Superior Plus
Income Fund

Annual Information Form
(for the fiscal year ended December 31, 2005)

March 8, 2006

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In this Annual Information Form, all dollar figures are in Canadian dollars, unless otherwise indicated.

FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Forward-Looking Statements

Certain information included or incorporated by reference herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Superior Plus Income Fund (the "Fund") or Superior Plus Inc. ("Superior"). Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words. Forward-looking statements in this Annual Information Form ("AIF") include, but are not limited to, capital expenditures, business strategy and objectives. The Fund and Superior believe the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

In addition to other assumptions identified in this AIF, assumptions have been made regarding, among other things:

- *the ability of Superior to obtain products, raw materials, equipment, services and supplies in a timely manner to carry out its activities;*
- *the ability of Superior to market its products and services successfully to existing and new customers;*
- *the timing and costs of new facility construction and expansion and the ability to secure adequate product transportation;*
- *the timely receipt of required regulatory approvals;*
- *the ability of Superior to obtain financing on acceptable terms; and*
- *currency, exchange and interest rates.*

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Fund's or Superior's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to the risks identified in this AIF under the heading "Risk Factors" and in the Fund's most recent Annual Management's Discussion and Analysis. Any forward-looking statements are made as of the date hereof and, except as required by law, neither the Fund nor Superior undertakes any obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

Non-GAAP Measures

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 net 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 Consolidated Financial Statements 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.*

CORPORATE STRUCTURE

Superior Plus Income Fund

Superior Plus Income Fund (the "Fund") is a limited purpose, unincorporated trust established under the laws of the Province of Alberta by a Declaration of Trust made as of August 2, 1996, as amended and restated on October 7, 2003 (the "Declaration of Trust"). On February 26, 2003, the name of the Fund was changed from Superior Propane Income Fund to its current name. On October 7, 2003, the Declaration of Trust was amended and restated in connection with the governance reorganization (the "Governance Reorganization") of the Fund, which included the elimination of individual trustees and the appointment of Computershare Trust Company of Canada as trustee of the Fund ("Computershare" or the "Trustee"). See "General Development of the Company and the Fund".

The head and registered office of the Fund is located at Suite 2820, 605 – 5 Avenue SW, Calgary, Alberta T2P 3H5.

The Fund's investments in Superior Plus Inc. ("Superior" or the "Company") are comprised of all of the outstanding Class A and B Common Shares ("Common Shares") and unsecured subordinated notes due October 1, 2026 (the "Shareholder Notes") issued pursuant to an amended and restated note indenture between Superior and CIBC Mellon Trust Company of Canada dated October 7, 2003 (the "Note Indenture"). The Fund's investments in Superior are financed by trust unit equity and 8% convertible unsecured subordinated debentures due July 31, 2007 and convertible at $16.00 per trust unit ("Series 1 Debentures"), 8% convertible unsecured subordinated debentures due November 1, 2008 and convertible at $20.00 per trust unit ("Series 2 Debentures"), 5.75% convertible unsecured subordinated debentures due December 31, 2012 and convertible at $36.00 per trust unit (the "5.75% Debentures"), and 5.85% convertible unsecured subordinated debentures due October 31, 2015 and convertible at $31.25 per trust unit (the "5.85% Debentures") collectively, (the "Debentures"). The Fund distributes to holders of trust units of the Fund ("Unitholders"), dividends and/or returns of capital received from its Common Share investment and interest received from its Shareholder Note investment, after payment of Fund expenses and interest payments to the holders of Debentures of the Fund ("Debentureholders").

The Fund does not conduct active business operations, but rather, it distributes to Unitholders the income it receives from Superior, net of expenses and interest payable on the Debentures. Pursuant to the Declaration of Trust, the Fund is generally restricted to owning, investing in and transferring securities of Superior and any other entities, including without limitation, bodies corporate, partnerships or trusts, temporarily holding cash and short-term investments, disposing of the assets of the Fund, including without limitation, any securities of Superior, issuing securities of the Fund, borrowing funds and incurring indebtedness, making distributions and paying costs, fees and expenses of the Fund.

Subject to certain limitations which require the approval of Unitholders or the board of directors of Superior (the "Board"), the Declaration of Trust provides the Trustee with full, absolute and exclusive power, control and authority over the assets and affairs of the Fund and authorizes the Trustee to do all such acts and things as in its sole judgement and discretion are necessary or incidental to carrying out the purposes of the Fund. See "Capital Structure – Trust Units and Declaration of Trust". However, as part of the Governance Reorganization, the Trustee entered into an Amended and Restated Administration Agreement dated October 7, 2003 with Superior, delegating broad power and authority to Superior to effect the actual administration of the duties of the Trustee (the

“Administration Agreement”). The Administration Agreement delegates to Superior, and by implication, its Board, the exclusive authority to manage the operations and affairs of the Fund. In addition, the Administration Agreement provides Superior with a power of attorney to sign documents on behalf of the Fund. As a result, Superior and its Board are responsible for managing the affairs and operations of the Fund pursuant to the Administration Agreement.

Superior

Superior was incorporated under the provisions of *Part I of The Companies Act, 1934* by letters patent dated July 24, 1951, as Superior Propane Limited and was continued under the *Canada Business Corporations Act* on June 30, 1978. The head and registered office of the Company is located at Suite 2820, 605 – 5 Avenue SW, Calgary, Alberta T2P 3H5.

Superior’s articles of incorporation have been amended from time to time since 1951. The most recent material amendments were the name change to "Superior Plus Inc." effective February 26, 2003, to reflect its expanded business operations, the amalgamation of Superior and Albchem Holdings Ltd. (“Albchem”) and related entities, effective October 1, 2003, the amendment to increase the number of directors from a minimum of three and maximum of seven to a minimum of seven and a maximum of fifteen to accommodate the appointment of the former trustees of the Fund to Superior’s Board in connection with the Governance Reorganization, the amalgamation of Superior and The Winroc Corporation and related entities, effective July 1, 2004 and the amalgamation of Superior and Leon’s Insulation Inc., effective July 1, 2005.

Inter-Corporate Relationships

The operations of Superior are comprised of five businesses:

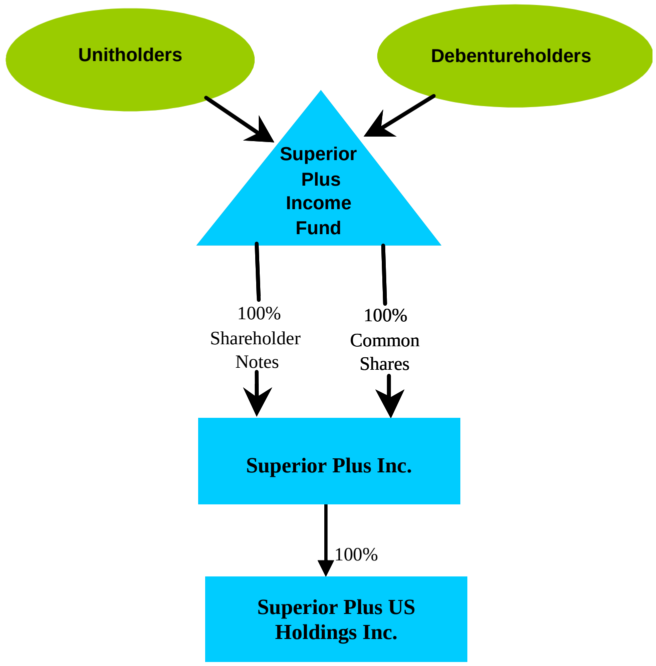
- the propane retailing business operating under the trade name "Superior Propane";
- the specialty chemicals business, operating under the trade name "ERCO Worldwide";
- the specialty flat-rolled aluminum manufacturing business, operating as the JW Aluminum Company (“JW Aluminum” or “JWA”);
- the specialty walls and ceilings construction products business, operating under the trade name “Winroc”; and
- the fixed-price natural gas retailing business, operating under the trade name "Superior Energy Management".

The following is a list of the principal and other selected subsidiaries of Superior as of December 31, 2005:

Company	Jurisdiction	Percentage of Voting and Non-Voting Shares Owned, Controlled or Directed by Superior
Superior Plus US Holdings Inc.[(1)]	Delaware	100%
JW Aluminum Company [(2)]	Delaware	100%

Notes:
[(1)] Holds wholly owned subsidiaries through which ERCO Worldwide, JW Aluminum and Winroc conduct operations in the United States.
[(2)] A wholly owned subsidiary of Superior Plus US Holdings Inc. through which JW Aluminum conducts operations in the United States.

The following diagram presents the simplified structure of the Fund.



GENERAL DEVELOPMENT OF THE COMPANY AND THE FUND

Three Year History

The Company's strategy includes adding value to Unitholders by developing and executing sound business strategies in each of its businesses while further expanding and diversifying its business operations over time.

Until 2002, Superior's operations consisted of the distribution of propane and related products and services Canada-wide. See "Superior's Operations – Superior Propane". During 2002, Superior expanded its operations outside the propane retailing business and divisionalized its operations. In 2002, Superior entered the natural gas retailing business through Superior Energy Management and the specialty chemicals business through the acquisition of the business of ERCO Worldwide. See "Superior's Operations – Superior Energy Management" and "Superior's Operations – ERCO Worldwide".

On March 31, 2003, the Competition Bureau confirmed that it would not appeal the Federal Court of Appeal decision of January 31, 2003, regarding the Superior merger with ICG Propane Inc. ("ICG"), bringing this litigation process to a favourable conclusion. The Federal Court of Appeal confirmed that the Competition Tribunal properly followed the direction of the Federal Court of Appeal and correctly applied the facts of the case to the law, permitting the Superior/ICG merger on the basis that the efficiency gains for the merger were greater than and offset the effects of the potential lessening of competition.

On May 8, 2003, Superior completed the internalization of its management (the "Internalization"). Previously, the management and administration of Superior and the Fund was conducted by Superior Capital Management Inc. (the "Manager") pursuant to a management agreement and administration and advisory agreement. The Manager made a substantial investment in 1998, when it acquired the rights under these agreements and provided extensive services to Superior pursuant to the terms of these agreements over the five year period leading up to the Internalization. Cash paid to the Manager in consideration for the termination by the Manager of its rights under these agreements, was immediately re-invested for the issuance of 7.0 million trust units and 3.5 million trust unit purchase warrants exercisable at a price of $20.00 per trust unit until May 8, 2008, representing a total value of approximately $138.8 million. In addition, Superior entered into employment agreements with each of the three senior executives formerly employed by the Manager that included long-term retention incentives. In doing so, Superior and the Fund eliminated all further management and administrative fees effective January 1, 2003 and secured the ability to internally manage its business and affairs going forward.

On June 11, 2003, the Fund issued from treasury 4.5 million trust units at $20.90 per trust unit, for net proceeds of $88.9 million. The proceeds of the public offering were used to repay a portion of the debt incurred in connection with the acquisition of ERCO Worldwide.

On August 11, 2003, Superior's ERCO Worldwide business agreed to purchase of all of the outstanding shares of Albchem for an aggregate purchase price of $122.8 million, on a debt free basis. Albchem was the owner and operator of two sodium chlorate production facilities in Bruderheim, Alberta and Hargrave, Manitoba, supplying its products to customers in North America as well as the Far East. The acquisition of Albchem closed on October 1, 2003 and increased ERCO Worldwide's annual sodium chlorate production capacity in North America from 460,000 to 580,000 MT, raising its share of estimated North American production capacity from 23% to 29%.

On August 28, 2003, the Fund issued from treasury 4.85 million trust units at $21.85 per trust unit for net proceeds of $100.2 million. The proceeds of the public offering were used to fund a portion of the Albchem acquisition.

On October 7, 2003, Superior completed the Governance Reorganization, improving the governance structure of the Fund and Superior. The Internalization, by removing the position of the Manager and the rights associated therewith, resulted in certain structural changes to the Fund and Superior. The Governance Reorganization was designed to further modify and improve the governance structure of Superior and the Fund. The main elements of the Governance Reorganization were: i) consolidating the trustees of the Fund into the Board of Superior and appointing Computershare as trustee of the Fund; ii) providing Unitholders with the right to elect all members of the Board of Superior; and iii) delegating a broad range of responsibilities previously performed by the Manager and the trustees of the Fund to Superior and its Board. In addition, certain changes were made to the governing documents of the Fund and Superior to reflect industry developments and legislative changes since the inception of the Fund in 1996.

On October 29, 2003, Superior closed a private placement offering of US $160.0 million senior secured notes, of which US $10 million mature October 29, 2013 (the "Series A Notes") and the remainder on October 29, 2015 (the "Series B Notes"). The Series A Notes have an 8-year average life with equal annual principal repayments commencing October 29, 2009. The Series B Notes have a 10-year average life with equal annual principal repayments commencing October 29, 2011. The Series A and Series B Notes have coupon rates of 6.13% and 6.62%, respectively. The net proceeds of this offering were used to repay the then remaining portion of the bank indebtedness associated with the acquisitions of ERCO Worldwide and Albchem.

On June 11, 2004, Superior purchased all of the outstanding shares of The Winroc Corporation, Winroc Supplies Ltd., Allroc Building Products Ltd. and associated entities ("Winroc") for an aggregate purchase price of $104.2 million, on a debt free basis, further diversifying its operations into the specialty walls and ceilings construction products industry. See " Superior's Operations – Winroc".

On June 14, 2005, the Fund issued $175.0 million aggregate principal amount of 5.75% Debentures for net proceeds of $167.6 million. The proceeds of the public offering were used to reduce indebtedness under Superior's credit facilities, which indebtedness was incurred in connection with four recent business acquisitions and the construction of a sodium chlorate manufacturing plant in Chile.

On October 19, 2005, Superior Plus US Holdings Inc. ("Superior USA"), a wholly owned subsidiary of Superior, completed the acquisition of all of the issued and outstanding shares of JW Aluminum, on a debt free basis, for a purchase price of $405.4 million pursuant to the terms of a stock purchase agreement dated September 29, 2005 (the "Stock Purchase Agreement"). The Stock Purchase Agreement contained customary terms, conditions, representations, warranties and covenants for a transaction of this nature and was subject to receipt of all other necessary approvals which were subsequently obtained or waived. This acquisition further diversified Superior's operations into the specialty flat-rolled aluminum industry. See "Superior's Operations – JW Aluminum". In order to partially finance this acquisition, the Fund issued approximately 6.2 million trust units and $75.0 million aggregate principal amount of 5.85% Debentures on October 19, 2005 for net proceeds of approximately $223.2 million. For further information relating to the acquisition of JW Aluminum see the Business Acquisition Report of Superior dated December 21, 2005 which is incorporated by reference herein and is available on SEDAR at *www.sedar.com*.

On March 3, 2006, Superior completed a 10-year, $200.0 million 5.50% senior secured debt issue in the Canadian public bond market. Proceeds will be used to repay the JW Aluminum bank acquisition credit facility and other revolving bank debt.

CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the securities of the Fund and Superior, including the trust units, special voting rights, Debentures, warrants, Common Shares, preferred shares and Shareholder Notes.

Trust Units and Declaration of Trust

The authorized capital of the Fund includes an unlimited number of trust units which may be issued pursuant to the Declaration of Trust. As at the date hereof, 85,528,700 million trust units are issued and outstanding. The holders of trust units are entitled to vote at all meetings of Unitholders on the basis of one vote per trust unit. Holders of trust units are entitled to elect the directors of Superior and appoint the auditors of the Fund at each annual meeting of the Fund. Each trust unit is transferable and represents an equal fractional undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. Currently, the Fund makes monthly cash distributions to its Unitholders. All trust units are of the same class with equal rights and privileges. Trust units are not subject to future calls or assessments. The Fund may create and issue additional trust units, rights, warrants, options or other securities to purchase, convert into or exchange into trust units, including without limitation, installment receipts or similar securities, debentures, notes or other evidences of indebtedness from time to time on terms and conditions acceptable to the Board of Superior.

Trust units are redeemable at any time at the option of the holder upon delivery to the Fund of the certificate or certificates representing such trust units accompanied by a duly completed and properly executed notice requesting redemption. Upon receipt of the redemption request, the holder is entitled to receive a price per trust unit (the "Redemption Price") equal to the lesser of: i) 90% of the "market price" of the trust units on the principal market on which the trust units are quoted for trading during the 10 trading day period commencing immediately after the date on which the trust units are surrendered for redemption; and ii) the "closing market price" on the principal market on which the trust units are quoted for trading on the date the trust units are surrendered for redemption. For the purposes of the Declaration of Trust "market price" generally means the amount equal to the simple average of closing prices of the trust units on the Toronto Stock Exchange for each of the trading days on which there was a closing price and "closing market price" generally means the closing price of the trust units on the Toronto Stock Exchange if there was a trade on that date.

The aggregate redemption price payable by the Fund in respect of any trust units surrendered for redemption in any calendar month shall be satisfied by way of cash payment on the last day of the following month. Holders of trust units are not entitled to cash on redemption if the total amount payable in the month by the Fund pursuant to redemptions exceeds $100,000, provided that Superior may waive such limitation in respect of a particular month. If the value of redemptions exceeds $100,000 the Fund shall satisfy its obligation to pay the Redemption Price by issuing promissory notes to the Holders which have terms substantially similar to the Shareholder Notes. See “Capital Structure – Shareholder Notes”.

Although the redemption right described above is available to Unitholders, the primary mechanism for Unitholders to dispose of their investment in the Fund is the sale of trust units. The promissory notes which may be distributed to Unitholders in connection with a redemption will not be listed on any stock exchange and such promissory notes may be subject to resale restrictions under applicable securities law.

The Declaration of Trust restricts the Trustee from implementing any of the following fundamental changes without first obtaining approval of 66 2/3% of the Unitholders that vote on a resolution approving such action: i) a sale of all or substantially all of the assets of the Fund or Superior (other than an internal reorganization), ii) an amalgamation or arrangement involving Superior (other than an internal reorganization), iii) material amendments to the Shareholder Notes or note indentures or other documents governing the Shareholder Notes, iv) material amendments to the articles of Superior to change the authorized share capital or amend the rights of any class of Superior's shares which may be prejudicial to the Fund, v) authorizing the trustee under the Note Indenture to take any steps or actions with respect to an event of default under any Shareholder Notes, or vi) terminating the Administration Agreement prior to its expiry. In addition, the Trustee cannot appoint, elect or remove, as the case may be, the directors or auditors of Superior without the approval of a majority of Unitholders that vote on a resolution approving such action. Finally, the Trustee cannot, without the approval of the Board of Superior: i) sell or transfer securities of the Fund, including Common Shares and Shareholder Notes; ii) amend or alter the Shareholder Notes or the Note Indentures governing the

Shareholder Notes; iii) issue any securities of the Fund; iv) acquire or invest in securities of other entities, including bodies corporate, partnerships or trusts; v) borrow funds or incur other indebtedness; vi) amend the articles of Superior; or vii) dispose of any of the assets of the Fund.

The Declaration of Trust provides that at no time may more than one half of the outstanding trust units be held by non-residents of Canada ("non-residents") within the meaning of the *Income Tax Act* (Canada) (the "Tax Act") nor shall the Fund be maintained primarily for the benefit of non-residents. The Fund takes certain steps annually to estimate its level of foreign ownership. The Fund's current foreign ownership levels are estimated to be significantly lower than 49%. Should Superior become aware that the beneficial owners of 49% or more of the trust units are non-residents or that such a situation is imminent and the Board determines, in its sole discretion, acting upon the advice of counsel, that such steps are necessary for the Fund to maintain its status as a "mutual fund trust" under the Tax Act, or that it is otherwise in the interest of the Fund, Superior may require the Trustee to refuse to accept a subscription for trust units or register a transfer of trust units unless the person to receive such trust units provides a declaration that they are not a non-resident or take such other action as the Board determines is appropriate in the circumstances. If Superior determines that a majority of trust units are beneficially owned by non-residents and the Board determines, in its sole discretion, acting upon the advice of counsel, that such steps are necessary for the Fund to maintain its status as a mutual fund trust under the Tax Act, or that it is otherwise in the interest of the Fund, Superior may require the Trustee to send a notice to registered holders of trust units which are beneficially owned by non-residents, chosen in inverse order to the order of acquisition or registration (or in such other manner as Superior may consider equitable and practicable), requiring them to sell their trust units or a portion thereof within a period of not less than 60 days. If such Unitholders do not sell the indicated trust units the Company may require the Trustee, on behalf of such registered holder(s) to sell such trust units, and in the interim, suspend the voting and distribution rights attached to such trust units. Non-residents are not entitled to vote on any resolution to amend this section of the Declaration of Trust.

The Declaration of Trust also provides that if an offer is made for trust units which is a take-over bid for trust units within the meaning of the *Securities Act* (Alberta) and not less than 90% of the trust units (other than trust units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the trust units held by the holders of trust units who did not accept the offer on the terms offered by the offeror.

The Declaration of Trust also provides for, among other things, the calling of meetings of Unitholders, the conduct of business thereat, notice provisions, the appointment and removal of the Trustee of the Fund and the form of trust unit certificates. The Declaration of Trust provides that no Unitholder shall be personally liable to any person in connection with the Fund and the activities of the Fund and all claims against the Fund shall be satisfied out of the assets of the Fund.

Debentures

The Fund has four separate series of Debentures issued pursuant to a trust indenture between the Fund and Computershare, as trustee (the "Debenture Trustee") dated March 7, 2001, which was amended by a supplemental indenture dated December 17, 2002 (collectively, the "First Indenture") and pursuant to a trust indenture between the Fund and the Debenture Trustee dated June 14, 2005 which was amended by a supplemental indenture dated October 19, 2005 (collectively, the "Second Indenture"). The Series 1 Debentures and Series 2 Debentures were issued pursuant to the First

Indenture and the 5.75% Debentures and the 5.85% Debentures were issued pursuant to the Second Indenture. The First Indenture and the Second Indenture are collectively referred to herein as the “Indentures”. The Fund can issue additional Debentures under the Indentures from time to time.

Series 1 Debentures

Currently there are approximately $8.1 million aggregate principal amount of Series 1 Debentures issued and outstanding. The Series 1 Debentures are fully registered, issuable in denominations of $1,000 principal amount and bear interest at a rate of 8% per annum, which is payable semi-annually in arrears on January 31 and July 31 in each year. The Series 1 Debentures mature on July 31, 2007. The Series 1 Debentures are convertible at the holder's option into fully paid and non-assessable trust units of the Fund at any time prior to the close of business on July 31, 2007 and the business day immediately prior to a date specified by the Fund for redemption of the Series 1 Debentures at a conversion price of $16.00 per trust unit.

After February 1, 2006, the Series 1 Debentures are redeemable prior to maturity in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest.

Series 2 Debentures

Currently there are approximately $59.0 million aggregate principal amount of Series 2 Debentures issued and outstanding. The Series 2 Debentures are issuable in denominations of $1,000 principal amount and bear interest at a rate of 8% per annum, which is payable semi-annually in arrears on May 1 and November 1 in each year. The Series 2 Debentures are convertible at the holder's option into fully paid and non-assessable trust units of the Fund at any time prior to the close of business on November 1, 2008 and the business day immediately prior to a date specified by the Fund for redemption of the Series 2 Debentures at a conversion price of $20.00 per trust unit.

The Series 2 Debentures are redeemable prior to February 1, 2007 in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days notice at a price equal to the principal amount thereof plus accrued and unpaid interest provided the current market price on the day preceding the notice of redemption is at least 125% of the conversion price. On or after November 1, 2007, the Series 2 Debentures are redeemable prior to maturity in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest.

5.75% Debentures

Currently there are approximately $174.9 million aggregate principal amount of 5.75% Debentures issued and outstanding. The 5.75% Debentures are issuable in denominations of $1,000 principal amount and bear interest at a rate of 5.75% per annum, which is payable semi-annually in arrears on June 30 and December 31 of each year. The 5.75% Debentures are convertible at the holder’s option into fully paid and non-assessable trust units of the Fund at any time prior to the close of business on December 31, 2012 and the business day immediately prior to a date specified by the Fund for redemption of the 5.75% Debentures at a conversion price of $36.00 per trust unit.

The 5.75% Debentures are not redeemable by the Fund before July 1, 2008. On or after July 1, 2008 and prior to July 1, 2010, the 5.75% Debentures are redeemable in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days notice at a price equal to the principal amount thereof plus accrued and unpaid interest provided the current market price on the day preceding the notice of redemption is at least 125% of the conversion price. On or after July 1, 2010, the 5.75% Debentures are redeemable prior to maturity in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest.

5.85% Debentures

Currently there are approximately $75.0 million aggregate principal amount of 5.85% Debentures issued and outstanding. The 5.85% Debentures are issuable in denominations of $1,000 principal amount and bear interest at a rate of 5.85% per annum, which is payable semi-annually in arrears on April 30 and October 31 of each year. The 5.85% Debentures are convertible at the holder’s option into fully paid and non-assessable trust units of the Fund at any time prior to the close of business on October 31, 2015 and the business day immediately prior to a date specified by the Fund for redemption of the 5.85% Debentures at a conversion price of $31.25 per trust unit.

The 5.85% Debentures are not redeemable by the Fund on or before October 31, 2008. On or after November 1, 2008 and on or before October 31, 2010, the 5.85% Debentures are redeemable in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days notice at a price equal to the principal amount thereof plus accrued and unpaid interest provided the current market price on the day preceding the notice of redemption is at least 125% of the conversion price. On or after November 1, 2010, the 5.85% Debentures are redeemable prior to maturity in whole or in part from time to time at the option of the Fund on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest.

General Terms

Each series of Debentures has the following general terms:

The Fund will, on redemption or maturity of the Debentures, repay the indebtedness represented by the Debentures by paying the Debenture Trustee an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. The Fund has the option, on not more than 60 and not less than 30 days prior notice and subject to regulatory approval, to satisfy its obligation to repay the principal amount and/or accrued interest thereon of the Debentures which are to be redeemed or have matured, by issuing trust units to holders thereof. The number of trust units to be issued will be determined by dividing the aggregate principal amount to be redeemed or which have matured by 95% of the current market price of the particular series of Debentures on the date fixed for redemption or maturity, as the case may be.

The payment of the principal of, and interest on, the Debentures is subordinated in right of payment to the prior payment in full of all Senior Indebtedness and indebtedness to trade creditors of the Fund. "Senior Indebtedness" in this context generally means the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness of the Fund, other than indebtedness evidenced by the Debentures and all other existing or future indebtedness or other instruments of the Fund which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to the Debentures.

