BIRD CONSTRUCTION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED JUNE 30, 2014

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, 2013 consolidated financial statements of Bird Construction Inc. 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 6, 2014. This MD&A has been prepared as of August 6, 2014. 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.

TABLE OF CONTENTS

EXECUTIVE SUMMARY:

(thousands of dollars, except per share amounts)	For the six months ended June 30, 2014	2013
Income Statement Data		
Revenue	**$ 603,509**	$ 600,729
Net income [(1)]	**10,930**	2,758
Basic and diluted earnings per share	**0.26**	0.06
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	**22,073**	14,324
Cash flows from operations	**(28,351)**	(46,692)
Additions to property and equipment [(2)]	**(11,176)**	(10,855)
Cash dividends paid	**(16,148)**	(15,705)
Cash dividends declared per share	**0.38**	0.37
	June 30, 2014	December 31, 2013
Balance Sheet Data		
Total assets	**608,334**	648,051
Working capital	**98,536**	120,362
Loans and borrowings (including current portion)	**36,189**	39,369
Shareholders' equity	**172,279**	177,296

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

[(2)] computer software purchases included in intangible assets

RECENT HIGHLIGHTS:

- The Company recorded strong earnings performance in the second quarter of 2014 generating net income of $10.0 million on construction revenue of $328.8 million compared with $0.3 million and $312.3 million, respectively in 2013. The increase in the second quarter 2014 earnings compared to a year ago is attributable to higher gross profit due to the increase in the relative significance of industrial projects executed this year, an increase in 2014 construction revenue combined with the adverse effect of a project loss recorded in 2013 earnings.

- During the six months ended June 30, 2014, the Company generated revenues of $603.5 million and net income of $10.9 million, compared with revenues of $600.7 million and net income of $2.8 million in the first half of 2013. The increase in 2014 earnings is primarily a result of higher gross profits due to a shift in the Company's work program to higher margin industrial work, primarily in northern Alberta, combined with the adverse impact of a project loss recorded in 2013 earnings.

- The Company secured $715.5 million of new construction contracts, including change orders on existing contracts during the first half of 2014 which contributed to a Backlog at June 30, 2014 of $1,380.7 million compared with $1,268.7 million at December 31, 2013 and $1,064.4 million at June 30, 2013.

- The Company's Board of Directors declared monthly dividends of $0.0633 per share for September, October and November 2014.

NATURE OF THE BUSINESS:

The Company operates as a general contractor in the Canadian construction market 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 93 years. The Company focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry. Within the industrial sector Bird constructs industrial buildings and performs civil construction operations including site preparation, concrete foundations, underground piping and earthwork for clients primarily operating in the oil and gas and mining businesses. Within the commercial sector Bird's operations include the construction and renovation of shopping malls, big box stores, office buildings and selected high rise condominiums and apartments. Within the institutional sector Bird constructs hospitals, schools, prisons, courthouses, government buildings and retirement facilities. In all sectors, Bird contracts with its clients using a combination of fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods.

While Bird self-performs some elements of its projects, particularly in the industrial market sector and in conjunction with its civil construction and contract mining operations, the majority of the overall construction risk rests with Bird's subcontractors. The scope of work of each subcontractor is generally defined by the same contract documents that form the basis of the Company's agreements with its clients. The terms of the agreements between the Company and its clients are generally replicated in the agreements 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 including enrolling our subcontractors in Bird's subcontractor default insurance program which will mitigate exposure to possible additional costs should a contractor not be able to meet their contractual obligations. Bird's primary constraint on growth is the ability to secure new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

STRATEGY:

Overall, Bird's strategic objectives are to increase Company profitability to provide attractive and sustainable returns for our shareholders; a commitment to provide superior value-added services to our clients; and providing meaningful and safe working environments for our employees and those of our partners.

The fundamental elements of Bird's strategy include:

HEALTH AND SAFETY:

As befitting of a Company that started out as a family business, critical to Bird's successful growth is our continued commitment to the health and safety of the employees who work on our sites and in our offices every day. This is a critical component of our operational strategy, a core company value, and a key corporate social responsibility.

Our commitment goes beyond this, though. At Bird, we understand that a corporate commitment to safety also pays tremendous dividends in both business and human capital. In addition to reducing related health and safety costs, reducing property damage and improving loss management outcomes, a robust safety program contributes to employees and other stakeholders to feel more valued and engaged. This, in turn, produces a stronger commitment to product and service quality, improved productivity, and client satisfaction.

From planning to execution, effective communication, documentation, orientation, training, and ongoing review and analysis of our activities and processes is vigorously undertaken to ensure continuous improvement in all facets of our operations. This will better prepare and support all of our workers and managers to serve as safety leaders in the construction industry.

In a highly competitive business environment, resourcing remains one of the greatest challenges facing the construction industry. Bird's commitment to the health and safety of our employees and other partners enhances both employee recruitment and retention and will serve to provide a strategic competitive advantage, allowing us to continue to successfully pursue and execute challenging work.

INCREASING PROFITABILITY:

Bird will continue to pursue organic growth by emphasizing its long-standing record of providing a quality product and service to our clients and thereby continue to secure new work with many of our clients on a repeat basis. We will continue to emphasize operational excellence through strict and disciplined adherence to our many risk management and project control policies and practices to ensure that we are able to deliver the financial returns expected from our construction projects. We will continue to show a preference for design-build construction contracts where our proven track record provides us with a source of competitive advantage in the construction market. However, we will continue to offer our clients other contract delivery methods including fixed price, unit price, cost reimbursable and construction management arrangements to satisfy their needs.

The Company will continue to focus on larger and more complex construction projects which typically offer greater profit margins. In order to achieve this, we will continue to enter into joint venture arrangements with partners where it is appropriate to do so. These arrangements are typically beneficial to the Company because they offer a pooling of resources required to complete larger, complex projects and partnering allows for the spreading of operational and financial risk amongst the partners. In the Public Private Partnership ("PPP") market, we will continue to pursue an equity position in these projects as a means to support our construction operations.

To broaden the scope of our construction services, the Company is self-performing a greater proportion of our heavy civil construction operations, including earthmoving operations. This component of our business is becoming more significant and serves to diversify our earnings and generate higher returns. We will continue to aggressively grow this element of our business. In addition, we are actively growing maintenance services provided to support our oil sands clients. This initiative serves to diversify revenues, making us less dependent on new construction programs and further builds customer relationships.

ATTRACTING AND RETAINING PEOPLE:

The success of Bird is very much dependent on the Company's ability to attract, develop and retain a highly skilled workforce at all levels within the organization including executives, management, professional staff and craft workers. Competition for the noted workforce is intense and therefore it is critical that Bird be seen by current and prospective employees as a highly attractive place to work. Bird continues to implement relevant human resource programs designed to enhance our recruiting efforts, introduce new and innovative training programs, promote leadership development, support career planning and ensure that our compensation programs remain competitive.

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. In economic downturns, fewer opportunities typically exist and competition for those opportunities becomes even more intense, generally resulting in lower gross profit percentages. 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, which enables the Company to secure repeat business from many of our clients.

The Company's success in securing work is also reflected in the value of Backlog. The following table shows the Company's Backlog at the end of the comparative reporting periods. The Company's robust Backlog level of $1,380.7 million at June 30, 2014 compares with $1,268.7 million at December 31, 2013. A $112.0 million increase in Backlog since the last year end is attributable to a strong level of securements in the first half of

2014, throughout both our geographic and operational market sectors. The Company must continue to be successful in securing additional projects to achieve its strategic objectives.

Backlog (thousands of dollars)		**June 30, 2014**		June 30, 2013		December 31, 2013
Backlog	$	**1,380,700**	$	1,064,400	$	1,268,700

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 and achieve productivity objectives associated with the contract. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods.

Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
7.5%	5.7%	5.4%

In the first half of 2014, the Company realized a gross margin percentage of 7.5% compared with 5.4% realized in the 2013 fiscal year. The improvement in the 2014 gross margin percentage in the six months ended June 30, 2014 compared with last year is due to a shift in the composition of the Company's work program to higher margin industrial work, primarily in northern Alberta, combined with the adverse impact of a project loss recorded in 2013. We expect the positive impact of this shift towards industrial sector work to continue in the remainder of 2014.

Financial condition

The Company must have adequate working capital and equity retained in the business to support its ongoing operations, including 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)		**June 30, 2014**		June 30, 2013		December 31, 2013
Working capital	$	**98,536**	$	134,420	$	120,362
Shareholders' equity	$	**172,279**	$	183,832	$	177,296

The reduction in the amount of Shareholders' equity since December 31, 2013 represents the extent to which common share dividends declared exceeds earnings in the six months ended June 30, 2014. The decline in the amount of working capital in the six months ended June 30, 2014 is a result of the use of cash to fund dividends in excess of earnings, cash used to repay long-term debt, and a shift in the composition of income taxes from deferred taxes at the end of last year to income taxes payable in the current period. Despite the reduction in working capital in the first half of 2014, the Company believes it continues to have sufficient working capital and equity to conduct its business in the ordinary course.

Safety

At Bird, we believe that a strong safety program is a leading indicator of a company committed to its primary resource, our people, and to the creation of a safe and productive working environment that allows them to deliver quality and value on behalf of our clients. The reality is, construction can be a high-risk industry and safe production does not just happen. It is the logical consequence of ceaseless dedication and passion married to sound policy, best practices and continuous improvement.

Accordingly, our goal is to be recognized as a safety leader within our industry, ensuring that all work on our sites is safely executed to exacting quality standards by continuously identifying, assessing and effectively eliminating or controlling all hazards and risks in order to promote the safety and productivity of our workers. Understanding that effective communication, orientation and training are critical components of both a robust safety program and a healthy, collaborative organizational culture, we are similarly committed to continuously developing and supporting our employees in their understanding that safe production is everybody's responsibility, every minute of every day on every job.

By working collaboratively with our employees, our subcontractors, our suppliers, our clients and other partners to achieve this goal, we strive to not only ensure that every worker leaves our sites and our offices every day just as healthy and safe as when they arrived, but that in the course of their work they are as engaged and prideful as we are about delivering quality and value in the safest manner possible.

In the first half of 2014, Bird executed 2,023,356 manhours of work, incurring two lost time incidents (LTIs) for an LTI frequency of 0.20.

Lost Time Incident Frequency

Six months ended June 30, 2014	Six months ended June 30, 2013	Year ended December 31, 2013
0.20	0.21	0.23

RESULTS OF OPERATIONS:

SIX MONTHS ENDED JUNE 30, 2014 COMPARED WITH SIX MONTHS ENDED JUNE 30, 2013

In the first half of 2014, the Company generated net income of $10.9 million on construction revenue of $603.5 million compared with $2.8 million and $600.7 million, respectively, in 2013. The increase in earnings is a result of higher gross profit due to a shift in the Company's work program to higher margin industrial work combined with the adverse impact of a project loss recorded in 2013.

Construction revenue of $603.5 million is comparable with the $600.7 million recorded in the first half of 2013. Although construction revenues are similar between the years, the Company has experienced a shift in the composition of revenue to the industrial market, primarily due to the execution of a number of significant contracts secured in northern Alberta in the last half of 2013. The increase in industrial revenues has been to a large extent offset by a decline in construction revenue from our commercial market.

During the first half of 2014, the Company's gross profit of $45.4 million compares with $34.1 million recorded a year ago. The $11.3 million increase in the amount of 2014 gross profit is primarily due to a shift in the Company's work program to higher margin industrial work executed, primarily in northern Alberta, combined with the adverse impact of a project loss recorded in 2013. In the first half of 2014, the Company's gross margin percentage of 7.5% has increased from the 5.7% recorded in the first half of 2013.

In the first half of 2014, general and administrative expenses of $31.5 million (5.2% of revenue) compares with $30.2 million (5.0% of revenue) in 2013. The increase in 2014 expenses is primarily attributable to an increase in project pursuit costs, primarily incurred in the first quarter of the year, as a result of the Company aggressively pursuing new work in the PPP market. Compensation expense has also increased in 2014 to support the Company's growth strategy and execute its higher level of Backlog, which was at a record level at the end of the first quarter.

Finance income of $1.6 million was $0.2 million lower than the amount recorded in the first half of 2013. The decrease is due to a reduction in interest and dividend income of $0.3 million, resulting from a lower amount of cash available to invest in 2014 relative to 2013 and lower interest income relating to accretion on holdback receivables of approximately $0.2 million. This decrease in 2014 was offset by the higher reported unrealized gain on the Company's preferred share investment portfolio compared to last year, resulting from changes in the market price of the investment portfolio in the respective periods.

Finance costs of $1.1 million were $0.8 million lower than the first half of 2013, due in part to lower interest costs on long-term debt resulting from a reduction in the amount of debt outstanding in 2014, along with a reduction in interest expense relating to the accretion of accounts payables and other liabilities.

In the first half of 2014, income tax expense of $3.5 million was $2.5 million higher than 2013, consistent with higher current period pre-tax earnings.

THREE MONTHS ENDED JUNE 30, 2014 COMPARED WITH THREE MONTHS ENDED JUNE 30, 2013

In the second quarter of 2014, the Company generated net income of $10.0 million on construction revenue of $328.8 million compared with $0.3 million and $312.3 million, respectively, in 2013. The improvement in the amount of 2014 net earnings is a result of higher gross profit due to the increase in the amount of our industrial projects executed this year, an increase in 2014 construction revenue combined with the adverse affect of a project loss recorded in 2013 earnings during the period.

Construction revenue in 2014 of $328.8 million compares with $312.3 million recorded in the second quarter of 2013. The increase in construction revenues in 2014 of $16.5 million, or 5.3%, is attributable to higher construction revenue from our industrial projects executed in the industrial market. The increase in industrial market sector revenues was offset to some extent by a decline in construction revenue from our commercial market sector, where the Company is experiencing some difficulty replicating the large work program executed in these markets throughout 2013.

In the second quarter ended June 30, 2014, the Company's gross profit of $28.5 million compares with $16.5 million recorded a year ago. In the second quarter of 2014, the Company's gross margin percentage of 8.7% exceeds the 5.3% margin percentage recorded in 2013. The $12.0 million increase in the amount of 2014 gross profit is attributable to the ability of the Company to generate higher gross margin percentages from our industrial work program, primarily in northern Alberta, combined with the adverse impact of a project loss on the 2013 gross profits.

In the second quarter, general and administrative expenses of $15.5 million (4.7% of revenue) were comparable with $15.6 million (5.0% of revenue) in 2013.

Finance income of $0.8 million was $0.4 million higher than the amount recorded in the second quarter of 2013. The increase is due to the Company reporting a higher unrealized gain on the Company's preferred share investment portfolio compared to last year, primarily resulting from changes in the market price of the investment portfolio in the respective periods. This increase was somewhat offset by lower interest and dividend income of $0.1 million, resulting from a lower amount of cash available to invest in 2014 relative to 2013 and lower interest income relating to accretion on holdback receivables of approximately $0.1 million.

Finance costs of $0.6 million were $0.3 million lower than the second quarter of 2013, primarily due to lower interest costs on long-term debt due to lower levels of debt outstanding combined with a reduction in interest expense relating to the accretion of accounts payables and other liabilities.

In the second quarter of 2014, income tax expense of $3.3 million was $3.2 million higher than 2013, consistent with higher pre-tax earnings.

