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completing or nearing completion during the quarter, or have been completed in immediately prior quarters.

The value of many construction contracts increases over the duration of the construction period due to the issuance of change orders to modify the original contract scope of work or conditions. Construction work related to a change order may proceed, and costs may be incurred, in advance of final determination of the value of the change order. Revenue on change orders is recognized by the Company to the extent that management estimates that realization is probable. As many change orders are settled at the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Allowances for accounts receivable may require an assessment and estimate of the credit-worthiness of the client and the timing of collection. Furthermore, provisions for litigation involve the use of estimates, as determined by management. Amounts arising from negotiated settlements or court judgments may vary significantly from management's estimate. Similarly, the estimate for warranty claims may differ significantly from actual experience. These adjustments will also impact on the amount of profit recognized in a reporting period.

OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING:

The Company is authorized to issue an unlimited number of common shares. The Company had a total of 42,153,846 common shares outstanding at December 31, 2012. Subsequently, on January 17, 2013, in conjunction with the acquisition of Nason, the Company issued 363,007 common shares from treasury as partial consideration of the total purchase price. Therefore, the total number of outstanding common shares has increased to 42,516,853 which remain issued and outstanding at March 31, 2013.

The Company's Board of Directors has previously approved the award of 625,000 stock options with a grant date of March 15, 2012 to eligible Company employees. The total number of stock options is exercisable in equal amounts on the first through fourth anniversary dates from the grant date. No stock options were exercised at March 31, 2013.

The common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol BDT.

CONTROLS AND PROCEDURES:

Disclosure Controls and Procedures

Based on their evaluations as of March 31, 2013, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is accumulated, summarized and communicated to the Company's senior management, including the CEO and the CFO of the Company, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

The Company's management is responsible for designing and maintaining adequate internal control over financial reporting for the Company. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of March 31, 2013, under the supervision of and with the participation of management, including the CEO and CFO, internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

There have been no material changes in the Company's internal control over financial reporting during the three months ended March 31, 2013 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company is reviewing the internal controls over financial reporting of Nason Contracting Group Ltd., recently acquired by the Company on January 17, 2013.

RISKS RELATING TO THE BUSINESS:

The following discussion addresses the more significant risk factors relating to the business. For a detailed discussion of all risk factors relating to the business, refer to the Company's most recently filed Annual Information Form filed on March 12, 2013, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Economy and Cyclicality

Activity within the construction industry is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Bird attempts to insulate itself in various ways from the effects of negative economic conditions. However, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Investment decisions by our industrial clients are based on the long-term views of the economic viability of their current and future projects. The economic viability of the projects is dependent upon the client's view of the long-term price of commodities which is influenced by many factors. If our clients' outlook for commodity prices is not favourable, this may delay, reduce or cancel capital project spending. A decrease in construction activity in this sector could have an adverse effect on the Company's financial performance and results of operations. Furthermore, most of Bird's contracts are and will be relatively short-term (less than two years, generally). As such, any prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a backlog of contracts with acceptable margins to sustain Bird through such downturns.

Competitive Factors

Bird competes with many international, national, regional and local construction firms, who often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make including what level of profit can be incorporated in its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

Ability to Secure Work
Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced by factors such as perceived level of services offered, construction schedule, project personnel, the make-up of the subcontractor team, prior experience with the prospective client and the type of project and the ability to provide bonds and other contract security. In order to be afforded an opportunity to bid for projects in the PPP market and other large projects, a strong balance sheet measured in terms of an adequate level of working capital is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic climate, competition is intense. This presents significant challenges for the Company. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits. A decline in demand for Bird's services from the private sector could have an adverse impact on the Company if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. All levels of government are now expected to come under pressure to address budget deficits and it is expected that governments may reduce their capital spending programs. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections, could have an adverse impact on the Company if that business could not be replaced within the private sector. Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval.

The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have procured a significant value of projects under a PPP contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

Estimating Costs/Assessing Contract Risks
The contract price for a significant number of contracts performed by Bird is based, in part, on cost estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with the contract, or its estimates of the project costs may be in error resulting in a loss or lower-than-anticipated profit. All significant cost estimates are reviewed by senior management prior to submission.

Performance of Subcontractors
Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of subcontractors who are engaged to complete the various components of the work. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to do the work and may incur additional costs. This can result in reduced profits, or, in some cases, significant losses on the contract and could also damage the reputation of Bird. In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of the subcontract, Bird may require surety bonds or other security from the subcontractor in order to mitigate this risk. Bird closely monitors all subcontractor and trades person capacity concerns in order to mitigate any effect on operations. A significant shortage of qualified subcontractors and trades people could have a material impact on Bird's financial condition and results of operations.

Maintaining Safe Work Sites
In spite of the best efforts of Bird to minimize the risk of incidents, they can happen. When they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction worksites and offices safe. Failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to fines, regulatory sanction or even criminal prosecution. Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not engage particular contractors to perform their work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or incidents. Bird adheres to very rigorous safety policies and procedures which are continually reinforced on its work sites and offices. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a

material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or incidents.

Ability to Hire and Retain Qualified and Capable Personnel
The success of Bird is highly influenced by the efforts of key members of management, including its executive officers and district managers. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations. Most firms throughout the construction industry face this challenge, and accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success. Bird adheres to a performance management process whereby objectives are established for every employee for the next year and a performance review is completed at least on an annual basis. Bird sponsors both inside and outside training programs to allow its employees the opportunity to advance their career at Bird. Management also updates its succession plan regularly to ensure a continuous supply of qualified candidates is available to perform more senior level positions within the Company.

TERMINOLOGY:

Throughout this report, management uses the following terms not found in GAAP Standards and which do not have a standardized meaning and therefore require definition:

- **"Gross Profit Percentage"** is the percentage derived by dividing gross profit by construction revenue. Gross profit is calculated by subtracting construction costs from construction revenue.
- **"Backlog"** (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the most recently completed quarter. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.
- **"Adjusted Net Income Measure (Non-GAAP Information)"** adjusts net income for the amount of amortization expense related to intangible assets resulting from business combinations and transaction expenses relating to the combinations which are expensed in the period incurred.
- **"Lost Time Incident Frequency"** is the number of lost time incidents recorded per 200,000 manhours of work by Bird employees.

FORWARD LOOKING INFORMATION:

Certain statements included herein which express management's expectations or estimates of future performance may constitute "forward-looking statements". The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", and similar expressions identify forward-looking statements.

Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. In particular, this MD&A includes many such forward looking statements and the Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. Risks that may impact the Company's future results, performance or achievements include those described under "Risks Relating to the Business" in this MD&A and in the Company's Annual Information Form dated March 12, 2013 filed and available on SEDAR. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise.