



## NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that an annual meeting of Unitholders of Superior Plus Income Fund (the "Fund") will be held in the Strand/Tivoli Room of The Metropolitan Centre, 333 – 4 Avenue SW, Calgary, Alberta, Canada on Wednesday, May 3, 2006, at 2:00 p.m. (Calgary time) for the following purposes:

- (1) to receive the annual report, including the financial statements of the Fund for the year ended December 31, 2005, and the auditors' report thereon;
- (2) to elect nine (9) directors of Superior Plus Inc.;
- (3) to appoint auditors of the Fund; and
- (4) to transact such other business as may properly come before the meeting or any adjournment thereof.

DATED at Calgary, Alberta, this 8<sup>th</sup> day of March, 2006.

By order of the Board of Directors  
of Superior Plus Inc.

A handwritten signature in black ink, appearing to read "Theresa R. Reisch", written in a cursive style.

Theresa R. Reisch  
Vice-President, Investor Relations  
and Corporate Secretary

Unitholders who are unable to attend the meeting in person are requested to complete, date and sign the enclosed form of proxy and return it, in the envelope provided, to Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so that it is received no later than 2:00 p.m. (Calgary time) on the business day immediately preceding the day of the meeting or any adjournment thereof.

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## Non-GAAP Measures

*The terms “distributable cash flow” and “operating distributable cash flow” are used in this information circular. Distributable cash flow of the Fund available for distribution to Unitholders, is equal to cash generated from operations before natural gas customer acquisition costs and changes in working capital, less amortization of natural gas customer acquisition costs and maintenance capital expenditures. Maintenance capital expenditures are equal to capital expenditures incurred to sustain the ongoing capacity of Superior’s operations and are deducted from the calculation of distributable cash flow. Acquisitions and other capital expenditures incurred to expand the capacity of Superior’s operations or to increase its profitability (“growth capital”), are excluded from the calculation of distributable cash flow. See Note 1 to the 2005 Annual Consolidated Financial Statements of Superior Plus Income Fund for the calculation of distributable cash flow. Distributable cash flow is the main performance measure used by management and investors to evaluate the performance of the Fund and its businesses. Readers are cautioned that distributable cash flow, maintenance capital expenditures and growth capital are not defined performance measures under Canadian generally accepted accounting principles (“GAAP”), and that distributable cash flow cannot be assured. The Fund’s calculation of distributable cash flow, maintenance capital expenditures and growth capital may differ from similar calculations used by comparable entities. Operating distributable cash flow is distributable cash flow before corporate and interest expenses. It is also a non-GAAP measure and is used by management to assess the performance of the operating divisions.*



2820, 605 – 5th Avenue SW  
Calgary, Alberta T2P 3H5

## INFORMATION CIRCULAR

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**This Information Circular is furnished in connection with the solicitation of proxies by Superior Plus Inc. ("Superior") for use at the annual meeting (the "Meeting") of unitholders ("Unitholders") of Superior Plus Income Fund (the "Fund") called for May 3, 2006.** This Information Circular and a form of proxy will be mailed on or about March 28, 2006, to the Unitholders of record on March 15, 2006. Information contained herein is given as of March 8, 2006, unless otherwise specifically stated.

### PROXIES

It is expected that the solicitation of proxies from the Unitholders for use at the Meeting will be primarily by mail, but proxies may also be solicited personally by the directors and officers of Superior. The cost of this solicitation will be borne by Superior.

Each of the persons named in the enclosed form of proxy to represent Unitholders at the Meeting is a director or officer of Superior. **Each Unitholder has the right to appoint some other person to represent him/her at the Meeting and may exercise this right by inserting such other person's name in the blank space provided in the enclosed form of proxy or by completing another form of proxy.** A person so appointed to represent a Unitholder at the Meeting need not be a Unitholder.

In order to be valid for use at the Meeting or any adjournment thereof, a duly completed proxy must be received by Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not later than 2:00 p.m. (Calgary time) on the business day immediately preceding the day of the Meeting or any such adjournment. A Unitholder who has given a proxy may revoke it by depositing a form of revocation of proxy, signed by the Unitholder or by the Unitholder's attorney authorized in writing, at the registered office of the Fund at the address shown above, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof. Alternatively, the Unitholder may revoke the proxy and may vote in person, as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy, by depositing such form of revocation of proxy with the Chairman of the Meeting at the Meeting or any adjournment thereof, or the Unitholder may revoke the proxy in any other manner permitted by law.

On any ballot that may be called for at the Meeting, all trust units in respect of which the persons named in the enclosed form of proxy have been appointed to act will be voted or withheld from voting in accordance with the specifications made in the proxy. **If a specification is not made with respect to any matter, the trust units will be voted FOR the election of nine directors as specified in this Information Circular and FOR the appointment of Deloitte & Touche LLP as auditor of the Fund as set forth in this Information Circular.**

The form of proxy confers discretionary authority upon the persons appointed with respect to amendments to the matters identified in the notice of the Meeting and with respect to any other matters which may properly come before the Meeting. Management of Superior knows of no matters to come before the Meeting other than the matters identified in the notice of the Meeting. If any matters which are

not known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgement.

## **NOTICE TO BENEFICIAL HOLDERS OF TRUST UNITS**

**The information set forth in this section is of significant importance to many Unitholders, as a substantial number of the Unitholders do not hold trust units in their own name.** Unitholders who do not hold their trust units in their own name (referred to herein as "beneficial Unitholders") should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered holders of trust units can be recognized and acted upon at the Meeting. If trust units are listed in an account statement provided to a Unitholder by a broker, then in almost all cases those trust units will not be registered in the Unitholder's name on the records of the Fund. Such trust units will more likely be registered under the name of the Unitholder's broker or an agent of that broker. In Canada, the vast majority of such trust units are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Trust units held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial Unitholder. Without specific instructions, the broker/nominees are prohibited from voting trust units for their clients. The Fund does not know for whose benefit the trust units registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial Unitholders in advance of Unitholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by beneficial Unitholders in order to ensure that their trust units are voted at the Meeting. Often, the form of proxy supplied to a beneficial Unitholder by its broker is identical to the form of proxy provided to registered Unitholders; however, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically mails a scanable Voting Instruction Form in lieu of the form of proxy. The beneficial Unitholder is requested to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively the beneficial Unitholder can follow specific telephone or other voting procedures to vote the trust units held by the beneficial Unitholder. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of trust units to be represented at the Meeting. A beneficial Unitholder receiving a Voting Instruction Form from ADP cannot use that Voting Instruction Form to vote trust units directly at the Meeting as the Voting Instruction Form must be returned as directed by ADP, or the alternate voting procedures must be completed, well in advance of the Meeting in order to have the trust units voted.

Although a beneficial Unitholder may not be recognized directly at the Meeting for the purposes of voting trust units registered in the name of his or her broker (or agent of the broker), a beneficial Unitholder may attend at the Meeting as proxyholder for the registered Unitholder and vote the trust units in that capacity. Beneficial Unitholders who wish to attend at the Meeting and indirectly vote their trust units as proxyholder for the registered Unitholder should enter their own name in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

## **VOTING OF TRUST UNITS AND PRINCIPAL HOLDERS THEREOF**

Only persons who are holders of record of trust units of the Fund on March 15, 2006 shall be entitled to attend the Meeting and to vote thereat. On March 8, 2006, the Fund had 85,528,700 trust units outstanding. Holders of trust units are entitled to one vote for each trust unit held at all meetings of

Unitholders of the Fund. A quorum at the Meeting will consist of at least two Unitholders present in person or represented by proxy and representing not less than 10 percent of the trust units entitled to be voted at the Meeting.

To the best of the knowledge of the directors and officers of Superior, no person beneficially owns, directly or indirectly, or exercises control or direction over trust units carrying more than 10 percent of all the votes attached to the outstanding trust units of the Fund.

## **ELECTION OF DIRECTORS**

Pursuant to the terms of the Amended and Restated Administration Agreement dated October 7, 2003, the Fund delegated to Superior the exclusive authority to manage the operations and affairs of the Fund. As a result, the board of directors of Superior (the “Board of Directors” or the “Board”) is responsible for the administration of the affairs of the Fund and for managing the business and affairs of Superior. The Board currently consists of nine members each of which, in accordance with the governing documents of the Fund, shall be elected by the Unitholders of the Fund.

At the Meeting, the Unitholders will be asked to elect the persons listed in the following table as directors of Superior. To be approved, such resolution must be passed by the affirmative votes cast by holders of more than 50% of the trust units represented in person or by proxy at the Meeting that vote on such resolution. Each of the proposed nominees has consented to be named in this Information Circular and to serve as a director of Superior if elected. The Fund has no reason to believe that any proposed nominee will be unable to serve as a director, but should any such nominee become unable to do so for any reason prior to the Meeting, the persons named in the enclosed form of proxy, unless directed to withhold from voting, reserve the right to vote for other nominees in their discretion.

The names, committee memberships, municipalities of residence, and principal occupations for the five preceding years of the directors of Superior, (if such information has not been previously disclosed in an information circular of the Fund) and the year each current director first became a director, are shown below. Each current director was appointed to serve until the next annual meeting or until a successor is elected or appointed. Unless otherwise indicated, each director listed below has been a director of Superior continuously since his or her initial appointment.

As of March 8, 2006, the directors as a group owned, directly or indirectly, 1,942,950 trust units of the Fund, representing approximately 2.3% of the outstanding trust units. The number of trust units of the Fund that each director beneficially owns, directly or indirectly, or exercises control or direction over, as of March 8, 2006 is included in the table below. The information as to the ownership or control or direction of trust units, not being within the knowledge of Superior, has been furnished by the directors and nominees individually.

<b>Name, Province and Country of Residence</b>	<b>Director Since</b>	<b>Number of Trust Units</b>	<b>Principal Occupation</b>
Grant D. Billing Alberta, Canada	1994	1,293,264 <sup>(5)(11)</sup>	Executive Chairman of Superior.
Robert J. Engbloom, Q.C. <sup>(2)</sup> Alberta, Canada	1996	17,010	Partner, Macleod Dixon LLP (law firm).

<b>Name, Province and Country of Residence</b>	<b>Director Since</b>	<b>Number of Trust Units</b>	<b>Principal Occupation</b>
Norman R. Gish <sup>(3)</sup> Alberta, Canada	2003 <sup>(9)</sup>	22,162 <sup>(10)</sup>	President of Gish Consulting Inc. (energy industry consulting firm).
Peter A.W. Green <sup>(1)(2)(6)</sup> Ontario, Canada	1996	3,284	Chairman of The Frog Hollow Group Inc. (international business advisors) and Chairman of Patheon Inc. (global pharmaceutical company).
Allan G. Lennox <sup>(3)</sup> Alberta, Canada	1996	18,736	Principal of AG Lennox & Associates (human resource consulting firm).
James S.A. MacDonald <sup>(2)(3)</sup> Ontario, Canada	2000 <sup>(7)</sup> (also, May 28/98 - Dec 11/98)	72,757 <sup>(4)(5)</sup>	Chairman and Managing Partner of Enterprise Capital Management Inc. ("ECMI")(investment management company).
Geoffrey N. Mackey Alberta, Canada	2000 <sup>(7)</sup> (also, Oct 8/96 - Dec 8/98)	486,235 <sup>(4)(5)</sup>	President and Chief Executive Officer of Superior.
David P. Smith <sup>(1)</sup> Ontario, Canada	1998	29,502 <sup>(4)(5)</sup>	Managing Partner of ECMI.
Peter Valentine <sup>(1)</sup> Alberta, Canada	2004	Nil	Senior Advisor to the C.E.O., Calgary Health Region (health care organization) and Senior Advisor to the Dean of Medicine, University of Calgary (educational institution).

**Notes:**

- (1) Member of Audit Committee.
- (2) Member of Governance and Nominating Committee.
- (3) Member of the Compensation Committee
- (4) Messrs. MacDonald, Mackey and Smith also own 54,382, 146,929 and 3,298 warrants, respectively, to acquire trust units of the Fund at an exercise price of \$20.00 expiring on May 8, 2008.
- (5) Messrs. Billing, MacDonald, Mackey and Smith are each either directors and/or officers of Superior Capital Management Inc., which is the administrator of the Superior Investment Trust which holds 951,659 trust units of the Fund. Messrs. Billing and Mackey also own approximately 37% of the outstanding units of the Superior Investment Trust.
- (6) Mr. Green was appointed Lead Director of Superior on August 11, 2003. Mr. Green has been appointed as a director and officer of companies that have financial difficulties to assist such companies with financial restructuring, proposals or compromise arrangements. In this capacity, Mr. Green was appointed a director of Phillip Services Corp. which made a proposal under chapter 11 of the U.S. Bankruptcy Code and the *Companies Creditors' Arrangement Act* (Canada) in 1999 and briefly became the Chairman and C.E.O. of Norigen Inc. which went into receivership in August, 2001.
- (7) Director of ICG Propane Inc. ("ICG") for the duration of the Hold-Separate Order of the Competition Bureau which required Superior to keep ICG's operations separate from its own. ICG was amalgamated with Superior effective September 30, 2000.
- (8) The directors of Superior hold an aggregate of 765,834 options to acquire trust units.
- (9) Mr. Gish served as a trustee of the Fund from September 2000 to October 2003 and as Chairman of ICG from December 1998 to September 2000.
- (10) Mr. Gish also owns \$33,000 principal amount of the Series 2 Convertible, \$50,000 principal amount of 5.85% and \$10,000 principal amount of 5.75% Debentures of the Fund.
- (11) Mr. Billing also owns \$1,000,000 principal amount of 5.85% Convertible Debentures of the Fund.
- (12) The Corporation does not have an Executive Committee.

## **Independence of Board and Committee Members**

Director independence was determined by the Board based on the definition of independence in NI 51-110 – Audit Committees, as amended effective June 30, 2005 (the “Audit Committee Rule”), which is incorporated by reference in NI 58-101 – Disclosure of Corporate Governance Practices (the “Corporate Governance Rule”) and NP 58-201 – Corporate Governance Guideline (the “Corporate Governance Policy”).

Of the nine Board members, seven are independent. Messrs. Billing, Executive Chairman and Mackey, President and Chief Executive Officer, are inside directors. Mr. Green serves as Lead Director to ensure greater independence of the Board from management.

All members of the Audit Committee, Governance and Nominating Committee, and the Compensation Committee are independent. All members of the Audit Committee are independent under additional regulatory requirements for audit committee members.

Director	Independent		Audit Committee	Governance and Nominating Committee	Compensation Committee
	Yes	No			
Grant D. Billing Executive Chairman		✓			
Robert J. Engbloom, Q.C. <sup>(1)</sup>	✓			✓	
Norman R. Gish	✓				Chair
Peter A.W. Green Lead Director	✓		✓	Chair	
Allan G. Lennox	✓				✓
James S.A. MacDonald	✓			✓	✓
Geoffrey N. Mackey		✓			
David P. Smith	✓		Chair		
Peter Valentine	✓		✓		

**Note:**

<sup>(1)</sup> The Board has considered the circumstances of Mr. Engbloom, a partner in a law firm that provides legal services to Superior and the Fund and determined that he meets the independence requirements of the Corporate Governance Rule, other than for purposes of membership on the Audit Committee.

**Other Public Company Directorships/Committee Appointments**

Director	Other Public Company Directorships	Committee Appointments
Grant D. Billing	Provident Energy Ltd. Capitol Energy Resources Ltd.	Member of Governance and HR Committee Member of Audit Committee Member of Governance and HR Committee
Robert J. Engbloom, Q.C. <sup>(1)</sup>	None	None
Norman R. Gish	Falconbridge Limited Provident Energy Ltd. Railpower Technologies Corp.	Member of Corporate Governance Committee Member of Corporate Governance Committee Chairman of the Board Member of Governance and Human Resources Committee
Peter A.W. Green	Patheon Inc. Gore Mutual Insurance Company <sup>(2)</sup>	Chairman of the Board Chair of Audit Committee
Allan G. Lennox	None	None

<b>Director</b>	<b>Other Public Company Directorships</b>	<b>Committee Appointments</b>
James S.A. MacDonald	VFC Inc.	Chairman of the Board Member of Audit Committee Chair of Compensation Committee Member of Corporate Governance Committee
	Rogers Sugar Income Fund	Trustee Chair of Audit Committee Member of Human Resources and Compensation Committee
	Capitol Energy Resources Ltd.	Member of Audit Committee Chair of Governance Committee
	MDS Inc.	Member of Audit Committee
Geoffrey N. Mackey	None	None
David P. Smith	Jannock Properties Limited	Member of Audit Committee
	Creststreet Kettles Hill Windpower General Partner Limited	
Peter Valentine	Fording Canadian Coal Trust	Trustee Member of Audit Committee Member of Governance Committee
	Livingston International Income Fund	Trustee Chair of Audit Committee
	PrimeWest Energy Trust	Trustee Chair of Audit Committee
	ResMor Trust Company <sup>(2)</sup>	Chair of Audit Committee

**Notes:**

<sup>(1)</sup> Bob Engbloom acts as Secretary to Bow Valley Energy Ltd., CE Franklin Ltd., and subsidiaries of Cyries Energy Inc.

<sup>(2)</sup> Regulated by the Office of the Superintendent of Financial Institutions; not a public issuer.

### Compensation of Directors and Trustee

The compensation payable to the directors of Superior (with the exception of Mr. Mackey who does not receive compensation for his role as director) is as follows:

<b>Directors:</b>	Annual retainer	\$20,000
	Lead Director retainer <sup>(1)</sup>	35,000
	Attendance per meeting	1,500
	Teleconference fee	750
<b>Committees:</b>	Annual retainer	\$3,000
	Committee Chair retainer <sup>(1)</sup>	5,000
	Attendance per meeting – Chair	2,000
	Attendance per meeting – non-Chair	1,500
	Teleconference fee	750

Note: <sup>(1)</sup> In addition to annual retainer.

Outside directors are eligible to participate in the Trust Unit Incentive Plan (the “TUIP”) and received 10,000 options each in 2005 (10,000 each in 2004) under the terms of the TUIP. The directors do not participate in the Management Trust Unit Purchase Plan. Each director of Superior is compensated for all reasonable out-of-pocket expenses incurred incidental to attending Board/committee meetings. For the 2005 fiscal year, \$61,393 was reimbursed to the directors for such out-of-pocket expenses.



The following table sets out the aggregate retainer and attendance fees paid to each director during 2005.

<b>Name and Board Position</b>	<b>Board Retainer</b>	<b>Committee Chair/ Committee Retainer</b>	<b>Board Attendance</b>	<b>Committee Attendance</b>	<b>Total</b>
Grant D. Billing Executive Chairman	\$20,000	\$ -	\$11,250	\$ -	\$31,250
Robert J. Engbloom, Q.C.	20,000	3,000	11,250	6,000	40,250
Norman R. Gish Chair, Compensation Committee	20,000	4,250	11,250	6,500	42,000
Peter A.W. Green Lead Director Chair, Governance & Nominating Committee	55,000	8,000	10,500	9,500	83,000
Allan G. Lennox	20,000	3,000	11,250	6,000	40,250
James S.A. MacDonald	20,000	3,750	11,250	7,500	42,500
David P. Smith, Chair, Audit Committee	20,000	8,000	11,250	8,000	47,250
Peter Valentine	20,000	3,000	11,250	6,000	40,250
<b>Total Fees paid for 2005:</b>					<b>\$366,750</b>

Computershare Trust Company of Canada ("Computershare") was appointed the trustee of the Fund on October 7, 2003. For 2005, Computershare received an annual fee of \$12,000 for its services as trustee of the Fund.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

Superior maintains directors' and officers' liability insurance for the directors and officers of Superior as well as for the trustee of the Fund. Under this insurance, the insurer pays, on behalf of Superior or the Fund, for losses for which each of these entities indemnifies its directors, officers or trustees and, on behalf of such persons, for losses which are suffered during the performance of their duties, which are not indemnified by Superior or the Fund.

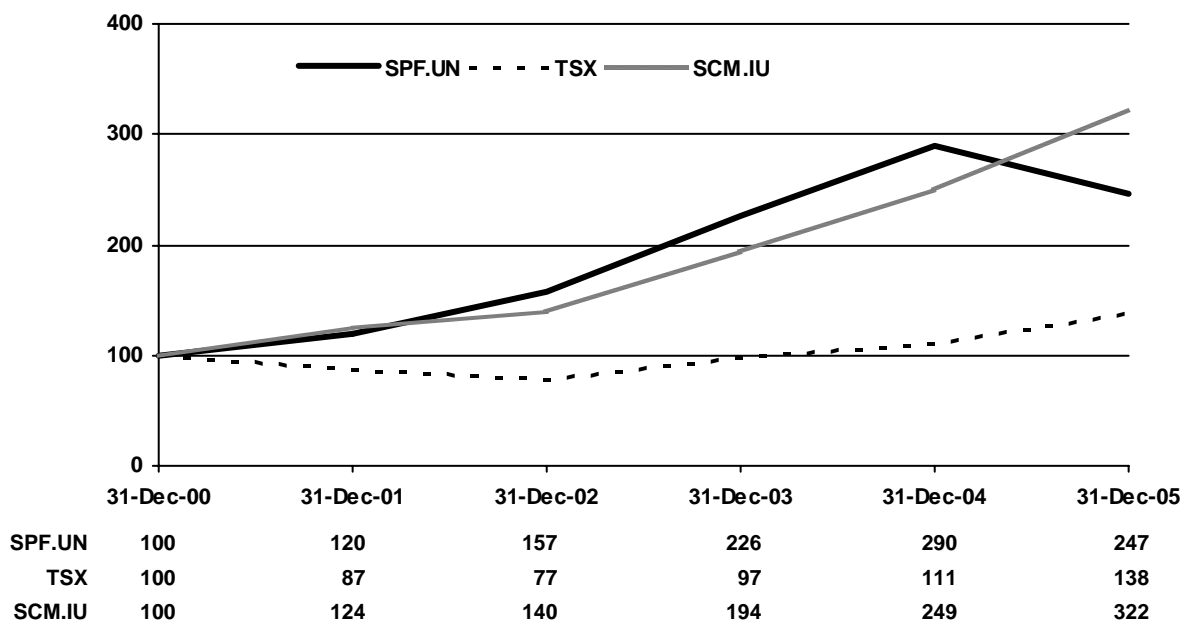
The premium for this insurance for the period of November 1, 2004 to November 1, 2005 was US\$149,400, which premium was paid by Superior. The aggregate annual insurance coverage during this period was limited to US\$35,000,000 with a corporate deductible of US\$2,000,000 on each loss and no individual deductible. For the November 1, 2005 to November 1, 2006 renewal period, Superior renewed its coverage on the same terms at a cost of US\$175,000.

#### **APPOINTMENT OF AUDITOR**

At the Meeting, the Unitholders will be asked to vote for the appointment of Deloitte & Touche LLP, Chartered Accountants, as the auditor of the Fund. Deloitte & Touche was first appointed auditor of the Fund effective August 2, 1996. To be approved, such resolution must be passed by the affirmative votes cast by holders of more than 50% of the trust units represented in person or by proxy at the Meeting that vote on such resolution.

#### **PERFORMANCE GRAPH**

The following graph illustrates changes from December 31, 2001 to December 31, 2005, in cumulative return to Unitholders of an investment in the trust units of the Fund compared to the cumulative total return on the Standard & Poors/TSX Composite Total Return Index ("TSX") and the cumulative total return of the Income Trust Index designed by Scotia Capital ("SCM.IU"), assuming the reinvestment of cash distributions.



## STATEMENT OF EXECUTIVE COMPENSATION

### Composition of the Compensation Committee

Prior to November 2, 2005, the Governance and Human Resources Committee had oversight responsibilities for monitoring and assessing Superior's human resources policies and procedures, including its compensation and incentive programs. The Committee consisted of four independent directors, namely Messrs. Green (Chair), Engbloom, Lennox and MacDonald. At its strategy session on August 9, 2005, the Board reviewed its governance processes and altered its mandates and, effective November 2, 2005, the structure and membership of its committees, to further enhance its governance framework and processes. As a result, the Compensation Committee now has oversight responsibility in relation to human resources, compensation and pension matters of Superior. The Compensation Committee consists of three independent directors, namely Messrs. Gish (Chair), Lennox and MacDonald. The role of the Committee includes making recommendations to the Board with respect to key compensation and human resources policies and executive compensation, as well as executive management succession and development. The Committee also evaluates the performance of the CEO and recommends his compensation for approval by the independent directors of the Board. The mandate of the Compensation Committee is posted on the Fund's website at [www.superiorplus.com](http://www.superiorplus.com), under "Company Information".

### Report on Executive Compensation

Superior's executive compensation programs focus on rewarding performance and contributions to the achievement of corporate and divisional goals and objectives. The programs reflect a total compensation philosophy for all employees. The guiding principle is to align the employees' and executives' interests with those of the Unitholders of the Fund. To this end, base salaries and benefit programs are competitive and market-based within the industries from which Superior recruits, and are targeted at the median. Incentive programs act as the lever that enables executives and employees to be compensated above that level. The incentive programs are designed to reward performance at the corporate level and at the divisional level of Superior's businesses depending on the executives position within the organization. Sustained strong performance is rewarded through the short and long-term incentive plans with compensation that can, in these circumstances, exceed the executive's annual base

salary. The compensation of Grant D. Billing, Executive Chairman, Geoffrey N. Mackey, President and Chief Executive Officer, W. Mark Schweitzer, Executive Vice-President and Chief Financial Officer, Paul S. Timmons, President of ERCO Worldwide, and Paul J. Vanderberg, President of Winroc, (collectively, the "Named Executive Officers" or "NEO's") is determined by the Compensation Committee, which reviews each NEO's performance and compensation on an annual basis. The compensation package for officers and senior employees, including the NEO's, has three components: (a) base salary and benefits; (b) annual bonus program; and (c) long-term incentive and retention programs.

#### *Base Salary*

In determining base salaries, Superior and its divisions review confidential competitive data obtained from third-party consultants in order to compare the compensation programs with other companies whose operations, general business activities and number of employees are similar. The base pay for each employee, including that of each NEO is targeted at the median or middle of the market place and is compared to other employees and executive officers to ensure internal equity.

Benefit plans provided by Superior and its divisions in the form of group life, health and medical, pension/savings plan and other benefits are available to all salaried and to a majority of hourly employees. These are competitive and targeted at the median.

#### *Annual Bonus Program*

The annual bonus program rewards senior employees for their contribution to the overall performance of Superior and in the case of the divisional employees to the performance of their respective division. The principle performance measure for employees at Superior's corporate office is based on targets that award the increase in distributable cash flow per trust unit over the previous year. The actual annual bonus for corporate employees is based on the level within the organization and ranges between 0% and 100% of base salary. The divisional bonus plans for Superior Propane, ERCO Worldwide, JW Aluminum and Winroc, which are similar in concept, are designed to award the achievement of certain operating distributable cash flow targets. If such targets are met, payout levels range from 0% to 100% of base salary, depending on the employee's position within the division. Employees of Superior Energy Management receive a bonus based on a percentage of the division's operating distributable cash flow. The Compensation Committee and the Board of Directors, at their discretion, may further adjust the amount of the incentive bonus. The 2005 annual bonus for each NEO was based on these performance measures.

#### *Long-term Incentive and Retention Programs*

To align the interests of senior officers and employees of Superior with the interests of Unitholders, and to focus on long-term value creation and growth, Superior maintains the following programs (a) Trust Unit Incentive Program ("TUIP") for outside directors, officers and senior employees at the corporate level, (b) Phantom Option Plan ("POP") for officers and senior employees of ERCO Worldwide, JW Aluminum, Superior Propane, and Winroc, (c) Management Trust Unit Purchase Plan ("MTUPP") for officers and senior employees at the corporate and all divisional levels, and (d) Senior Executive Retention Program ("SERP").

The TUIP was established in 1996 to create a significant relationship between the Fund's performance and officer and senior employee compensation. Options are granted annually and have an exercise price equal to the market price at the time of grant. Currently, options have a five-year term and 20% of the options vest immediately and an additional 20% vest annually over the next four years. Eligibility is currently restricted to directors, senior corporate officers and employees. The eligibility and

number of options such persons are entitled to receive under the TUIP are considered periodically by the Board. Of the NEO's, only Mr. Mackey received a grant of options during 2005.

The POP was established effective January 1, 2003 with respect to senior employees of Superior Propane and ERCO, on June 11, 2004 for senior employees of Winroc, and on March 8, 2006 for senior employees of JW Aluminum, to encourage and reward officers and senior employees of Superior's divisions for long-term, sustainable value creation within their divisions. The POP has features similar to those of the TUIP, except that a phantom unit simulates the market value of the respective division, which is determined and approved by the Board on a quarterly basis. POP grants have a four-year term and 33.3% of the phantom options vest on each of the first, second and third anniversaries of the date of grant. Upon exercise of phantom options, holders are entitled to receive a cash payment equal to the increase in the value of the notional units of the division from the date of the grant, if any, multiplied by the number of phantom options exercised. Of the NEO's, Messrs. Timmons and Vanderberg participated in the POP during 2005.

The MTUPP was first established in January of 1999 to further improve management's alignment with Unitholders. Participation in the MTUPP is strictly voluntary. Under the terms of the MTUPP, participants may acquire trust units of the Fund through open market purchases in pledge accounts established by individual participants with an investment dealer. Participants borrow directly from a chartered bank the entire cash amount required to make the Trust Unit purchases. Superior guarantees up to 66% of the loan amount with the trust units pledged as security for such indebtedness. During 2005, the loan amounts were limited to \$125,000 annually to a maximum exposure of \$375,000, with the exception of loan amounts for the corporate senior vice-president level of \$500,000 initially, \$250,000 annually to a maximum exposure of \$1,000,000. During 2005, none of the NEO's participated with an additional loan amount. Messrs. Billing, Mackey and Schweitzer are not eligible to participate in the MTUPP.

The SERP was established as part of Superior's internalization transaction (the "Internalization") on May 8, 2003 to promote the long-term retention of Messrs. Billing, Mackey and Schweitzer as management of Superior. Pursuant to the terms of the employment agreements between each of these senior executives and Superior and the Fund, Superior advanced Messrs. Billing, Mackey and Schweitzer, \$2,500,000, \$2,500,000 and \$1,500,000, respectively, by way of non-interest bearing limited recourse loans which the executives used to purchase an aggregate of 325,000 trust units of the Fund. The loans must be repaid in installments of 40% on the first anniversary of the employment agreements and 20% on each subsequent anniversary. The executives receive a bonus payment equal to the repayment obligation on each anniversary date of the employment agreements if such executive is still employed by Superior. If an executive voluntarily resigns from Superior or is terminated for cause, his loan advance becomes immediately due and such executive has no further entitlement to any further retention bonuses. The trust units issued in respect of the retention bonuses have been pledged to Superior to secure the loan advances. On May 8, 2004, Messrs. Billing, Mackey and Schweitzer received payments under the SERP of \$1,000,000, \$1,000,000, and \$600,000, respectively, and an additional \$500,000, \$500,000 and \$300,000, respectively, on May 9, 2005. These executives repaid an equal amount of the outstanding principal under such loans on such dates. Accordingly, the amounts owing under the loans as at December 31, 2005, were \$1,000,000, \$1,000,000, and \$600,000, respectively.

#### *President & CEO Compensation*

On May 8, 2003, Mr. Mackey entered into an employment agreement with Superior in connection with the Internalization. Mercer Human Resource Consulting LLC was retained as executive compensation advisor to ensure that Mr. Mackey's compensation package reflected Superior's size, its business structure and that it is focused on Superior's performance. On November 16, 2005 Mr. Mackey's employment agreement was extended and amended. The terms of the agreement are described under

"Termination of Employment, Change in Responsibilities and Employment Contracts" on page 15 of this Information Circular. Mr. Mackey's compensation, including his base salary, is determined on the same basis as that of the other NEO's. See "Report on Executive Compensation" above. The Compensation Committee is satisfied that Mr. Mackey's compensation package is consistent with current practice and competitive in the market place. For the year ended December 31, 2005, Mr. Mackey did not receive a bonus payment as distributable cash flow targets of the Fund were not met.

Submitted by the Compensation Committee of Superior: Norman R. Gish (Chair), Allan G. Lennox and James S.A. MacDonald.

## Summary Compensation Table

The following table sets out a summary of executive compensation for the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and each of the three highest compensated executive officers other than the Chief Executive Officer and Chief Financial Officer of Superior (collectively, the "Named Executive Officers") for the three years ended December 31, 2005.

Name and Principal Position with Superior	Year	Annual Compensation			Long-Term Compensation		
		Salary (\$)	Bonus (\$)	Other Annual Compensation <sup>(1)</sup> (\$)	Awards Trust Units Under Options/SARs Granted (#)	Payouts LTIP Payouts (\$)	All Other Compensation <sup>(3)</sup> (\$)
Grant D. Billing <sup>(4)</sup> Executive Chairman	2005	381,250	–	35,260	–	500,000 <sup>(2)</sup>	28,000
	2004	286,693	257,700	51,967	–	1,000,000 <sup>(2)</sup>	20,615
	2003	181,158	181,158	55,000	250,000	–	14,493
Geoffrey N. Mackey President & Chief Executive Officer	2005	500,000	–	35,260	62,500	500,000 <sup>(2)</sup>	40,000
	2004	407,694	407,694	51,967	–	1,000,000 <sup>(2)</sup>	32,615
	2003	331,150	331,150	55,000	250,000	–	26,492
W. Mark Schweitzer Executive Vice-President & Chief Financial Officer	2005	280,000	–	21,156	–	300,000 <sup>(2)</sup>	22,401
	2004	260,000	182,000	31,180	–	600,000 <sup>(2)</sup>	20,800
	2003	254,350	178,043	33,000	150,000	–	20,350
Paul S. Timmons President, ERCO Worldwide	2005	295,000	100,000	–	–	120,625 <sup>(6)</sup>	10,325
	2004	268,300	138,900	–	–	–	9,392
	2003	260,000	115,000	–	–	–	8,972
Paul J. Vanderberg President, Winroc	2005	275,000	220,000	–	–	–	5,498
	2004 <sup>(5)</sup>	146,000	123,667	–	–	–	2,920

### Notes:

- (1) Represents the value of the interest benefits of the loans received by these Named Executive Officers under the SERP. See Note (2) below.
- (2) Represents payouts under the SERP. See "Report on Executive Compensation – Long-term Incentive and Retention Programs".
- (3) The benefit provisions under Superior's pension and savings plan provide employees with a defined contribution benefit pension/savings plan option. Superior matches an employee's contribution under this plan up to 8% of base salary. The plan is available to employees generally, except for the ERCO Worldwide and Winroc employees. ERCO Worldwide has a similar plan matching up to 3.5% of base salary. Winroc has a Group Registered Retirement Savings Plan, matching up to 2% of base salary.
- (4) Mr. Billing's salary numbers include his annual director's fees of \$31,250 for 2005, \$29,000 for 2004 and \$26,500 for 2003. Mr. Billing performs his duties on a part-time basis.
- (5) Mr. Vanderberg became an employee of Superior when Superior purchased Winroc on June 11, 2004.
- (6) Represents payout under the POP as a result of the exercise of 62,500 phantom options in November 2005. See "Report on Executive Compensation – Long-term Incentive and Retention Programs".