FUTURE OPERATING PERFORMANCE:

We expected 2014 to produce better results than 2013 based on the existence of strong Backlog at the beginning of the year with higher embedded margins and an expectation for stronger demand in 2014 for our construction services in the industrial market. Despite getting off to a slow start in the first quarter of the year, the Company's strong second quarter earnings performance supports the improved outlook for 2014 as we advance on a number of our significant projects. Results for the balance of 2014 are expected to show a similar improvement over 2013 as achieved in the first half of 2014.

The industrial market contributed 37% of 2013 revenues (43% in 2012). The relative weighting of this sector has increased in the first half of the year and management remains confident that the revenues and gross profit derived from this market will contribute solid earnings in 2014 for the Company. The execution of our project Backlog is performing as expected to this point in the year. In western Canada, the industrial market remains strong and we anticipate that this will hold through the balance of 2014 and into 2015 providing the Company with continued opportunities. In eastern Canada, the mining sector is expected to remain slow in 2014 and early 2015 at least. To replace reduced mining revenues, the Company continues to aggressively pursue a number of other opportunities in the industrial sector that will contribute to our performance.

The institutional sector represented 26% of 2013 revenues (37% in 2012). There continues to be a number of opportunities available in this market; however, competition for these projects is intense. The Company is active in the PPP market and has and will continue to submit proposals for these projects in 2014 and beyond. Although we may be successful in securing new contract awards, due to the timing of the awards, the impact on our financial results from these projects will not be felt until next year. The strength of this sector varies across our operating areas and we are looking at ways to re-allocate our resources to address the available opportunities.

The retail and commercial sector represented 37% of 2013 revenues (20% in 2012). While we continue to maintain a reasonable amount of Backlog in this market, we do not believe we will be able to replicate the size of our work program completed in 2013. As with the institutional market, the commercial sector varies in opportunities across Canada and our flexibility will allow us to respond to the market as needed.

Backlog

During the first half of 2014, the Company secured $715.5 million in new construction contracts (including change orders to existing contracts) and put in place $603.5 million of work resulting in Backlog at June 30, 2014 of $1,380.7 million. With respect to the current Backlog, $625.8 million is expected to be put in place during 2014, leaving $754.9 million to carry forward to 2015 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 (millions of dollars)		
December 31, 2012	$	1,073.9
Securements and Change Orders in 2013		1,518.3
Acquisition from Nason		8.2
Realized in construction revenues in 2013		(1,331.7)
December 31, 2013	$	1,268.7
Securement and Change Orders in 2014		715.5
Realized in construction revenues in 2014		(603.5)
June 30, 2014	**$**	**1,380.7**

In addition to Backlog at June 30, 2014, the value of uncompleted construction management contract work, for which the Company acts as an agent for the client, is $59.1 million, compared with $41.8 million at December 31, 2013.

ACCOUNTING POLICIES:

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2013 Consolidated Financial Statements. The Interim Consolidated Financial Statements were prepared using the same accounting policies as our most recent annual consolidated financial statements.

Future accounting changes

IFRS 9 *Financial instruments* was issued in November 2009 and amended in October 2010. IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified based on the business model in which they are held and the characteristics of their contractual cash flows. 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 November 2013, a new general hedge accounting standard was issued, which forms part of IFRS 9. The new general hedge accounting standard will align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The new standard removes the 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized; however, in its February 2014 meeting, the IASB tentatively decided that IFRS 9 would be mandatorily effective for annual periods beginning on or after January 1, 2018. The Company does not intend to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2014, and the extent of the impact of adoption of IFRS 9 has not yet been determined.

On May 28, 2014, the IASB issued IFRS 15 *Revenue from contracts with customers.* The new standard is effective for fiscal years ending on or after December 31, 2017, and is available for early adoption. IFRS 15 will replace IAS 11 *Construction contracts* and IAS 18 *Revenue.* The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard 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)	2012		2013				2014	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Revenue	396,840	420,292	288,464	312,265	367,268	363,692	274,674	**328,835**
Net income	18,104	24,704	2,431	327	3,624	5,708	915	**10,015**
Earnings per share	0.43	0.58	0.06	0.00	0.09	0.13	0.02	**0.24**

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY:

The following table presents a summary of the Company's financial condition for the periods indicated.