The Indentures provide that an event of default ("Event of Default") in respect of Debentures issued under a particular Indenture, will occur if any one or more of the following described events has occurred and is continuing with respect to such Debentures: (i) failure for 15 days to pay interest on such Debentures when due; (ii) failure to pay principal or premium, if any, on such Debentures, whether at maturity, upon redemption, by declaration or otherwise; or (iii) certain events of bankruptcy, insolvency or reorganization of the Fund under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of such Debentures, declare the principal of and interest on all outstanding Debentures issued under that Indenture, to be immediately due and payable.

Upon the occurrence of a change of control of the Fund involving the acquisition of voting control or direction over 66 2/3% or more of the trust units of the Fund (a "Change of Control"), each Debentureholder may require the Fund to purchase, on the date which is 30 days following the giving of notice of the Change of Control (the "Put Date"), the whole or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof (the "Put Price") plus accrued and unpaid interest to the Put Date. If 90% or more in aggregate principal amount of the Debentures issued and outstanding under a particular Indenture on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, the Fund will have the right to redeem all the remaining Debentures issued under such Indenture on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given to the Debenture Trustee prior to the Put Date and as soon as possible thereafter, by the Debenture Trustee, to the holders of the Debentures not tendered for purchase.

The Indentures provide that if an offer is made for Debentures issued under a particular Indenture, which is a take-over bid for Debentures within the meaning of the *Securities Act* (Alberta) and not less than 90% of such Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire such Debentures held by the holders of such Debentures who did not accept the offer on the terms offered by the offeror.

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indentures may be modified in accordance with the terms of the Indentures. For that purpose, among others, the Indentures contain certain provisions which make binding on all Debentureholders resolutions passed at meetings of holders of Debentures issued under a particular Indenture by the holders of not less than 66 2/3% of the principal amount of the Debentures issued under such Indenture which are voted at the meeting, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the Debentures issued under that Indenture. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series issued under that Indenture.

The First Indenture provides that if the Debenture Trustee becomes aware that the beneficial owners of 49% of the trust units then outstanding are or may be non-residents, it can make a public announcement thereof and shall not register a transfer of Debentures issued under the First Indenture to a person unless the person provides a declaration that they are not a non-resident. If the Debenture Trustee determines that a majority of the trust units are held by non-residents, the Debenture Trustee may send a notice to non-resident Debentureholders chosen in inverse order to the order of acquisition or registration or in such other manner the Debenture Trustee may consider equitable and practicable, requiring them to sell their Debentures or a portion thereof within a specified period of not less than 60 days and if such Debentureholders do not comply within the specified time period, the Debenture Trustee may sell such Debentures and in the interim shall suspend the rights attached to such Debentures.

The Second Indenture provides that if Superior becomes aware that the beneficial owners of 49% of the Debentures issued under that Indenture then outstanding are or may be non-residents and the Board determines that such steps are required in order for the Fund to maintain its status as a mutual fund trust under the Trust Act, or is otherwise in the interest of the Fund, Superior may require the Debenture Trustee to refuse to: i) issue or register a transfer of Debentures issued under the Second Indenture to a person unless the person provides a declaration that the Debentures to be issued or transferred are not beneficially owned by a non-resident; and ii) send a notice to registered holders of Debentures issued under the Second Indenture which are beneficially owned by non-residents chosen in inverse order to the order of acquisition or registration or in such other manner Superior may consider equitable and practicable, requiring them to sell such Debentures or a portion thereof within a specified period of not less than 60 days. If such Debentureholders do not comply within the specified time period, Superior may require the Debenture Trustee to sell such Debentures and in the interim suspend the rights attached to such Debentures.

Special Voting Rights

The Declaration of Trust provides that the Fund is authorized to issue an unlimited number of special voting rights (“Special Voting Rights”) in connection with or in relation to an issuance of securities that carry a right to convert or exchange into trust units of the Fund for no additional consideration ("Exchangeable Securities"). The Special Voting Rights shall not be entitled to any interest or share in the distributions or net assets of the Fund. Special Voting Rights may be issued in series and shall only be issued in connection with Exchangeable Securities on such terms as may be determined by the Board of Superior. Each Special Voting Right entitles the holder thereof to the number of votes at meetings of Unitholders equal to the number of trust units into which the associated Exchangeable Securities are exchangeable or convertible. Holders of Special Voting Rights are not entitled to distributions of the Fund and do not have any beneficial interest in the assets of the Fund on termination or winding up of the Fund. There are no Special Voting Rights outstanding.

Warrants

The Fund entered into a warrant indenture with CIBC Mellon Trust Company dated May 8, 2003 (the “Warrant Indenture”) in connection with the Internalization. Pursuant to the terms of the Warrant Indenture, the Fund issued 3.5 million trust unit purchase warrants (the “Warrants”) and, as of the date hereof, there are 2.3 million Warrants issued and outstanding. Each Warrant entitles the holder thereof to acquire one trust unit upon exercise thereof and payment of $20.00 (the “Exercise Price”), subject to adjustment as contemplated below, for a period of five years from the date of issuance. The Warrants are not listed on any stock exchange. Holders of Warrants do not have any rights as Unitholders of the Fund, including the right to vote at meetings of Unitholders of the Fund or receive distributions of the Fund. The Warrant Indenture contains customary anti-dilution provisions which will provide adjustments to the number of trust units issuable upon exercise of the Warrants and the Exercise Price in certain circumstances, including where the Fund has made certain changes to its issued capital.

Common Shares and Preferred Shares of Superior

Superior is authorized to issue an unlimited number of Class A Common Shares and Class B Common Shares and an unlimited number of preferred shares. Currently there are 22.9 million Class

A Shares and 22.9 million Class B Shares issued and outstanding, which are all held by the Fund. There are no preferred shares outstanding.

The holders of Common Shares are entitled to vote at meetings of shareholders of Superior on the basis of one vote per Common Share and are entitled to such dividends as the directors of Superior in their sole discretion may determine from time to time. In addition, the holders of Common Shares are entitled to receive the remaining property of Superior on liquidation or winding up on a pro rata basis.

Shareholder Notes

Superior is also authorized to issue an unlimited amount of Shareholder Notes pursuant to the Note Indenture. Currently there is approximately $1.469 billion aggregate principal amount of Shareholder Notes issued and outstanding, all registered in the name of the Fund. The Shareholder Notes bear interest at a weighted average rate of 12.4% and mature on October 1, 2026. Each holder of Shareholder Notes is entitled to one vote with respect to each $25 principal amount of Shareholder Notes held by them at meetings of holders of Shareholder Notes. The Shareholder Notes may be resold, distributed or transferred by the holder at any time prior to maturity date, subject to the approval of the Board. Depending on certain conditions and assuming Superior is not in default under the Note Indenture, Superior may elect to satisfy its obligation to repay the principal amount of the Shareholder Notes on maturity by the issue and delivery of Common Shares having a fair market value (as reasonably determined by the Board) equal to the aggregate outstanding principal amount of the Shareholder Notes. Payment of the principal of and interest on the Shareholder Notes is subordinated in right of payment to the prior payment in full of the principal of and accrued and unpaid interest on and all other amounts owing in respect of all senior indebtedness of Superior. Senior indebtedness in this context means all indebtedness and liabilities of Superior which, by the terms of the instrument creating or evidencing the same, are expressed to rank in right of payment in priority to the indebtedness evidenced by the Shareholder Notes.

Ratings

Credit Ratings

Credit ratings are intended to provide banks and capital market participants with a framework for comparing the credit quality of securities and are not a recommendation to buy, sell or hold securities. Disruptions in the banking and capital markets not specifically related to Superior may affect Superior's ability to access these funding sources or cause an increase in the return required by investors. Credit rating agencies consider quantitative and qualitative factors when assigning a rating to an individual company. Credit ratings should be evaluated independently and are subject to revision or withdrawal at any time by the assigning rating agency. Superior's credit ratings at the date hereof were as follows:

	Dominion Bond Rating Service Limited ("DBRS")	**Standard & Poor's**
Senior secured credit rating	BBB (low) \ Stable outlook	BBB – \ Stable outlook
Senior unsecured credit rating	N/A	BB+ \ Stable outlook

Stability Rating

The stability rating on the Fund's trust units assigned by DBRS is currently STA-3 (middle). DBRS's stability ratings are designed to measure the volatility and sustainability of distributions per trust unit, in a scale ranging from STA-1 to STA-7, with STA-1 representing the highest possible. Each rating category is refined into further subcategories of high, middle, and low. Stability ratings are not directly related to debt ratings, as stability and sustainability are only two factors in a debt rating. DBRS's stability rating encompasses seven main factors: operating characteristics, asset quality, financial flexibility, diversification, size and market position, sponsorship/governance and growth. DBRS stability ratings do not take such factors as pricing or stock market risk into consideration. A stability rating is not a recommendation to buy, sell or hold trust units and may be subject to revision or withdrawal at any time by the rating organization.