## Long-Term Incentive Plan ("LTIP") Awards

### *Divisional Phantom Option Plan – the POP*

On July 29, 2003, Superior created the POP effective retroactively to January 1, 2003 for divisional management of Superior Propane and ERCO Worldwide, on June 11, 2004 for Winroc and on

March 8, 2006 for JW Aluminum. The POP is designed to reward participants on a long-term basis for growing the value of their division. The POP is also designed to expose participants to fluctuations in the value of their divisions.

The POP ascribes a value to notional units of each division of Superior. The value of the units for each division simulates the market value of the respective division. This value is determined and approved on a quarterly basis at each quarterly Board meeting of Superior. Participants are granted phantom options under the POP on an annual basis at an exercise price equal to the value of the division's units (as determined by the Board) on such date. The options have a 4 year term and vest as to one-third of the original amount on the first, second and third anniversaries of the original grant date. The options are exercisable only within the 14 days immediately following a quarterly Board meeting at which the value of the notional units of each division is determined. The options expire 14 days after the fourth anniversary of the quarterly Board meeting in which such options were granted. Upon exercise, holders of phantom options are entitled to receive a cash payment equal to the increase in value of the notional units of the division from the date of grant of the option, if any, multiplied by the number of phantom options exercised.

The table below describes the phantom option awards under the POP made to the Named Executive Officers during the year ended December 31, 2005.

Name	Securities, Units or Other Rights (#)	Performance or other period until Maturation or payout	Estimated Future Payouts Under Non-Securities-Price-Based Plans		
			Threshold (\$)	Target (\$)	Maximum (\$)
Paul S. Timmons	62,500	4 years	–	–	–
Paul J. Vanderberg	100,000	4 years	–	–	–

**Notes:**

- (1) No securities of the Fund are issued pursuant to the POP plan. As described above, these executives are entitled to a cash payment on exercise of the phantom options equal to the increase in the value of the notional units of the division from the date the phantom options are granted to the date they are exercised, if any, multiplied by the number of phantom options exercised.
- (2) The annual number of phantom options granted to an individual is set forth in the POP based on the position of the individual in the division and must also be approved by Superior's Board at the time of grant.

*Options – The TUIP*

The TUIP was established in 1996 to create a significant relationship between the Fund's performance and officer and senior employee compensation. Options are granted annually and have an exercise price not less than the closing market price of the trust units on the TSX on the day prior to the date of the grant. The term of options granted and the vesting may be decided by the Board at the time of grant and must comply with applicable law and the rules of the TSX. Currently, options granted under the TUIP typically have a five-year term with 20% of the options vesting immediately and an additional 20% vesting annually over the next four years. However, the options granted to Mr. Mackey in 2005 have different vesting conditions with 25% vesting immediately and an additional 25% vesting on each anniversary of the date of grant. The terms of the TUIP provide that directors, senior officers, employees and trustees, if any, of Superior and the Fund are eligible to participate in such plan. Currently, the Board has restricted eligibility to directors, senior corporate officers and corporate employees of Superior.

Since the creation of the TUIP in 1996, 400,603 trust units have been issued under the plan and the total number of trust units reserved for future issuance under the plan is 1,884,266, representing 0.5% and 2.2% of the issued and outstanding trust units, respectively. As at December 31, 2005, there are 707,932 trust units available for issuance pursuant to outstanding trust unit options, representing 0.8% of the issued and outstanding trust units.

The total number of trust units subject to options granted to any one person shall not exceed 5% of the issued and outstanding trust units at the date of grant of the option. The number of trust units which may be issued to any one insider or their associates under the TUIP and any other compensation arrangement involving the issuance or potential issuance of trust units within a one-year period shall not exceed 5% of the total number of trust units issued and outstanding at the time of the issuance. Trust units reserved for issuance pursuant to the TUIP and in respect of which options are not exercised shall be available for the granting of future options.

The terms of the TUIP allow for either a grant of an option that entitles the holder thereof to a fixed number of trust units upon exercise and payment of the exercise price or an option that entitles the holder to the in-the-money portion of the option to be issued in trust units of the Fund. Currently, the latter type of option is issued under the TUIP. The terms of these options provide that upon exercise, the holder receives such number of trust units as equals the quotient obtained by dividing (a) the product obtained by multiplying the number of trust units with respect to which the option is exercised, by the difference between the fair market value of such trust units and the exercise price, by (b) the fair market value of such trust units where "fair market value" means the average of the daily high and low board lot trading price of such trust units on the TSX for the five trading days immediately preceding the date of exercise of the option.

Options granted under the TUIP are not assignable. The TUIP provides that upon the death of an optionee or in the event an optionee ceases to be a director, senior officer or employee of Superior (on "termination"), outstanding options of such optionee expire on the earlier of the expiry date of such options and a date to be determined by the Board which shall be no longer than twelve months in the event of a death and six months in the event of a termination, which dates are currently set at 12 months and 90 days, respectively. In such events, the number of options that may be exercised are those that vested in accordance with the option agreement on or before the date of death or termination. The Fund may amend or discontinue the TUIP at any time (subject to the prior approval of TSX which may require Unitholder approval be obtained), provided that no such amendment shall, without the consent of the optionee, alter or impair any option previously granted under the TUIP.

The following table sets out all option and stock appreciation rights ("SAR") grants made to the Named Executive Officers during the fiscal year ended December 31, 2005.

Name	# of trust units Under Options/SAR Granted	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options /SARs on the Date of Grant (\$/Security)	Expiration Date
Geoffrey N. Mackey	62,500	21%	\$20.60	\$20.60	November 17, 2010

**Notes:**

- (1) The options entitle the holder thereof to acquire trust units. The options included in the table were granted under the TUIP. These options have a five-year term and are exercisable as to 25% immediately and an additional 25% on each anniversary of the date of grant. Pursuant to the terms of the TUIP, the exercise price for each option may not be lower than the closing price of the trust units on the Toronto Stock Exchange (the "TSX") on the last day on which the trust units traded prior to the date on which the option is granted. The options provide that upon exercise the holder receives, without giving further consideration, such number of trust units as equals the quotient obtained by dividing (a) the product obtained by multiplying the number of trust units with respect to which the option is exercised, by the difference between the fair market value of such Trust Unit and the exercise price, by (b) the fair market value of such Trust Unit, where "fair market value" means the average of the daily high and low board lot trading price of such units on the TSX for the five trading days immediately preceding the date of exercise of the options.
- (2) The employment agreement of Mr. Mackey provides that he is entitled, upon exercise or forfeiture of these options, to a cash payment equal to the aggregate amount of cash distributions on the Fund's trust units (on a per trust unit basis) from the date of issue of the options up to the exercise/forfeiture date if the closing market price of the trust units on such date exceeds the exercise price of the options. If the closing market price of the trust units is lower than the exercise price of the option, Mr. Mackey is entitled to a cash payment equal to the aggregate

amount of the cash distributions on the Fund's trust units (on a per trust unit basis) from the date of issue of the options up to the exercise/forfeiture date less the difference between the exercise price and the closing market price of the trust units (on a per Trust Unit basis).

- (3) The above options were granted to Mr. Mackey in connection with the extension and amendment of his employment agreement.

## Financial Year-End Options/SAR Values

The following table sets out the information with respect the 2005 financial year-end value of unexercised options on an aggregated basis for the Named Executive Officers.

Name	Unexercised Options/SARs at Fiscal Year End		Value of Unexercised in-the-Money Options/SARs at Fiscal Year End	
	(#)		(\$)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Grant D. Billing	150,000	100,000	577,500	385,000
Geoffrey N. Mackey	162,500	150,000	613,750	530,000
W. Mark Schweitzer	90,000	60,000	346,500	231,000

### Notes:

- (1) Based on the closing market price of the trust units on the TSX on December 31, 2005 of \$23.50 per Trust Unit.
- (2) All options entitle the holder thereof to acquire trust units. The options included in the table were granted under the TUIP. See "Options - The TUIP".
- (3) The employment agreements of each of these Named Executive Officers provides that such officers are entitled, upon exercise or forfeiture of these options, to a cash payment equal to the aggregate amount of cash distributions on the Fund's trust units (on a per trust unit basis) from the date of issue of the options up to the exercise/forfeiture date if the closing market price of the trust units on such date exceeds the exercise price of the options. If the closing market price of the trust units is lower than the exercise price of the option, the officers are entitled to a cash payment equal to the aggregate amount of the cash distributions on the Fund's trust units (on a per trust unit basis) from the date of issue of the options up to the exercise/forfeiture date less the difference between the exercise price and the closing market price of the trust units (on a per trust unit basis).
- (4) All of the above options were granted to these Named Executive Officers in connection with the Internalization and, in the case of Mr. Mackey under his Employment Agreement, as extended and amended on November 16, 2005.

## Defined Benefit or Actuarial Plan Disclosure

Mr. Timmons is the only Named Executive Officer who participates in the defined benefit pension plan. The following table provides information concerning the total annual retirement benefit payable under both the registered pension plan and the supplemental pension benefit agreement at age 60, the earliest age at which an unreduced pension benefit is available.

Remuneration	Years of Service				
	20	25	30	35	40
\$240,000	\$84,938	\$106,172	\$127,406	\$148,641	\$169,875
\$260,000	\$92,438	\$115,547	\$138,656	\$161,766	\$184,875
\$280,000	\$99,938	\$124,922	\$149,906	\$174,891	\$199,875
\$300,000	\$107,438	\$134,297	\$161,156	\$188,016	\$214,875
\$320,000	\$114,938	\$143,672	\$172,406	\$201,141	\$229,875
\$340,000	\$122,438	\$153,047	\$183,656	\$214,266	\$244,875
\$360,000	\$129,938	\$162,422	\$194,906	\$227,391	\$259,875

The annual retirement benefit is equal to the sum of: (i) 1.25% of the best average earnings up to and including the final three-year average yearly maximum pension earnings ("YMPE") (currently \$40,500 in 2005); and, (ii) 1.875% of the best average earnings in excess of the three-year average YMPE, multiplied by the number of years and completed months of credited service. Earnings or remuneration for defined benefit pension purposes consist of base salary. At an estimated 24.5 years of service as at December 31, 2005, the estimated annual payments under the pension plan, based on Mr. Timmons' best average earnings as of December 31, 2005 would be \$119,309, payable at age 65. There is no maximum applied to credited services, nor is there any offset or reduction at age 65 due to Canada Pension or Old Age Security.



The pension benefit is payable from the registered pension plan up to the maximum allowed under the *Income Tax Act*, and the balance is payable from the supplemental pension benefit agreement. The entire pension amount is eligible for the retirement options available under the registered plan, including life guaranteed and spousal joint and survivor options.

### **Termination of Employment, Change in Responsibilities and Employment Contracts**

Of the Named Executive Officers, Messrs. Billing, Mackey, Schweitzer and Vanderberg have employment agreements with Superior. Should any of the other Named Executive Officers be removed from their current positions at Superior for reasons other than for cause, it is anticipated that they would receive, in keeping with general industry practice, a minimum of one to two times their annual salary.