	June 30, 2014	December 31, 2013
Financial Position Data		
Cash and cash equivalents	**$ 79,584**	$ 138,350
Investment in marketable securities	**13,956**	13,657
Working capital	**98,536**	120,362
Long-term debt	**36,189**	39,369
Shareholders' equity	**172,279**	177,296

The Company believes it has sufficient working capital and equity retained in the business to support operations. The Company expects to utilize cash from operations, existing working capital, including cash and cash equivalents amounts, and draws on its credit facilities to fund liabilities as they become due, finance future capital expenditures and pay dividends on its common shares.

As a component of working capital, the Company maintains balances of cash, cash equivalents and investments in liquid securities. At June 30, 2014, these balances consisted of $79.5 million of cash and cash equivalents and $14.0 million of liquid securities for a total of $93.5 million. The 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 payable due to subcontractors and suppliers, billings and collection of receivables from clients, and also the timing in the settlement of income taxes payable. The Company's cash balances absorb these fluctuations with no net impact to the Company's net working capital position or ability to access contract surety support. The Company believes it has sufficient working capital to support its contract security requirements.

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)	June 30, 2014	June 30, 2013	December 31, 2013
Operating line of credit	**$ 131,500**	$ 131,500	$ 131,500
Letters of credit issued	**$ 10,826**	$ 31,723	$ 23,487
Collateral pledged to support letters of credit	**$ 28,082**	$ 41,400	$ 30,825

The reduction in the amount of outstanding letters of credit to date is a result of the cancellation of previously issued letters of credit as we fulfill our performance obligations which were supported by the issued security.

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, fund future capital expenditures and qualifying permitted acquisitions. At June 30, 2014, 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 June 30, 2014, 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.

Equipment Financing
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 June 30, 2014, the Company has $1.7 million outstanding 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.

In addition, a subsidiary of 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 June 30, 2014, the Company has used $19.8 million under this facility ($19.3 million at December 31, 2013). The Company's total lease commitments are outlined under Contractual Obligations.

At June 30, 2014, the Company was in compliance with all debt covenants relating to its operating lines of credit.

Loans and Borrowings
In the first half of 2014, the Company issued new debt totalling $2.4 million and made $5.8 million of principal repayments. The following table provides details of outstanding debt as at June 30, 2014, and principal repayments due over the next five years, excluding the amortization of debt financing costs of $0.2 million and finance lease liabilities.

Debt	Amount	Year 1	Year 2	Year 3	Year 4	Year 5
(thousands of dollars)						
Loans and borrowings	$ 35,032	$ 15,482	$ 14,340	$ 2,941	$ 1,717	$ 552

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

(thousands of dollars)	Six months ended June 30, 2014	2013
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	**$ 22,073**	$ 14,324
Changes in non-cash working capital	**(50,424)**	(61,016)
Cash flows used in operating activities	**(28,351)**	(46,692)
Cash flows used in investing activities	**(10,916)**	(15,580)
Cash flows used in financing activities	**(19,499)**	(21,195)
Increase/decrease in cash and cash equivalents	**$ (58,766)**	$ (83,467)