DIVIDENDS/CASH DISTRIBUTIONS

Dividend Policy of Superior

The Board adopted a policy to distribute monthly, by way of dividends or a return of capital on its Common Shares, substantially all of Superior's sustainable cash remaining after interest obligations on the Shareholder Notes and other expense obligations, subject to applicable law and to Superior retaining such reasonable working capital and capital expenditure reserves as may be considered appropriate by the Board.

Cash Distributions of the Fund

The Fund distributes to Unitholders on a monthly basis, the amount of cash equal to the total interest income earned on the Shareholder Notes and dividends or returns of capital received on the Common Shares of Superior less interest payments on the Debentures and any expenses or liabilities incurred by the Fund or amounts which may be paid in connection with any cash redemption of trust units. The Fund's policy is to distribute substantially all of its sustainable distributable cash flow to Unitholders.

Superior's senior secured debt covenants include a restriction which would prohibit all distributions to the Fund if Superior's senior indebtedness (including amounts raised from the accounts receivable sales program) exceeds three times earnings before interest, taxes, depreciation and amortization for the last twelve month period as adjusted for the pro forma effect of acquisitions and divestitures. As at December 31, 2005, this ratio was 2.4 to 1.0.

On March 8, 2006, the Fund announced that its cash distribution for the month of March 2006, payable on April 13, 2006, would be reduced to $0.185 per trust unit or $2.22 on an annualized basis.

The following table sets forth the amount of cash distributions the Fund has paid on the trust units for the three most recently completed financial years.

Record Date	Payment Date	Distribution Per Trust Unit	Annual Distribution Tax Year
Dec 31, 2005	Jan 13, 2006	0.205	**2005: $2.41**
Nov 30, 2005	Dec 15, 2005	0.205	
Oct 31, 2005	Nov 15, 2005	0.20	
Sep 30, 2005	Oct 14, 2005	0.20	
Aug 31, 2005	Sep 15, 2005	0.20	
Jul 31, 2005	Aug 15, 2005	0.20	
Jun 30, 2005	Jul 15, 2005	0.20	
May 31, 2005	Jun 15, 2005	0.20	
Apr 30, 2005	May 13, 2005	0.20	
Mar 31, 2005	Apr 15, 2005	0.20	
Feb 28, 2005	Mar 15, 2005	0.20	
Jan 31, 2005	Feb 15, 2005	0.20	

Dec 31, 2004	Jan 14, 2005	0.20	**2004: $2.465**
Nov 30, 2004	Dec 15, 2004	0.20	
Oct 31, 2004	Nov 15, 2004	0.20	
Sep 30, 2004	Oct 15, 2004	0.20	
Aug 31, 2004	Sep 15, 2004	0.20	
Jul 31, 2004	Aug 13, 2004	0.19	
Jun 30, 2004	Jul 15, 2004	0.185	
May 31, 2004	Jun 15, 2004	0.185	
Apr 30, 2004	May 14, 2004	0.185	
Mar 31, 2004	Apr 15, 2004	0.37	
Feb 29, 2004	Mar 15, 2004	0.175	
Jan 31, 2004	Feb 13, 2004	0.175	
Dec 31, 2003	Jan 15, 2004	0.175	**2003: $2.28**
Nov 30, 2003	Dec 15, 2003	0.175	
Oct 31, 2003	Nov 14, 2003	0.175	
Sep 30, 2003	Oct 15, 2003	0.175	
Aug 31, 2003	Sep 15, 2003	0.175	
Jul 31, 2003	Aug 15, 2003	0.175	
Jun 30, 2003	Jul 15, 2003	0.175	
May 31, 2003	Jun 13, 2003	0.175	
Apr 30, 2003	May 15, 2003	0.16	
Mar 31, 2003	Apr 15, 2003	0.40	
Feb 28, 2003	Mar 14, 2003	0.16	
Jan 31, 2003	Feb 14, 2003	0.16	

Taxation

The Fund is a unit trust for income tax purposes. As such, the Fund is only taxable on any taxable income not allocated to Unitholders.

SUPERIOR’S OPERATIONS

Superior strives to generate stable distributable cash flow, growing over time. To achieve this result, Superior has pursued a strategy of diversifying across businesses that have the following characteristics:

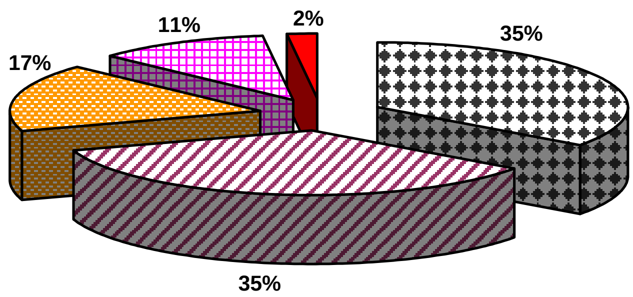
- Mature business
- Strong competitive position
- Low operating risk profile
- Stable cash flow
- Predictable and low maintenance capital requirements
- Experienced management capabilities
- Visible value growth potential

Superior, through its businesses, is engaged in the distribution and retail marketing of propane and propane consuming equipment and related services; the production and sale of specialty chemicals and related technology; the manufacture of specialty flat-rolled aluminum products; the distribution of specialty building products to the walls and ceilings construction industry; and the retail marketing of natural gas.

Superior’s corporate office provides strategic management, management of the overall financial position, governance of the company and oversight of its businesses. Business oversight includes strategic planning, development of business plans and related performance management, including leadership team succession. The corporate office is comprised of 14 employees including executive management, corporate development, treasury, tax, financial reporting, business compliance and oversight, investor relations and corporate secretarial functions.

The corporate office provides a consistent approach to overall strategy and performance measurement across Superior's businesses. Since operational management is key, there is an experienced and strong management team in place at each business. Management at this level is compensated to maintain and grow the distributable cash flow generated by their business over time.

Superior's operations are composed of five different businesses. The graph below details the composition of the Fund's operating distributable cash flow by business for the 12 month period ended December 31, 2005 after giving effect to the acquisition of JW Aluminum as if it had been acquired on January 1, 2005:



35% **Superior Propane:**
a propane retailer

35% **ERCO Worldwide:**
a provider of specialty chemicals and related technology

17% **JW Aluminum:**
a manufacturer of specialty flat-rolled aluminum products

11% **Winroc:**
a distributor of specialty construction products to the walls and ceilings construction industry

2% **Superior Energy Management:**
a natural gas retailer

Superior Propane

Superior Propane, head-quartered in Calgary, Alberta, began operations in 1951. It is engaged primarily in the distribution and retail sales of propane, refined fuels, propane consuming appliances and related services in Canada. In addition, it provides value-added natural gas liquids wholesale marketing services, primarily to small and medium sized propane retailers in the United States and Canada.

Product

Propane is extracted from natural gas during production and processing and from crude oil during the refining process. Propane is colourless and odourless; therefore, an odorant is added to facilitate its detection.

Propane, like natural gas, is a non-toxic clean burning and efficient energy source but unlike natural gas can be compressed at low pressures into liquid form. As a liquid, propane is easily transported by truck or rail and can be stored in propane tanks and cylinders. When the pressure is reduced, the liquid propane becomes a gas which is ignited and burned to create energy for many different uses.

Competitive Conditions

Superior Propane through its 1,655 employees and 209 operating locations, serves customers from coast to coast across Canada. Superior Propane is Canada's largest national retailer with an estimated 50% of the total estimated propane retail market. Superior Propane competes in a highly fragmented industry with approximately 200 local and regional propane retailers across Canada. Propane distribution is a local, relationship based business in which Superior Propane competes for market share based on price and level of service.

The retail propane industry in Canada is mature, representing less than 2% of Canada's total energy consumption. Propane competes with other energy sources such as natural gas, fuel oil, electricity and wood for traditional uses, and gasoline and other alternative fuels for transportation uses. In Canada, the cheapest source of heating fuel is predominately natural gas. Where natural gas is available, propane can be used as a portable fuel and a standby fuel for peak period requirements in industrial applications. In areas where natural gas is not available, propane is an alternative due to its portability. Propane is generally less expensive than electricity but more expensive than fuel oil on a heat content basis depending upon regional market conditions. However, the cleanliness, versatility and operating efficiencies of propane make it competitive with fuel oil for heating purposes.

Business Operations

Superior Propane operates in seven geographical market regions, which are managed by general managers. The general managers have direct responsibility for several market and satellite operations, customers, administration and the overall profitability of their geographic business units. Superior Propane's 43 larger market centres, are typically located in a rural, industrial or commercial setting on two to five acre parcels of land with propane storage tanks, a cylinder dock, surplus land to store a working supply of customer tanks and cylinders, truck parking, warehouse space for rental equipment, appliance, materials and supplies inventories, an office and an appliance show room. These market locations are supplemented by 166 satellite and storage yards.