Messrs. Billing, Mackey and Schweitzer are parties to employment agreements dated May 8, 2003 (the "Employment Agreements") with the Fund and Superior. Under these employment agreements, executives receive an annual salary, are entitled to receive an annual bonus (provided they meet the required performance criteria) and participate in any and all fringe benefit plans, coverages and other perquisites made available from time to time to Superior's senior officers and executives. For the amount of each of such executive's salary and the bonus paid for the 2005 fiscal year, please refer to the "Summary Compensation Table".

The employment agreements of Messrs. Billing and Mackey provide that each of these officers is entitled to receive an annual bonus of between 0% and 100% of their annual salary, based on whether, and to what extent, Superior achieves certain predetermined performance objectives. Mr. Schweitzer's employment agreement provides that he is entitled to receive an annual bonus of between 0% and 80% of his annual salary based on whether, and to what extent, Superior achieves certain predetermined performance objectives. In addition, Messrs. Billing, Mackey and Schweitzer were also provided with trust unit options on the signing of their employment agreements. See "Options – The TUIP". Messrs. Billing, Mackey and Schweitzer were, on signing their employment agreements, also provided with non-interest bearing loans to purchase trust units of the Fund and retention bonuses to match the loan repayment amounts under the Senior Executive Retention Program. See "Report on Executive Compensation – Long-term Incentive and Retention Programs", "Indebtedness of Directors and Senior Officers", and "Summary Compensation Table".

In the event of a change of control or termination of employment for any reason other than cause, each of Messrs. Mackey, Schweitzer and Billing are entitled to receive i) two times the aggregate of his then current salary and benefits and the bonus paid to him in respect of the most recently completed financial year, and ii) an amount equal to any unpaid retention bonuses.

On November 17, 2005, Superior and Mr. Mackey agreed to amend the employment agreement of Mr. Mackey to extend the term until January 1, 2009 (which agreement would continue automatically thereafter unless otherwise terminated) and to increase Mr. Mackey's salary effective January 1, 2006 to an amount to be determined by the Board but not to be less than \$530,000 per annum. In addition, on each of November 17, 2005, January 1, 2007, January 1, 2008, Superior agreed to grant Mr. Mackey options to purchase 62,500 trust units of the Fund at the market price of the trust units applicable as at such date. The options, which will have a five year term, will vest as to 25% immediately and 25% on each anniversary of the date of grant until all options are fully vested.

Mr. Vanderberg's employment agreement provides that he receives an annual salary, is entitled to receive an annual bonus (provided he meets the required performance criteria) and is entitled to participate in all other incentive compensation plans and to receive any and all fringe benefit plans, coverages and other perquisites made available from time to time to Superior's senior executives. For the amount of salary

and bonus paid to Mr. Vanderberg for the 2005 fiscal year, please refer to the "Summary Compensation Table".

Mr. Vanderberg's employment agreement provides that he is entitled to receive an annual bonus of between 0% and 80% of his annual salary, based on whether, and to what extent, Winroc, a division of Superior achieves certain predetermined performance objectives.

In the event Superior terminates Mr. Vanderberg's employment without cause or in certain events where Mr. Vanderberg terminates his employment with Superior with good reason, Mr. Vanderberg is entitled to receive his base salary plus an additional amount designed to approximate the value of his employment benefits for a period of eighteen months.

## SECURITIES ISSUABLE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of trust units to be issued upon exercise of outstanding options, warrants and rights issued pursuant to equity compensation plans, the weighted average exercise price of such outstanding options, warrants and rights and the number of trust units remaining available for future issuance under equity compensation plans of the Fund as at December 31, 2005.

<b>Plan Category <sup>(1)</sup></b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(2)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</b>
Equity compensation plans approved by securityholders	34,038	\$22.82	707,932

### Notes:

- (1) All of these securities are trust units reserved for issuance pursuant to Trust Unit Options granted under the Fund's Trust Unit Incentive Program. All equity compensation plans have been approved by the Unitholders of the Fund.
- (2) The terms of the Trust Unit Option Plan provide that upon exercise, the holder receives such number of trust units as equals the quotient obtained by dividing (a) the product obtained by multiplying the number of trust units with respect to which the option is exercised, by the difference between the fair market value of such Trust Unit and the exercise price, by (b) the fair market value of such trust units where "fair market value" means the average of the daily high and low board lot trading price of such trust units on the TSX for the five trading days immediately preceding the date of exercise of the option. As at December 31, 2005, the fair market value of the trust units was \$23.50 and the number of options outstanding was 1,176,334 at a weighted average exercise price of \$22.82.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

The following table sets out the aggregate indebtedness of the officers, directors, employees and former officers, directors and employees of the Fund or Superior, to the Fund or Superior or to another entity, but guaranteed or supported by the Fund or Superior, as at February 8, 2006.

<b>Purpose</b>	<b>AGGREGATE INDEBTEDNESS</b>	
	<b>To the Company or its Subsidiaries</b>	<b>To Another Entity</b>
Trust Unit Purchases	\$2,600,000 <sup>(1)</sup>	\$2,113,135 <sup>(2)</sup>

### Notes:

- (1) Indebtedness associated with the purchase of trust units of the Fund by the executives of Superior involved in the Internalization. See Note 2 to "Summary Compensation Table" and "Report on Executive Compensation – Long-term Incentive and Retention Programs".
- (2) Indebtedness of the individual officers and employees of Superior associated with the purchase of trust units of the Fund pursuant to the Fund's management trust unit purchase plan, which indebtedness Superior guarantees up to a maximum of 66%. See "Indebtedness of Directors and Officers".

The following table sets forth particulars of the indebtedness incurred in connection with Superior's management trust unit purchase plan. The MTUPP was established to advance the interests of Superior and the Fund by encouraging and enabling the acquisition of a trust unit interest in the Fund by certain executive officers and senior employees. Under the terms of the MTUPP, participants may acquire trust units of the Fund through open market purchases in pledge accounts established by individual participants with an investment dealer. Participants borrow directly from a chartered bank the entire cash amount required to make the trust unit purchases with Superior guaranteeing up to 66% of the loan amount. Trust units are pledged by the participants as security for the loans. The loan terms vary depending on the participant but typically bear interest at the applicable bank's prime lending rate and have a term between one and four years.

<b>INDEBTEDNESS OF DIRECTORS AND OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS</b>			
<b>Name and Principal Position</b>	<b>Largest Amount Outstanding during 2005 (\$)</b>	<b>Amount Outstanding as at February 8, 2006 (\$)</b>	<b>Financially Assisted Securities Purchases During 2005 (#)</b>
Derren Newell Vice-President, Business Process and Compliance	222,569	221,271	3,529
Theresia Reisch Vice-President, Investor Relations and Corporate Secretary	195,486	193,890	3,529
Clint Warkentin Vice-President and Treasurer	75,000	74,061	2,365
Frank Burdzy Vice-President, Business Operations, Superior Propane	75,000	74,610	3,363
David Eastin Past President, Superior Propane	245,119	243,055	5,747
Terrence Gill Vice-President, Human Resources, Superior Propane	222,151	215,425	3,363
John Gleason President, Superior Propane	500,000	492,963	15,772
Desmond Moulton Vice-President, Finance, Superior Propane	75,000	73,747	2,446
Gregory Stewart Vice-President, Business Services, Superior Propane	220,378	215,002	3,512
Carl Strub III Vice-President, Transportation and Operations Services, Superior Propane	75,000	74,731	3,460
Ed Bechberger Vice-President and General Manager, International Business, ERCO Worldwide	216,000	139,723	3,628
Jamie Betts Technical Advisor and Business Development Support, ERCO Worldwide	147,199	140,321	Nil
Sheila Burke Vice-President, Regulatory Affairs & External Relations, ERCO Worldwide	147,199	140,090	Nil
John Clarke Vice-President and General Manager, North America Chlorate Business, ERCO Worldwide	75,000	75,000	3,149
Dan Corbett Vice-President, Human Resources, ERCO Worldwide	75,000	74,549	Nil
John Engelen Vice-President, Finance & Systems, ERCO Worldwide	216,435	2,439	3,631
John Kamler Vice-President Business Development, ERCO Worldwide	216,489	4,719	3,582

<b>INDEBTEDNESS OF DIRECTORS AND OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS</b>			
<b>Name and Principal Position</b>	<b>Largest Amount Outstanding during 2005 (\$)</b>	<b>Amount Outstanding as at February 8, 2006 (\$)</b>	<b>Financially Assisted Securities Purchases During 2005 (#)</b>
Roger Thomey Director, Offshore Manufacturing, ERCO Worldwide	147,912	147,058	3,760
Robert Jordan Director, Business Development, Winroc	149,995	147,851	5,073
Colin Ramsden Operations Manager, BC Region, Winroc	149,700	144,893	2,636
Peter Welly Vice-President, Operations US and Acoustical, Winroc	149,696	147,851	5,057
Jeff Borg Past Senior Vice-President, Superior Energy Management	147,383	142,664	2,503
Gerald M. Haggarty Past President, Superior Energy Management	125,000	120,732	Nil
Gregory McCamus President, Superior Energy Management	100,000	100,000	4,175

**Note:**

(1) For each of the above grants under the MTUPP, Superior is the guarantor of up to 66% of the loan and the security for the loan is a pledge of the associated trust units. No indebtedness under these loans was forgiven during 2005.

## **CORPORATE GOVERNANCE PRACTICES**

On October 7, 2003, the Fund's governance structure was simplified and streamlined. Computershare became corporate trustee and transfer agent of the Fund and the individual trustees became members of the Board. As a result, Board members are directly elected by Unitholders. The Board is responsible for overseeing the business of Superior and the affairs of the Fund and for providing effective stewardship to support long-term growth and value creation. Management of Superior and the Board consider good corporate governance to be central to the effective and efficient operation of the Fund and are committed to reviewing and adapting the governance system from time to time so that it meets Superior's and the Fund's changing needs and as the regulatory framework continues to evolve.

On April 15, 2005, the Canadian Securities Administrators published in its final form the Corporate Governance Policy and the Corporate Governance Rule, including Form 58-101F1 (collectively, the "Disclosure Instrument"). The Disclosure Instrument came into force on June 30, 2005.

Based on its commitment to strong, effective and responsible governance practices and in light of the Disclosure Instrument, the Audit Committee rule, and MI52-109–Certification of Disclosure in Issuer's Annual and Interim Filings related to Chief Executive Officer/Chief Financial Officer certification and financial disclosure standards and requirements, as amended on June 6, 2005 ("CSOX"), the Board has carefully considered its structure, membership and processes, including the Superior's policies and procedures during 2005. Key changes made, compared to the previous year include:

- The adoption by the Board of a written mandate, replacing existing Board Guidelines;
- The expansion of the committees of the Board from two to three standing committees: Audit, Governance and Nominating and Compensation; and
- The introduction of a written Code of Business Conduct and Ethics to supplement its existing principles designed to promote honesty and integrity throughout the organization.

A summary of Superior's approach to certain aspects of corporate governance is stated below. A description of the Fund's corporate governance practices relative to the Disclosure Instrument is set out in Schedule "A".

### **Mandate and Composition of the Board**

The Board is responsible for the stewardship of Superior and the Fund. Its role is to provide effective leadership and oversight. Superior has officers and employees responsible for the day to day management and conduct of the businesses of Superior and the implementation of the strategic plan approved by the Board. Fundamentally, the Board seeks to insure that Superior and the Fund conduct their business with honesty and integrity, with a view to creating sustainable and long-term value and profitable growth. Supported by its committees, the Board's processes are designed to achieve an appropriate degree of independence from management; to oversee succession planning; to consider, approve and monitor Superior's strategic, operating, capital and financial plans; and to monitor its risk management framework, including the integrity of internal financial and management systems. The duties and responsibilities of the Board are set out in the written mandate of the Board, a copy of which is attached as Schedule "B".