Operating Activities
During the six months ended June 30, 2014, the Company's operating activities used cash of $28.3 million compared with a use of cash of $46.7 million in the first half of 2013. In the six months ended June 30, 2014, cash flow from operations was comprised of $22.1 million of cash from operating activities before changes in non-cash working capital and $50.4 million of cash used to fund an increase in the Company's non-cash working

capital position. In 2013, the comparative amounts were $14.3 million of cash from operations before changes in non-cash working capital and $61.0 million of cash used to fund an increase in the Company's non-cash working capital position. Changes in the amount of non-cash working capital primarily represent normal course fluctuations in the Company's net non-cash current asset/liability position. In some periods, this fluctuation will be a use of cash, as in the current periods, 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 half of 2014, the Company used $10.9 million of cash in investing activities compared with $15.6 million in the same period in 2013. A lower level of investing activity in the first half of 2014 of $4.7 million is primarily due to the use of $5.6 million of cash in 2013 to fund the acquisition of Nason. During the six months ended June 30, 2014, the amount of cash used to purchase property and equipment and intangible assets (software) remained comparable with the expenditures made in 2013.

Financing Activities
During the six months ended June 30, 2014, the Company used $19.5 million of cash in financing activities compared with a use of cash of $21.2 million in the first half of 2013. The lower level of financing activity in the first half of 2014 is due to the Company issuing new debt of $2.4 million, in part, to finance equipment purchases made in the year. The amount of cash used to pay dividends and repay debt is relatively comparable between the periods.

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 dividend history:

January 1, 2013 to March 31, 2013	$0.184
April 1, 2013 to June 30, 2013	$0.190
July 1, 2013 to September 30, 2013	$0.190
October 1, 2013 to December 31, 2013	$0.190
January 1, 2014 to March 31, 2014	$0.190
April 1, 2014 to June 30, 2014	**$0.190**

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 June 30, 2014, the Company has future contractual obligations of $384.8 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
2014	$	303,992	767	6,930	10,397	322,086
2015		3,949	466	5,488	15,913	25,816
2016		8,147	137	3,036	7,594	18,914
2017		142		2,190	1,769	4,101
2018		-	-	1,522	1,436	2,958
Thereafter		-	-	10,898	-	10,898
	$	316,230	1,370	30,064	37,109	384,773

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 valued at $8.9 million at June 30, 2014.

CRITICAL ACCOUNTING ESTIMATES:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future periods affected.

Construction revenue, construction costs, deferred revenue and costs and estimated earnings in excess of billings are all based on estimates and judgments used in determining an estimate of contract revenue and contract costs and to determine the stage of completion for a particular construction project, depending on the nature of the construction project, as more fully described in the Revenue Recognition Policy included in the notes to the Company's annual financial statements. To determine the estimated costs to complete construction projects, assumptions and estimates are required to evaluate issues related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by our clients to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Provisions involve the use of estimates, as determined by management. Estimates and assumptions are required to determine when to record and measure a provision in the financial statements for legal and warranty claims. The outcomes can differ significantly from the estimates used in preparing the financial statements resulting in required adjustments to expenses and liabilities.

Impairment testing is performed annually for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amount of the CGU has been determined based on a value in use calculation. There is significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGU's assets given the necessity of making key economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions and estimates of achieving key operating metrics and drivers and the discount rate.

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 42,516,853 common shares outstanding at June 30, 2014 and December 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 June 30, 2014.

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 June 30, 2014, 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 June 30, 2014, 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 six months ended June 30, 2014 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 7, 2014, 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. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has in the past earned above-average margins on particular projects. There is no assurance that above-average margins that may have been generated on historical contracts can be generated in the future. For more than 10 years, the Company has increased its focus on industrial projects in the oil sands of northern Alberta, and more recently in eastern Canada through the acquisition of O'Connell. Investment decisions by our 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, many 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. Our competitors 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 into 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 makeup 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. Governments are still addressing budget deficit issues which may affect the institutional capital spending in the future. 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 estimates of the project costs may be in error, resulting in a loss of or lower than anticipated profits. All significant cost estimates are reviewed by senior management prior to tender 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. Subcontractor defaults tend to increase during depressed market conditions. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to complete 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 subcontractor's work, Bird may require some form of performance security and achieves this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractors to mitigate Bird's exposure to the risks associated with a subcontractor under the contract. 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 work sites 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 contract termination, 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.

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.
- **"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 6, 2014 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.