These satellite and storage yards are strategically located close to customers to minimize distribution costs and enhance security of supply, particularly during peak winter demand periods when road conditions may be poor and can interrupt efficient distribution. The operating area is generally limited to a radius of 80 to 150 kilometres around branch or satellite locations, depending on the nature of the customer base and local road infrastructure. Under Superior Propane's business structure, each market maintains a local presence through a market office. Teams are responsible for managing their local business and pursuing local opportunities. The market centres are supported by two call centres in Dartmouth, Nova Scotia and Laval, Quebec, which operate 24 hours a day, 7 days a week. The call centres are equipped to assist customers with general inquiries, fuel orders, billing inquiries, service requests and credit and collection issues. The market centres are further supported by services provided by Superior Propane's corporate office including, propane supply and transportation, invoicing, credit and collections, business systems and marketing. Superior Propane operates from and stores product at 134 owned and 80 locations that are leased from third parties under normal course operating leases. See Note 15(i) to the 2005 Annual Consolidated Financial Statements of the Fund.

Distribution of Refined Fuel Products

Superior PetroFuels offer a variety of fuels and lubricants to commercial, industrial, agricultural and residential customers throughout Southwestern Ontario. This business allows Superior Propane to apply its rural energy presence and 50 years experience in propane distribution to the fuels and lubricants market.

In July 2005, Smith Fuels & Lubricants Inc., located in Brantford, Ontario, was acquired by Superior Propane and is being integrated into Superior PetroFuels.

Natural Gas Liquids Wholesale Marketing

On February 2, 2005, Superior Propane purchased the assets of Foster Energy Corporation, a wholesale marketer of natural gas liquids based in Calgary, Alberta, now operated as a business unit of Superior Propane under the trade name Superior Gas Liquids. Superior Gas Liquids offers value-added natural gas liquids wholesale marketing services, primarily to small and medium sized propane retailers in the United States and Canada. It provides transportation, storage, risk management, supply and logistics services with annual sales volumes of approximately 470 million litres to over 80 customers resourced from approximately 50 suppliers.

In addition to enhancing propane supply and logistics for Superior Propane, the acquisition allowed Superior Gas Liquids to achieve greater purchasing scale and improved its operational competitiveness. It also provides Superior Propane with increased exposure to the U.S. retail propane market.

Sales and Marketing

End-use Applications

Superior Propane primarily sells propane and related products and services to the residential, commercial, agricultural, industrial and automotive customer markets. Approximately 50% of Superior Propane's sales volumes are to heating related applications and 50% are related to economic activity levels. However, approximately 75% of Superior Propane's annual cash flows are typically generated in the October to March winter heating season. A detailed analysis of sales volumes and gross profit is provided in the Superior Propane section of the Annual Management's Discussion and Analysis contained in the Fund's 2005 Annual Report.

Residential/Commercial: In these markets, propane is consumed primarily in areas where natural gas is not readily available. It is used for space heating, water and pool heating, cooking, refrigeration, laundry and off grid electrical generation. Consumption in these markets is sensitive to winter weather conditions. In addition, residential consumption is dependent on product costs, while commercial consumption varies with economic activity levels.

Agricultural: In the agricultural market, propane is used for space heating, for brooding and greenhouse operations, grain drying, and tobacco curing and weed control. The agricultural business is extremely competitive, particularly as natural gas availability expands in rural markets. Propane demand for crop drying depends on weather conditions and crop values.

Industrial: Industrial usage includes forklift truck, welding, resale agent, construction and roofing markets, process heating and heat treatment for manufacturing, forestry, mining and fuel for internal combustion engines that drive oil pumpjacks in Western Canada. Industrial demand is generally tied to economic activity levels.

Automotive: In the automotive market, propane is used as a transportation fuel, particularly for public and private fleets and other large volume users. Engine technology has outpaced propane conversion technology, limiting the ability to convert new vehicles to propane. Propane vehicle emissions are low in greenhouse gas emissions and other pollutants that contribute to ground level ozone and respiratory health problems. Auto propane has the potential to make a significant contribution to Canada's greenhouse gas emission performance. However, the demand is expected to continue to decline in the medium term at an estimated rate of 15 to 20 percent per year, although original equipment vehicle manufacturers have re-introduced limited propane vehicle offerings.

Propane Pricing

Pricing to customers is primarily based on a margin above product and transportation costs. There are minor delays that affect retail margins as price changes from producers may not be immediately passed through to customers. When the wholesale price of propane increases, the retail gross margins tend to erode in the short-term as it takes more time to pass on all of the price increases to the customers. Conversely, when wholesale prices decrease, retail gross margins and profitability tend to increase.

Increases or decreases in retail prices can have an immediate and direct impact on competitors and customer demand. Propane margins vary between end-use applications and geographic segments. Customer pricing is managed at the corporate, regional and local market level and reflects local marketplace and alternate fuel cost conditions. Factors contributing to the consumer's buying decision include: reliability of supply, long-term availability, price, fuel quality, convenience, portability, storage requirements, available space, capital cost, equipment efficiency and the supplier's local presence and service reputation in the community.

Supply and Storage

An estimated 11.8 billion litres of propane are produced in Canada annually of which about 3.6 billion litres are consumed domestically in the energy and petro-chemical feedstock markets and the balance is exported to the United States. Approximately 82% of the propane produced in Canada is extracted from natural gas during gas processing operations at field plants or at large straddle plants located on the major natural gas trunk line systems. Extraction from crude oil occurring during the refining process accounts for the remaining 18% of propane produced. Superior's retail propane supply is currently purchased from 20 propane producers across Canada. Propane is purchased mainly under annual contracts, negotiated and administered by Superior Gas Liquids, with pricing arrangements based on industry posted prices at the time of delivery. Superior Propane arranges propane supply to be provided at multiple supply points in order to match supply to where the customer demand is located. Some of Superior Propane's supply contracts provide it with the ongoing option to increase or decrease its monthly volume of supply and thereby provide flexibility to meet fluctuating demand requirements. Propane supply from Superior Propane's various suppliers has, historically, been readily available because of the substantial surplus of propane in Canada and the relationship Superior Propane typically enjoys with its principal suppliers.

Superior Propane's supply contract year ends March 31, 2006. The estimated percentage of Superior Propane's annual propane requirement supplied by its major suppliers are as follows:

Name of Supplier:	% of Annual Propane Requirement for Contract Year Ended March 31, 2006
BP Canada Energy Resources Company ("BP Canada") (1)	25%
Conoco Canada Limited	18%
Shell Canada Limited	14%
Keyera Energy Partnership	12%
	69%
Other producer/suppliers (2)	31%
	100%

Notes:
(1) BP Canada is the single largest propane producer in Canada and has supplied Superior Propane for over ten years.
(2) No single other producer/supplier accounts for over 10%. These contracts are renewed annually.

Superior Propane leases 140 million litres of combined underground propane storage capacity in Marysville, Michigan and in Fort Saskatchewan, Alberta, enhancing its security of supply and distribution capacity in periods of supply disruption and high demand in the winter season. All storage lease agreements, including the agreement for Marysville, expire on March 31, 2006. Superior Propane intends to lease annual storage capacity at Fort Saskatchewan, Regina, Sarnia, Marysville, Conway and Belvieu to cover its growing regional demands and will only enter into long term storage contracts if it is economically advantageous to do so. Superior Gas Liquids utilizes approximately 50 propane suppliers as well as numerous short-term storage positions to service its wholesale customers in North America.

Propane Transportation

Primary Distribution

Primary transportation is the delivery of propane from product supply points to Superior Propane’s market and satellite locations or storage yards and to certain large volume customers. Road cargo liners and pressurized railcars are the two primary transportation modes. The capacities of the cargo liners vary from 35,000 to 65,000 litres per trailer. Railcars carry approximately 115,000 litres per car.

In 2005, Superior Propane’s cargo liner requirements were provided by Energy Transportation (“ET”), a division of Superior Propane and by third party carriers. On December 1, 2005, Energy Transportation was sold to Trimac Transportation Services Limited Partnership (“Trimac”). In conjunction with the sale of ET, Superior Propane entered into a contract with Trimac whereby Trimac undertook to provide the primary transportation services previously provided by ET for a seven year period. The fees payable to Trimac under this contract are expected to be cost neutral.

Approximately 25% of Superior’s supply is transported by rail. Superior Propane leases 115 railcars to provide approximately 40% of its rail transportation requirements. Railcar lease agreements typically have a three year term. The remainder is transported in railcars provided by propane suppliers in conjunction with their annual propane supply contract obligations to Superior Propane.

Secondary Distribution

Secondary distribution is the delivery of propane and refined fuels and lubricants from Superior Propane’s markets to its customers. Superior Propane operates a fleet of owned and leased trucks to transport the propane, refined fuels and lubricants it sells. Propane is delivered in bulk and in pressurized cylinders. Refined fuels and lubricants are also transported and sold in bulk volumes.

Superior Propane employs full-time, part-time and seasonal drivers who assist with deliveries during the peak winter demand periods. It operates 359 pressurized bulk delivery trucks that vary in load capacity from 13,000 litres to 32,000 litres, 9 refined fuel and lubricant bulk delivery trucks with load capacities of 10,000 to 25,000 litres and 98 cylinder trucks with boxes that vary in length from 12 feet to 26 feet. It also operates 35 tractors and 35 pressurized trailers, which have capacities ranging from 25,000 litres to 54,000 litres for secondary distribution use. Additionally, it operates 56 crane trucks and 291 service vehicles.