The Board is composed of nine members with extensive business and board experience and high standards of ethics. Of the nine members, seven are independent and two are management directors. All independent members currently participate in at least one standing committee. For more information on independence, see "Independence of Board and Committee Members" on page 4. The Board has an Executive Chair and appointed a Lead Director in 2003 to provide greater independence of the Board from management. Currently, the Lead Director also serves as Chair of the Governance and Nominating Committee. Position description of the Executive Chair and the Lead Director delineate their roles and responsibilities. Position descriptions of the Executive Chair, the Lead Director and the President and CEO are available on the Fund's website. Key duties of the Lead Director include acting as liaison between management and the Board, reviewing conflict of interest issues that may arise and chairing in camera meetings of the Board, without management present, at each Board meeting. Under the guidance of the Governance and Nominating Committee, the Lead Director guides the annual Board effectiveness and assessment evaluation. During the last evaluation in August of 2005, it was determined that the Board has the appropriate size and competencies to efficiently discharge its duties and responsibilities.

### **Committees of the Board**

The Board has an Audit Committee. Effective November 2, 2005, the Board expanded its committee structure by dividing and expanding the responsibilities of the Governance and Human Resources Committee to form the standing Governance and Nominating Committee and the Compensation Committee. The composition of each committee is reviewed on an annual basis. At all committee meetings, the members hold an in-camera session without management present. The mandates of Superior's committees can be found on the Fund's website at [www.superiorplus.com](http://www.superiorplus.com). Brief summaries are provided below.

#### **Audit Committee**

##### *Composition and Qualifications*

The Audit Committee consists of three directors, Messrs. Smith (Chair), Green and Valentine, all of whom are "financially literate", and "independent" within the meaning of the Audit Committee Rule. In considering criteria for the determination of financial literacy, the Board looks at the ability to read and understand a balance sheet, an income statement and a statement of cash flow of a public entity. Mr. Smith is a chartered financial analyst with over 15 years experience in the investment banking industry

where he served in director and vice-president roles. His experience includes investment research, mergers and acquisitions, project finance, privatization and corporate finance. Mr. Smith currently is a managing director and founding partner of Enterprise Capital Management Inc. Mr. Green is a chartered accountant and international business advisor with over 30 years of experience in senior executive roles, including 25 years as Chief Executive Officer or Chief Operating Officer of international companies. Currently, Mr. Green serves as Chairman of Patheon Inc., a global pharmaceutical company. Mr. Valentine is a chartered accountant, served as Auditor General of Alberta from 1995 to 2002 and held various senior accounting, audit and advisory positions with KPMG over a 38-year period. He currently serves as senior advisor to the CEO, Calgary Health Region and as senior advisor to the Dean of Medicine, University of Calgary.

#### *Responsibilities and Terms of Reference*

The Audit Committee reviews with management and the external auditors, and recommends to the Board for approval, the annual and interim financial statements of Superior, the reports of the external auditors thereon and related financial reporting, including management's discussion and analysis and financial press releases. The Audit Committee reviews and oversees, in conjunction with the external auditors and management, audit plans and procedures and meets with the auditors independent of management, at each quarterly meeting. It is responsible for reviewing auditor independence, approving all non-audit services, reviewing and making recommendations to the Board on internal control procedures and management information systems. In addition, the committee is responsible for assessing and reporting to the Board on financial risk management positions and monitoring the processes and compliance with respect to CSOX requirements. The mandate of the Audit Committee is set forth in Schedule "C".

#### *Auditor Service Fees*

Deloitte & Touche LLP has served as the auditors of the Fund since inception in 1996. Fees payable to Deloitte & Touche for the years ended December 31, 2005 and December 31, 2004 are detailed in the following table:

	<b>Year Ended December 31, 2005</b>	<b>Year Ended December 31, 2004</b>
Audit fees	\$407,136	\$216,950
Audit-related fees	338,927	144,066
Tax fees	–	67,929
All other fees	–	–
	<b>\$746,063</b>	<b>\$428,945</b>

Audit fees were paid for professional services rendered by the auditors for the audit of the Fund's and Superior's annual financial statements or services provided in connection with statutory and regulatory filings. Audit-related fees were paid for review of quarterly financial statements of Superior and the Fund, attendance at quarterly audit meetings, pension plan audits, regulatory reviews, and for services provided in connection with financings, accounts receivable securitization program requirements, including French translation services provided in connection therewith. Tax fees were paid for tax advice and assistance with tax audits, including GST and property tax reviews.

All permissible categories of non-audit services require approval from the Audit Committee.

#### **Governance and Nominating Committee**

The Governance and Nominating Committee consists of three independent directors: Messrs. Green (Chair), Engbloom, and MacDonald. The Governance and Nominating Committee has the overall responsibility for reviewing the corporate governance practices and assessing the functioning and effectiveness of the Board, its committees and individual members. It is also responsible for

recommending suitable director candidates to the Board and for maintaining plans for orderly succession of directors to keep the Board balanced in terms of skills and experience. In addition, the Committee oversees continuous education programs for Board members and effective orientation and education programs for new directors. In fulfilling its mandate, the Committee has developed and conducts an annual effectiveness survey designed to assess the effectiveness of the Board, its committees and individual directors. It also monitors developments in corporate governance issues and best practices among major Canadian companies and other business organizations to be satisfied that Superior continues to carry out high standards of corporate governance.

### Compensation Committee

The Compensation Committee consists of three independent directors: Messrs. Gish (Chair), Lennox and MacDonald. The Compensation Committee has the overall responsibility for Superior's human resources policies and procedures, including its compensation and incentive programs and its pension policies and practices. It reviews the adequacy and form of compensation for directors and senior management and assesses senior management's performance and succession plans.

### Meetings of the Board and Committees

Regular Board and committee meetings are set at least one year in advance and the Board meets in person at least four times annually with special meetings scheduled either in person or by way of telephone conference call, as required from time to time. In addition, the Board holds a strategy session with management each year. During 2005, the Board held eight meetings, five in person and three by way of telephone conference call. The members of the Board achieved a 100% attendance record, except for Mr. Green (88%) who was unable to attend an unscheduled Board meeting held by way of telephone conference. The attendance record for the Committee meetings held during 2005 was 100%.

The table below provides a summary of Board and committee meetings held and of attendance for Board and Committee members during 2005.

Summary of Board and Committee Meetings for the financial year ended December 31, 2005		Director	Meetings Attended	
			Board	Committee
Board of Directors	8	Grant D. Billing	8 of 8	n/a
Strategy Session	1	Robert J. Engbloom, QC	8 of 8	4 of 4
Audit Committee	4	Norman R. Gish	8 of 8	4 of 4
Governance and Human Resources Committee	3	Peter A.W. Green	7 of 8	5 of 5
Governance and Nominating Committee	1	Allan G. Lennox	8 of 8	4 of 4
Compensation Committee	1	James S.A. MacDonald	8 of 8	5 of 5
		Geoffrey N. Mackey	8 of 8	n/a
		David P. Smith	8 of 8	4 of 4
		Peter Valentine	8 of 8	4 of 4

In addition, the strategy session of the Board held during 2005 was attended by all members of the Board, except for Mr. MacDonald who was unable to attend the first day of the two day session.

### Business Conduct and Ethics

On August 9, 2005, Superior adopted a written Code of Business Conduct and Ethics (the "Code"), supplementing its existing principles and value statements designed to promote honesty and integrity across its five operating divisions. The Code addresses the following issues (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a

material interest; (b) protection and proper use of corporate assets and opportunities; (c) confidentiality of corporate information; (d) fair dealing with the Fund's Unitholders and Superior's customers, suppliers, competitors and employees; (e) compliance with laws, rules and regulations; and (f) reporting of any illegal or unethical behaviour. The Code applies to all directors, officers, employees and consultants of Superior. Superior is currently working with each of its business units to implement processes by which employees certify on an annual basis their familiarity with and adherence to the principles of the Code and to any other of Superior's policies, including the Communication and Disclosure Policy and Practices, Insider Trading and Whistleblower policies. Results of the implementation, annual certifications and any incidents of non-compliance are reported through the respective committees to the Board. The Code encourages employees to seek advice or report concerns without fear of retribution through the Whistleblower Policy, which most recently has been outsourced for greater anonymity. A waiver of the Code for directors, officers, employees and consultants may be granted only by the Board and must promptly be disclosed, as required by applicable rules and regulations. For 2005, no waiver of the Code has been granted. The Code is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Fund's website.

### **Communication with the Board**

Unitholders who would like to communicate directly with the Board should direct their communication to: Grant D. Billing, Executive Chair or Peter A.W. Green, Lead Director, Superior Plus, c/o Corporate Secretary, 605 – 5<sup>th</sup> Avenue SW, Suite 2820, Calgary, Alberta, T2P 3H5.

### **ADDITIONAL INFORMATION**

Copies of this Information Circular, the Fund's Annual Report which contains the financial statements, management discussion and analysis and the auditor's report thereon for the Fund's most recently completed financial year, any interim financial statements of the Fund subsequent to those statements contained in the Annual Report, and the Fund's Annual Information Form for the fiscal year ended December 31, 2005, as filed with the applicable Canadian regulatory authorities, are available on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained without charge by writing to the Secretary of Superior at 2820, 605 – 5<sup>th</sup> Avenue SW, Calgary, Alberta T2P 3H5.

### **BOARD APPROVAL**

The Board of Directors of Superior have approved the contents of this Information Circular and the sending of this Information Circular to the Unitholders of the Fund.

Dated at Calgary, Alberta this 8<sup>th</sup> day of March, 2006.

**SUPERIOR PLUS INCOME FUND by  
SUPERIOR PLUS INC.**



Geoffrey N. Mackey  
President and Chief Executive Officer



Theresia R. Reisch  
Vice President, Investor Relations  
and Corporate Secretary



**SCHEDULE "A"**  
**FORM 58-101F1 - CORPORATE GOVERNANCE DISCLOSURE**

Compliance	Governance Disclosure Requirement and Comments
	<p><b>1. Board of Directors</b></p>
✓	<p>(a) <i>Disclose the identity of directors who are independent.</i></p> <p>Seven of the nine directors are independent. The identity of the directors who are independent and the determinations with respect to independence made by the Board are set out in the table on page 5.</p>
✓	<p>(b) <i>Disclose the identity of directors who are not independent, and describe the basis for that determination.</i></p> <p>Two of the nine directors are not independent. The identity of the directors who are not independent and the determinations with respect to independence made by the Board are set out in the table on page 5.</p>
✓	<p>(c) <i>Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.</i></p> <p>A majority or 77.8% (representing seven of nine) of the members of the Board are independent.</p>
✓	<p>(d) <i>If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</i></p> <p>All directorships with other public entities for each of the Board members are set out in the table on page 5.</p>
✓	<p>(e) <i>Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</i></p> <p>Following each meeting, the Board and its committees conduct in camera sessions, at which non-independent directors or management are not in attendance.</p>
✓	<p>(f) <i>Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</i></p> <p>The Board has an Executive Chair who is not independent. On August 11, 2003, Mr. Green was appointed and continues to act as Lead Director to provide greater independence of the Board from management. Mr. Green also acts as Chair of the Governance and Nomination Committee. His duties as Lead Director include acting as liaison between management and the Board, reviewing conflict of interest issues that may arise, and chairing in camera meetings of the Board, at every Board meeting. Position descriptions of the Executive Chair and the Lead Director delineate their roles and responsibilities. These position descriptions are available on the Fund's website.</p>

Compliance	Governance Disclosure Requirement and Comments
✓	<p>(g) <i>Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.</i></p> <p>The attendance record of each director for all Board and committee meetings held during 2005 is disclosed under “Corporate Governance Practices – Meetings of the Board and Committees” on page 21.</p>
✓	<p><b>2. Board Mandate</b> – <i>Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</i></p> <p>The Board has developed a written mandate. A summary of the mandate is disclosed under “Corporate Governance Practices – Mandate and Composition of the Board” on page 19. The full text of the mandate of the Board is attached as Schedule “B”.</p>
✓	<p><b>3. Position Descriptions</b></p> <p>(a) <i>Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</i></p> <p>The Board has developed written position descriptions for the Executive Chair, the Lead Director, and for the Chair of each committee of the Board, specifically the Audit Committee, the Governance and Nominating Committee and the Compensation Committee. These position descriptions are available on the Fund’s website.</p> <p>(b) <i>Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</i></p> <p>The Board has developed a written position description for the President &amp; CEO.</p>
✓	<p><b>4. Orientation and Continuing Education</b></p> <p>(a) <i>Briefly describe what measures the board takes to orient new directors regarding</i></p> <p>(i) <i>the role of the board, its committees and its directors, and</i></p> <p>(ii) <i>the nature and operation of the issuer’s business.</i></p> <p>The Executive Chair and the Lead Director discuss with new directors the role of the Board, its committees, governance, integrity and corporate values, and the contribution individual directors are expected to make. Senior management provide orientation and education on operations, the strategic plan, the financial position, risks and risk management processes and current issues facing the Fund and Superior’s businesses.</p> <p>Superior has developed an information binder for new directors, containing the Fund’s and Superior’s constating documents, public disclosure documents, policies and guidelines, Board information, including Board and committee mandates, meeting dates, remuneration and indemnification, and relevant business and operational information. The information binder is updated, as required.</p>

Compliance	Governance Disclosure Requirement and Comments
✓	<p>(b) <i>Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</i></p> <p>Management makes regular presentations to the Board on the main areas of Superior’s businesses and Board meetings are conducted from different locations to allow directors to tour Superior’s plants and facilities. In addition, presentations are made from time to time to educate and keep the Board informed on changes in regulatory and industry requirements and standards.</p> <p>The Governance and Nominating Committee ensures that directors are aware of educational opportunities. During 2005, Superior offered membership in the Institute of Corporate Directors (“ICD”) to all members of the Board. Messrs. Mackey and Valentine completed the Directors Education Program through the ICD Corporate Governance College in partnership with the University of Calgary, Haskayne School of Business and the J.L. Rotman School of Management, University of Toronto and hold the ICD designation.</p>
<p>✓</p> <p>✓</p> <p>✓</p>	<p><b>5. Ethical Business Conduct</b></p> <p>(a) <i>Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</i></p> <p>(i) <i>disclose how a person or company may obtain a copy of the code;</i></p> <p>(ii) <i>describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</i></p> <p>(iii) <i>provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</i></p> <p>The Board adopted the Code on August 9, 2005. A summary of the Code, including the compliance monitoring mechanism is disclosed under “Corporate Governance Practices – Business Conduct and Ethics” on page 21. A complete copy of the Code has been filed and is available on SEDAR.</p> <p>The Board has not granted any waiver of the Code in favour of a director or executive officer during 2005. No material change report pertaining to conduct departing from the Code was required to be filed.</p> <p>(b) <i>Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</i></p> <p>To ensure directors exercise independent judgment in considering transactions and agreements, at the beginning of each Board meeting, the directors are asked if there are any independence or conflict of interest issues that may compromise independent judgment. If, at any Board meeting, a director or executive officer has a material interest in a matter being considered, such director or officer would not be present for discussions relating to the matter and would not participate in any vote on the matter.</p> <p>(c) <i>Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</i></p> <p>Superior’s ethics efforts have strong support by the Board. The CEO, supported by the Executive Chair, is responsible for fostering a corporate culture that promotes ethical conduct and integrity of the Corporation as well as ensuring that appropriate processes and rules are in place and observed</p>

Compliance	Governance Disclosure Requirement and Comments
	<p>so that ethical conduct and integrity is achieved in practice. The Code encourages employees to seek advice or report concerns without fear of retribution through the Whistleblower Policy. See “Corporate Governance Practices – Business Conduct and Ethics” on page 21.</p> <p>Upon commencement of employment, all officers and employees of Superior are required to certify compliance with the Code.</p>
<p>✓</p> <p>✓</p> <p>✓</p>	<p><b>6. Nomination of Directors</b></p> <p>(a) <i>Describe the process by which the board identifies new candidates for board nomination.</i></p> <p>The Governance and Nominating Committee is responsible for recommending suitable candidates for nomination for election or appointment as a director of Superior to the Board.</p> <p>As part of the process, the Committee assesses the capacities, competencies and skills of the Board and its members and is currently in the process of building a background, skills and experience matrix for new Board members. The Committee has the authority to hire outside consultants to assist in identifying and screening qualified candidates.</p> <p>(b) <i>Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</i></p> <p>The Governance and Nominating Committee is comprised of three independent directors.</p> <p>(c) <i>If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</i></p> <p>The Governance and Nominating Committee, among other things, is responsible for assisting the Board in identifying suitable director candidates and for maintaining plans for orderly succession of directors to keep the Board balanced in terms of skills and experience. A summary of the mandate of the Governance and Nominating Committee is disclosed under “Corporate Governance Practices – Governance and Nominating Committee” on page 20. The full text of the mandate is disclosed on the Fund’s website.</p>
<p>✓</p> <p>✓</p> <p>✓</p>	<p><b>7. Compensation</b></p> <p>(a) <i>Describe the process by which the board determines the compensation for the issuer’s directors and officers.</i></p> <p>The Board has appointed a Compensation Committee with responsibility for recommending compensation for Superior’s directors and officers. The compensation of the Executive Chair and the President and CEO is approved by the independent directors of the Board.</p> <p>(b) <i>Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.</i></p> <p>The Compensation Committee is composed of three independent directors.</p> <p>(c) <i>If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</i></p>

Compliance	Governance Disclosure Requirement and Comments
✓	<p>A summary of the mandate of the Compensation Committee is disclosed under “Corporate Governance Practices – Compensation Committee” on page 21. The full text of the mandate is disclosed on the Fund’s website.</p> <p><i>(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</i></p> <p>Superior did not retain any compensation consultant or advisor during 2005 to assist in determining compensation for any of Superior’s directors and officers.</p>
✓	<p><b>8. Other Board Committees</b> – <i>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</i></p> <p>The Board does not have any standing committees other than the Audit, the Governance and Nominating, and the Compensation Committee.</p>
✓	<p><b>9. Assessments</b> – <i>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</i></p> <p>The Governance and Nominating Committee reviews the effectiveness of the Board, its committees and each member of the Board.</p> <p>The Governance and Nominating Committee has developed an annual Board Effectiveness Survey which includes an individual director self-evaluation questionnaire and guide. The assessment mechanism is led by the Chair of the Committee, who is also the Lead Director. He tabulates, analyzes and reports the results to the Committee and the Board, after conducting an interview with each director.</p> <p>The results of the most recent annual evaluation were determined in August of 2005 and confirmed that the Board and its committees have the appropriate size and competencies to efficiently discharge their duties and responsibilities.</p>

## **SCHEDULE “B” BOARD MANDATE**

### **A. Purpose and Role**

The Board of Directors (the "Board") of Superior Plus Inc. (the "Corporation") has the duty to oversee the management of the business and affairs of the Corporation. All of the shares and subordinated debt of the Corporation are owned by Superior Plus Income Fund (the "Fund"). Under the Declaration of Trust and the Administration Agreement establishing and providing for the governance of the Fund, the Corporation and the Board have assumed a wide range of duties and responsibilities regarding the management and administration of the operations and affairs of the Fund. In discharging these duties and responsibilities and under applicable law, the Corporation, with respect to the Fund, and each member of the Board, with respect to each of the Corporation and the Fund, are required to act honestly and in good faith with a view to the best interests of, in the case of the Corporation, the Fund, and in the case of each member of the Board, the Corporation and the Fund, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. As such the Board's duties and responsibilities are framed in the context of the Board's and the Corporation's relationship with the Fund and its unitholders. In discharging its duties and responsibilities, the Board shall act in accordance with applicable law, including the provisions of the *Canada Business Corporations Act*.

The Board explicitly assumes the responsibility for the stewardship of the Corporation. The role of the Board is one of stewardship and oversight. The Corporation has officers and employees responsible for the day to day management and conduct of the businesses of the Corporation and the implementation of the strategic plan approved by the Board. The Board seeks to insure that the Corporation conducts its business with honesty and integrity, with a view of creating sustainable and long-term value and profitable growth.

### **B. Responsibilities**

The Board's responsibilities shall include:

- (i) to the extent feasible, satisfying itself of the integrity of the Chief Executive Officer (the “CEO”) and that the CEO and management create a culture of integrity throughout the Corporation;
- (ii) the establishment of an appropriate system of corporate governance, including practices to ensure that the Board functions independently of management;
- (iii) the adoption of a strategic planning process, the review and approval of a strategic plan which takes into account, among other things, the nature of the Fund and the opportunities and risks associated with the businesses of the Corporation, and the annual monitoring, review, and updating of the strategic plan;
- (iv) the identification of the principal business risks of the Corporation's businesses and the implementation of appropriate systems to manage these risks;
- (v) having regard to the advice and input of the Audit Committee, the oversight of compliance with applicable audit, accounting and reporting requirements and the approval of annual operating and capital budgets;
- (vi) having regard to the advice and input of the Audit Committee, the review and being satisfied that appropriate controls are in place with respect to applicable certification requirements regarding the Corporation’s financial and other disclosure;
- (vii) having regard to the advice and input of the Audit Committee, the review and being satisfied with the integrity of the Corporation's internal control and management information systems;
- (viii) having regard to the advice and input of the Audit Committee, the designation of nominees for appointment or re-appointment as external auditors of the Corporation and the Fund, the final decision with respect thereto to be made by the unitholders of the Fund;
- (ix) the adoption and annual review of the Corporation's corporate communications and disclosure policy which, among other matters, (i) promotes consistent disclosure practices aimed at accurate, informative, timely and broadly disseminated disclosure of material information to the markets, (ii) addresses how the Corporation interacts with analysts and the public, and (iii) contains measures to avoid selective disclosure;
- (x) having regard to the advice and input of the Governance and Nominating Committee, the adoption of a Code of Business Conduct and Ethics (the “Code”) for directors, officers, and employees of the Corporation and monitoring of compliance, including the approval of any waivers under the terms of the Code;
- (xi) the development of measures for receiving feedback from unitholders and other stakeholders;
- (xii) having regard to the advice and input of the Compensation Committee, establishing the level and form of compensation for the Board and Committee members;

(xiii) decisions with regard to:

1. acquisitions and divestitures in excess of the approved budgetary amounts set forth in Section G (d) below;
2. debt or equity financings, and the payment of any commissions and fees in connection thereto;
3. amendments to the distribution policy of the Fund;
4. appointments or removals of senior executive officers;
5. submitting to the shareholders of the Corporation or to the unitholders of the Fund, as applicable, any question or matter requiring their respective approval;
6. purchasing, redeeming or otherwise acquiring shares issued by the Corporation or units issued by the Fund;
7. approving the annual management proxy circular of the Corporation and the Fund;
8. approving the financial statements of the Corporation and the Fund; and
9. adopting, amending or repealing the by-laws of the Corporation.

In the event that the external auditors (or former external auditors) of the Corporation and the Fund inform the Board of what the external auditors consider to be a material error or misstatement in a financial statement of the Corporation or the Fund that the external auditor (or former external auditor) has reported on, the Board shall be satisfied that either revised financial statements are prepared and issued to the unitholders of the Fund or that the unitholders of the Fund are otherwise informed of such error or misstatement; and

In the event that a director of the Corporation becomes aware of any error or misstatement in a financial statement of the Corporation or the Fund that the external auditor (or a former external auditor) has reported on, such director shall notify the Audit Committee and the external auditor of any such error or misstatement.