Employee and Labour Relations

As at December 31, 2005, Superior Propane had 1,463 regular and 192 part-time employees. Approximately 411 of its employees are unionized through provincial or regional certifications in British Columbia/Yukon, Manitoba, Ontario and Quebec. There are six union agreements, with expiry dates ranging from December 31, 2005 to April 30, 2008. Collective bargaining agreements are renegotiated in the normal course of business.

Environmental, Safety and Regulatory

Superior Propane through its health and safety and environment management system, ensure safety practices and regulatory compliance are an important part of its business. The storage and transfer of propane has limited impact on the environment as there is limited impact to soil or water when propane is released, because it disperses into the atmosphere.

Superior Propane has customer, technical, occupational health and safety and fleet support representatives operating nationally which support its regional and local operations. They are responsible for providing market area personnel with emergency response support services, inspections, advice and training in an effort to ensure that facilities and equipment are maintained and operated safely and in compliance with corporate and regulatory standards. They also provide support to the field operations in the design, construction and inspection of large scale customer installations.

Trademarks, Trade Names and Service Marks

The Company owns all the right, title and interest in the "Superior Propane" ("Superieur" in French) trade name, related design and other trademarks, registered or acquired at various times over the years and relating to specific programs or services provided by Superior Propane or to marketing activities of Superior Propane. Superior Propane’s trademarks are significant as they provide the Company with ownership of the names, designs and logos associated with its business which are recognizable to the public and useful in developing and maintaining brand loyalty. The duration of each of the trademarks is 15 years from the date they were first registered subject to renewals for further 15-year periods.

Financial Information

For selected historical financial information for the past five years, see “Selected Historical Information – Superior Propane”.

Capital Expenditures

Capital expenditures for Superior Propane for the past five years were as follows:

	Years ended December 31				
(millions of dollars)	**2005**	**2004**	**2003**	**2002**	**2001**
Maintenance capital	**7.4**	7.4	6.5	5.4	5.4
Proceeds on dispositions	**(4.6)**	(1.8)	(3.0)	(2.4)	(1.3)
Maintenance capital expenditures, net	**2.8**	5.6	3.5	3.0	4.1
Other capital expenditures	**27.5**	4.2	0.7	1.6	4.7
Other capital proceeds	**–**	–	(1.0)	(6.7)	(2.6)
Other capital expenditures, net	**30.3**	4.2	(0.3)	(5.1)	2.1
	32.7	9.8	3.2	(2.1)	6.2

ERCO Worldwide
A division of Superior Plus Inc.

ERCO Worldwide is a leading provider of specialty chemicals and related technology. The business, which is headquartered in Toronto, Ontario, has been operating since the 1940's.

ERCO Worldwide owns and operates nine production facilities across North America with an additional facility in Chile under construction. ERCO Worldwide manufacturers sodium chlorate, sodium chlorite, chlorine, caustic soda, hydrochloric acid, potassium hydroxide, potassium carbonate and produces hydrogen as a by-product to the electrolysis processes. In addition, it provides chlorine dioxide generators and related technology to pulp and paper customers worldwide. Chlorine dioxide generators use sodium chlorate as the primary feedstock in the production of chlorine dioxide, an environmentally preferred bleaching agent used in the production of bleached pulp for paper.

Competitive Conditions

Key competitive factors across its business include price, product quality, logistical capability, reliability of supply, technical expertise and service.

ERCO Worldwide is the leading North American producer of sodium chlorate with 28% of estimated North American production capacity, and is second in the world with 19% of estimated worldwide production capacity. The four largest producers of sodium chlorate in North America comprise approximately 87% of estimated capacity in North America and approximately 78% of estimated global capacity. The percentages above reflect the announced closure of ERCO's Thunder Bay capacity in early 2006.

ERCO Worldwide's patented chlorine dioxide generators and related technology are installed in the majority of pulp and paper mills worldwide. Chlorine dioxide is the basis for elemental chlorine free ("ECF") bleaching. ECF bleaching is considered to be the best available technology for the production of bleached pulp for paper around the world.

In the sodium chlorate business, ERCO Worldwide competes primarily with three other companies on a worldwide basis, Eka Chemicals, the Kemira Group and the Canexus Income Fund. Only ERCO Worldwide and Eka Chemicals also provide related chlorine dioxide generators. By providing generator technology and services in addition to chemicals, ERCO Worldwide is able to establish strong, long-term relationships with customers and gains an in-depth forward view on market developments.

On June 7, 2005 ERCO Worldwide acquired the Port Edwards, Wisconsin chloralkali/potassium facility for $22.4 million on a debt free basis. The Port Edwards facility is the third largest producer of potassium products in North America and has a strong competitive position and track record of stable cash flow. In the potassium hydroxide (caustic potash) business, ERCO Worldwide (11%) competes with three other companies in North America based on production capacity, ASHTA Chemicals Inc (9%), Occidental Chemical Corporation (57%) and Olin Corporation (23%).

At Port Edwards, potassium hydroxide is also converted to potassium carbonate. ERCO Worldwide has an estimated 17% of the North American potassium carbonate production capacity. It competes with two other companies, Armand Products Company (66%) and ASHTA Chemicals Inc. (17%).

The five companies that account for approximately 79% of total North American chloralkali production are the Dow Chemical Company (32%), Occidental Chemical Corporation (21%), PPG Industries (12%), Olin Corporation (8%) and Formsa Plastics Corporation (6%). Chlorine production by Dow Chemical Corporation and Formosa Plastics Corporation is fully integrated into their chlorine derivatives production, and chlorine production from Occidental Chemical Corporation, PPG Industries and Olin Corporation is partially integrated, with all three participating in significant merchant market sales. Most caustic soda production in North America is sold into the merchant domestic and export markets.

ERCO Worldwide is a regional competitor in the chloralkali business in western Canada and the U.S. Midwest. Its total production capacity represents less than 1% of North American chloralkali production capacity. The Port Edwards acquisition is complementary to existing regional Canadian chloralkali operations in Saskatoon, Saskatchewan.

The following chart provides a detailed overview of ERCO Worldwide's business operations:

Product Line	% of 2005 Sales	Market Structure	Product Fundamentals	Technology Capability	Revenue Diversification	Operating Efficiency
Sodium Chlorate, related chlorine dioxide technology and Sodium Chlorite	80%	Leader in its market	• Mature in North America • Growing globally • Industry operates in excess of 90% capacity utilization	• Leading global installer of chlorine dioxide generators • ERCO "SMARTS" technology enables optimization of customer chlorine dioxide generator process • 241 patents	• 69% North America Chlorate • 4% Int'l Chlorate • 5% Technology • 2% Chlorite • More than 50 customers • Largest customer represents 7% of total ERCO Sales	• 2nd lowest cost position in North America • 8 plants and ability to ramp production up or down quickly enables centralized production management and industry leading operational flexibility

Chloralkali: Sodium Products Caustic Soda Chlorine Hydrochloric acid	10%	Leader in regional western Canada and US Midwest markets	• Stable regional demand supported by robust North American pricing environment	• Premium membrane quality caustic soda capability	• More than 100 customers • Largest customer is less than 2% of total ERCO Sales	• Average cost structure, supported by transportation cost advantage in regional markets • Port Edwards product flexibility facilitates profit optimization
Chloralkali: Potassium Products Potassium hydroxide Potassium Carbonate	10%	3rd largest producer in its market	• Diversified end-use demand growing 1% to 2% per annum	• Premium quality product capability	• More than 60 customers • Largest customer is less than 2% of total ERCO Sales	• Better than average cost structure and operating flexibility

Business Operations

For the year ended December 31, 2005, global sodium chlorate, sodium chlorite and technology related sales represented 80% of ERCO's revenue. Chloralkali products in total represented 20% of revenue with potassium products representing 10% of total chloralkali revenue. The percentage of revenue derived from the chloralkali business is expected to increase in 2006 with a full year's inclusion of Port Edwards facility. Geographically, 45% of revenue is derived from customers in Canada, 50% in the United States and 5% from outside North America.

Summary of Production Facilities

ERCO Worldwide owns and operates nine manufacturing facilities in North America with an additional sodium chlorate plant under construction in Chile. The facility is scheduled to start-up in June of 2006, with full production rates expected by September 2006.

Total annual sodium chlorate capacity will increase 7,000 metric tonnes ("MT") to 592,000 MT after adjusting for the Thunder Bay plant closure and the start-up of the new plant in Chile. Annual sodium chlorite capacity is 8,600 MT. Total annual chloralkali capacity as stated in electrochemical units is 106,000 MT. The chart below details the production capacity and products produced at each of ERCO's existing and planned facilities.