### **C. Composition and Effectiveness of the Board**

The Board shall:

- (a) consist of not less than seven and not more than fifteen directors, at least one-quarter of whom are resident Canadians (as defined in the Canada Business Corporations Act) and at least a majority of whom are independent, as defined under applicable securities laws, rules and guidelines;
- (b) having regard to the advice and input of the Governance and Nominating Committee, approve the number of directors to be elected and the nominees for election by the unitholders of the Fund;
- (c) be satisfied that all new directors receive a comprehensive orientation and that the Corporation provides for appropriate continuing education opportunities for all directors; and
- (d) consider the report of the Governance and Nominating Committee with respect to the evaluation and effectiveness of the Board, its members and its committees and their members.

### **D. Board Committees**

The Board shall have the following standing committees:

- i. Audit Committee;
- ii. Governance and Nominating Committee; and
- iii. Compensation Committee.

The composition and responsibilities of these committees shall be as set forth in the mandates for these committees as prescribed from time to time by the Board, which mandates shall be reviewed annually by the Board. The Board may constitute additional standing committees or special committees with special mandates as may be required or appropriate from time to time.

At each meeting of the Board, committees of the Board shall report any recent developments or activities undertaken by the respective committees.

Appointment of members to standing committees shall be the responsibility of the Board, having received the recommendation of the Governance and Nominating Committee. In this regard, consideration will be given to rotating committee members from time to time and to the special skills of particular directors. Committee chairs will be selected by the Board or, in the event of its failure to do so, by the Committee's members. At the recommendation of the Governance and Nomination Committee, the Board shall regularly review the position descriptions for the chair of each committee.

In discharging his or her obligations, an individual director may engage outside advisors, at the expense of the Corporation, in appropriate circumstances and subject to the approval of the Governance and Nominating Committee. In addition, any committee of the Board has the authority to engage outside advisors without prior approval of the Governance and Nominating Committee.

#### **E. Chair of the Board/Lead Director**

The Board shall be responsible for the selection of a Chair of the Board following receipt of the recommendation of the Governance and Nominating Committee. If the Chair of the Board is an Executive Chair or is not independent of the management, the Board shall appoint a Lead Director who is independent of management. The Chair of the Board shall, with the Lead Director, if one, set Board agendas and be responsible for the extent and quality of the information sent to directors. At the recommendation of the Governance and Nominating Committee, the Board shall regularly review the position descriptions for the Chair of the Board and the Lead Director. The Lead Director shall be the Chair of the Governance and Nominating Committee.

#### **F. Board Meetings**

Information and data that is important to the Board's understanding of the businesses of the Corporation should be distributed to and reviewed by the Board on a timely basis in advance of the meetings. Management should make every attempt to see that this material is as brief as possible while still providing the information relevant to proposed Board discussion. Care should be taken to ensure that the Board is not called upon too late in the decision making process.

As a general rule, presentations on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has arising from the material.

Senior management should be invited to attend the Board meetings as appropriate to expose the directors to key members of management to each other and to provide additional insight into the items being considered by the Board.

The Board shall hold an *in camera* session of the directors, without non-independent directors and management members or representatives present, at every Board meeting.

#### **G. CEO and Management**

- (a) The Board shall appoint the CEO, approve his/her compensation and monitor the CEO's performance against a set of goals and objectives established by the Board. Together with the CEO, the Board shall regularly review the position description for the CEO;
- (b) The Board shall oversee the succession planning, including appointing, training and monitoring of senior management;
- (c) Management has the responsibility to present a strategic plan to the Board for its review. The strategic plan shall take into account, amongst other matters, the opportunities and risks of the business of the Corporation. The strategic planning process shall be a dynamic process that changes and evolves as the risks and opportunities of the Corporation evolve. Accordingly, it will be necessary to update the strategic plan on at least an annual basis; and
- (d) Management is authorized to incur costs and expenses within approved budgets and forecasts. Any discretionary capital expenditures require the approval of the Executive Chair and any such discretionary capital expenditures in excess of \$10 million, on a cumulative basis, shall require prior Board approval. The Executive Chair may delegate this approval authority. The Board shall be informed of any discretionary capital expenditures approved since the previous Board meeting. Any discretionary capital expenditures approved by the Board shall no longer form part of the \$10 million cumulative amount.

#### **H. Stakeholder Communication**

- (a) Any stakeholder may contact the Board by e-mail or in writing to the Board c/o the Corporate Secretary. Matters relating to the Corporation's accounting, internal accounting controls or auditing matters will be referred to the Audit Committee. Other matters will be referred to the Executive Chair of the Board or the Lead Director, as appropriate. Stakeholders may also directly contact the Executive Chair of the Board or the Lead Director.

November 3, 2005



**SCHEDULE "C"**  
**AUDIT COMMITTEE MANDATE**

**A. Purpose**

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Superior Plus Inc. (the "Corporation") is to assist the Board in fulfilling its oversight responsibilities in relation to the review and approval of the financial statements and financial reporting of the Corporation and Superior Plus Income Fund (the "Fund"), including management's assessment of internal controls over financial reporting, and assessing other internal controls, management information, and the risk management systems and procedures of the Corporation and the Fund. The Committee shall also be directly responsible for overseeing the relationship of the external auditors with the Corporation and the Fund and the external auditors shall report directly, and be accountable, to the Committee.

The role of the Committee is one of stewardship and oversight. The Committee plays an important role within the control environment and monitoring components of internal control over financial reporting. Management is responsible for preparing the financial statements and financial reporting of the Corporation and the Fund and for maintaining internal control and management information and risk management systems and procedures. The external auditors are responsible for the integrated audit or review of the financial statements and the internal controls over financial reporting and other services they provide.

**B. Mandate**

1. Financial Statements and Financial Reporting

The Committee shall:

- (a) review with management and the external auditors, and recommend to the Board for approval, the annual financial statements of the Corporation and the Fund, the reports of the external auditors thereon and related financial reporting, including Management's Discussion and Analysis ("MD&A") and earnings press releases prior to the public disclosure of such information;
- (b) review with management and the external auditors, and recommend to the Board for approval, the interim financial statements of the Corporation and the Fund and related financial reporting, including MD&A and earnings press releases prior to the public disclosure of such information;
- (c) review with management and recommend to the Board for approval, the Corporation's and the Fund's Annual Information Forms;
- (d) review with management and recommend to the Board for approval, any financial statements of the Corporation or the Fund which have not previously been approved by the Board and which are to be included in a prospectus of the Corporation or the Fund;
- (e) review with management and the external auditors, and recommend to the Board for approval, management's internal control reports of the Corporation and the Fund, and the reports of the external auditors thereon and the related required disclosures in the MD&A, as required by applicable securities laws, rules and guidelines;
- (f) consider and be satisfied that appropriate processes are in place with respect to applicable certification requirements regarding the Corporation's and the Fund's annual and interim financial statements and other disclosure;
- (g) consider and be satisfied that adequate procedures are in place for the review of the Corporation's and the Fund's public disclosure of financial information extracted or derived from the Corporation's and the Fund's financial statements (other than disclosure referred to in clauses (a) and (b) above), and periodically assess the adequacy of such procedures;
- (h) review with management, the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation and the Fund, and the manner in which these matters may be, or have been, disclosed in the financial statements; and
- (i) review accounting, tax and financial aspects of the operations of the Corporation and the Fund as the Committee considers appropriate.

2. Relationship with External Auditors

The Committee shall:

- (a) review and evaluate the external auditors, including the lead partner's performance and make a recommendation to the Board as to the appointment or re-appointment of the external auditors, ensuring that such auditors are participants in good standing pursuant to applicable securities laws;
- (b) consider and make a recommendation to the Board as to the compensation of the external auditors;
- (c) review and approve the annual audit plan of the external auditors;
- (d) oversee the work of the external auditors in performing their audit, review or attest services and oversee the resolution of any disagreements between management and the external auditors;

- (e) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and the Fund and their affiliates in order to determine the external auditors' independence, including, without limitation, (A) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation and the Fund, (B) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors, and (C) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;
- (f) monitor the rotation of partners on the audit engagement team in accordance with applicable law;
- (g) as may be required by applicable securities laws, rules and guidelines, either:
  - (i) pre-approve all non-audit services to be provided by the external auditors to the Corporation or the Fund (or their respective subsidiaries, if any), or, in the case of de minimus non-audit services, approve such non-audit services prior to the completion of the audit; or
  - (ii) adopt specific policies and procedures for the engagement of the external auditors for the purpose of the provision of non-audit services; and
- (h) review and approve the hiring policies of the Corporation and the Fund regarding partners, former partners, employees and former employees of the present and former external auditors of the Corporation and the Fund.

### 3. Internal Controls

The Committee shall:

- (a) review with management and the external auditors, the adequacy and effectiveness of the internal control and management information systems and procedures of the Corporation and the Fund (with particular attention given to accounting, financial statements and financial reporting matters, and antifraud processes) and determine whether the Corporation and the Fund are in compliance with applicable legal and regulatory requirements and with the Corporation's and the Fund's policies;
- (b) review with management, on at least an annual basis, their approach to monitoring the performance of the internal controls over financial reporting in accordance with their CEO/CFO certification process, as required by applicable securities laws, rules and guidelines;
- (c) review the appropriateness of the accounting practices and policies of the Corporation and the Fund and review any proposed changes thereto;
- (d) review the external auditors' recommendations regarding any matters, including internal control and management information systems and procedures, and management's responses thereto;
- (e) establish procedures for the receipt, retention and treatment of complaints, submissions and concerns regarding financial reporting and disclosure, accounting, internal accounting controls or auditing matters on an anonymous and confidential basis;
- (f) review policies and practices concerning the expenses and perquisites of the Executive Chair, including the use of the assets of the Corporation and the Fund; and
- (g) review with external auditors any corporate transactions in which directors or officers of the Corporation have a personal interest.

### 4. Financial and Derivative Risk Management

The Committee shall:

- (a) review with management and the external auditors their assessment of significant financial risks and exposures;
- (b) review and assess the steps that management has taken to mitigate such risks; and
- (c) report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the businesses of the Corporation.

## C. **Committee and Procedures**

### 1. **Composition of Committee**

The Committee shall consist of not less than three directors. Each Committee member shall satisfy the independence and financial literacy requirements of applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. In particular, each member of the Committee shall have no direct or indirect material relationship with the Corporation or the Fund or any affiliate thereof which could reasonably be expected to interfere with the exercise of the member's independent judgement. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board.

2. Appointment of Committee Members

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three directors.

3. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

4. Authority to Engage Experts

The Committee has the authority to communicate directly with internal and external auditors and to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors, such engagement to be at the Corporation's expense.

5. Meetings

The Committee shall meet at least four times per year and shall meet at such other times during each year as it deems appropriate. In addition, the Chair of the Committee may call a special meeting of the Committee at any time. The Committee shall meet with the external auditors on a regular basis in the absence of management and, if so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor. The Chair of the Committee, the Executive Chair or the Lead Director, any two members of the Committee or the external auditors may call a meeting of the Committee. The external auditors shall be provided with notice of every meeting of the Committee and, at the expense of the Corporation, shall be entitled to attend and be heard thereat. The Chair of the Committee shall hold *in camera* meetings of the Committee, without management present, at every Committee meeting.

6. Quorum

A majority of the members of the Committee shall constitute a quorum.

7. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

8. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

9. Review of Terms of Reference

The Committee shall review and reassess the adequacy of these mandates at least annually, and otherwise as it deems appropriate, and recommend changes to the Board. Such review shall include the evaluation of the performance of the Committee against criteria defined in the Committee and Board mandates.

November 3, 2005