Facility	**Products**	**Annual Practical Capacity**
Valdosta , Georgia	Sodium Chlorate	100,000 MT
Buckingham, Quebec	Sodium Chlorate Sodium Chlorite	125,000 MT 3,600 MT
North Vancouver, British Columbia	Sodium Chlorate	92,000 MT
Bruderheim, Alberta	Sodium Chlorate	80,000 MT
Grande Prairie, Alberta	Sodium Chlorate	50,000 MT
Thunder Bay, Ontario, City Road (1)	Sodium Chlorate	48,000 MT
Hargrave, Manitoba	Sodium Chlorate	40,000 MT
Thunder Bay, Ontario, Broadway	Sodium Chlorite	5,000 MT
Mininco, IX Region, Chile (2)	Sodium Chlorate	55,000 MT

Saskatoon, Saskatchewan	Sodium Chlorate	50,000 MT
	Chlorine	33,000 MT
	Caustic Soda	37,000 dry MT
	Hydrochloric acid	22,000 dry MT
Port Edwards, Wisconsin	Chlorine	73,000 MT
	Caustic Soda	82,000 dry MT
	Hydrochloric Acid	33,000 dry MT
	Potassium Hydroxide	75,000 dry MT
	Potassium Carbonate	19,000 MT

Notes:
(1) As previously announced, the plant is scheduled to close April 2006.
(2) The facility is scheduled to start-up in June of 2006, with full production rates expected by September 2006.

Products

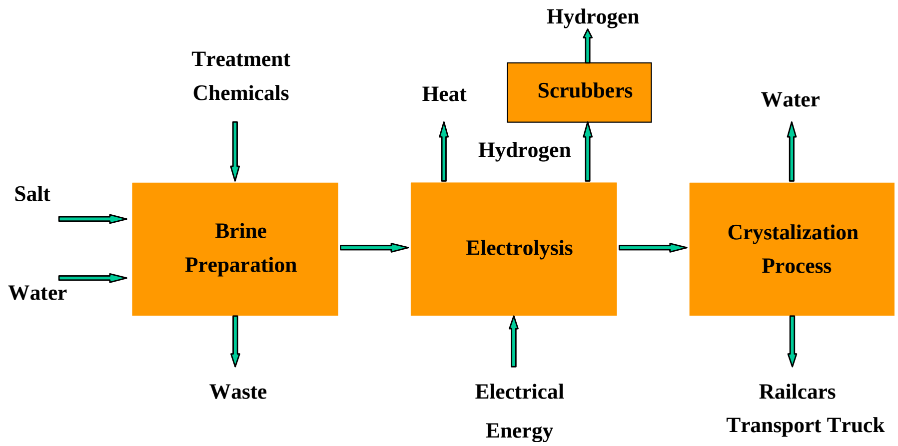
Sodium Chlorate

Sodium chlorate is an inorganic chemical manufactured through the electrolysis of brine. Sodium chlorate is primarily used to produce chlorine dioxide, an environmental preferred bleaching agent used in the production of bleached pulp for paper. ERCO Worldwide is one of two suppliers in the world to offer patented chlorine dioxide generator technology to the pulp and paper industry as well as the primary raw material (sodium chlorate). The pulp and paper industry generally consumes more than 95% of the sodium chlorate produced in North America. Sodium chlorate is an essential ingredient in pulp bleaching and accounts for approximately 5% or less of the cash cost to manufacture bleached pulp. A minor amount of sodium chlorate is also used in the production of agriculture herbicides and defoliants and other industrial applications.

Electrical energy costs generally represent 70% - 90% of the variable costs of manufacturing sodium chlorate. ERCO Worldwide is able to manage its North American customer demand with production from its seven geographically diverse sodium chlorate plants, facilitating efficient and cost effective supply to our customer base.

An electrochemical process using salt, water and electricity as the primary raw materials produces sodium chlorate. Salt is dissolved in water and separates into sodium and chlorine ions. The solution, known as saturated brine, is fed through a series of electrolytic cells used to conduct direct electrical current. The chlorine ions in the brine form chlorine gas. The chlorine gas mixes and reacts further with the brine to form sodium chlorate in solution. The hydrogen atoms separate from the water molecules and form hydrogen gas.

A co-product, hydrogen gas, is produced in the electrolytic cells and is purified. Some of the hydrogen gas is then fed to boilers where it is burned as fuel to produce steam for process heating. The hydrogen gas that is not required for fuel can be vented, sold or used as fuel for other applications.



The sodium chlorate solution produced is treated and filtered to remove impurities and crystallized by removing excess water. Once cooled, the final product resembles a white crystal that is transported to customers by rail car, truck, pipeline or is bagged and shipped to international customers. ERCO Worldwide exports sodium chlorate from its Vancouver, British Columbia and Bruderheim, Alberta production facilities. This bagging capability allows ERCO to participate in the rapidly expanding sodium chlorate demand from pulp and paper capacity growth outside of North America. Additionally, ERCO Worldwide is currently constructing a 55,000 MT facility in Chile to exclusively supply three existing mills owned by CMPC Celulosa S.A. over a long-term arrangement.

Thunder Bay Plant Closure

ERCO Worldwide announced on August 30, 2005 that it would be closing its sodium chlorate plant, located in Thunder Bay, Ontario (City Road site) in April 2006. The plant has an annual capacity of 48,000 MT but has recently been operating at reduced levels, due to high electrical costs in Ontario and reduced sodium chlorate demand from regional pulp industry customers. Cash costs associated with the closure, including severance costs of $1.1 million, were recognized in 2005. Demolition costs, net of material recovery, should be partially offset by the reduction in maintenance capital due to the redeployment of salvaged equipment from the plant.

Customers supplied from the Thunder Bay plant will be supplied from other ERCO Worldwide sodium chlorate locations.

Sodium Chlorite

Sodium chlorite is used as a feedstock in the production of chlorine dioxide in smaller scale operations, a disinfectant for municipal water treatment, industrial process and waste- water treatment and as a biocide/disinfectant for food processing and sanitization applications. The primary feedstock for sodium chlorite is sodium chlorate. ERCO Worldwide currently produces sodium chlorite at its plants located in Buckingham, Quebec and Thunder Bay, Ontario (Broadway site).

Chlorine Dioxide Generators

ERCO Worldwide is the largest worldwide supplier of modern chlorine dioxide generators, which convert sodium chlorate into chlorine dioxide. Chlorine dioxide bleaching is recognized worldwide as the best available technology in the production of bleached pulp for paper. These generators, which are sold under the ERCO™ brand name, are designed and engineered for pulp mills to meet their specific needs for size, technology, pulping conditions, desired whiteness and strength of the final bleached product. ERCO Worldwide provides engineering, design, equipment specification, equipment procurement, on-site technical assistance and operator training and plant start-up services. The business, which licenses its technology to its customers, also provides ongoing technical support services and spare parts. Each mill that uses chlorine dioxide as a bleaching agent requires at least one chlorine dioxide generator. Revenues from the sale of chlorine dioxide generators are received as the generators are constructed at customer sites. In addition, technology royalty payments are generally received upon start up of the generator or over a ten-year period relating to chlorine dioxide produced by the generator.

The ERCO Smarts™ product provides customers with an advanced automation software package that optimizes the operating efficiency of the chlorine dioxide generator. Five customers currently use this program, and four other customers are implementing the ERCO Smarts™ package.

Chloralkali Products

ERCO Worldwide's chloralkali operations are located at Saskatoon, Saskatchewan and Port Edwards, Wisconsin. Both of these locations produce caustic soda, chlorine and hydrochloric acid. In addition, Port Edwards produces potassium hydroxide and potassium carbonate.

The main method to produce chlorine, caustic soda and potassium hydroxide is the electrolysis of brine. Chlorine and caustic soda are co-products, produced using sodium chloride as the brine source. Chlorine and potassium hydroxide are co-products, produced using potassium chloride as the brine source. The Port Edwards facility is able to convert electrolysis cells to produce either caustic soda or caustic potash as market demand changes.

Chlorine is used in a variety of chemical processes including the production of polyvinyl chloride "PVC", the water treatment disinfection and other chemical businesses. Chlorine is used directly or in bleach form to eliminate water-borne diseases in drinking water. Chlorine is also used to produce hydrochloric acid, which is used in a variety of industrial applications, including application in the oil and gas industry.

Caustic soda is used primarily in the pulp and paper, soaps and detergents, alumina, textile and petroleum industries as a chemical intermediate.

Potassium hydroxide is used primarily in the production of potassium carbonate, potassium phosphates, potassium soaps and other potassium chemicals such as potassium acetate. Generally, potassium hydroxide is used in applications where higher purity and increased solubility is of value, such as water treatment applications. Potassium acetate is gaining popularity as a deicing agent for airport runways due to environmental pressures to reduce use of glycol or urea based deicers.

An electrochemical process using salt, water and electricity as the primary raw materials produces chlorine, caustic soda and caustic potash. Salt is dissolved in water and separates into sodium and chlorine ions. The chlorine ions in the brine forms chlorine gas. The chlorine gas is prevented from mixing with the brine and therefore prevents a further chemical reaction. The chlorine gas is captured, purified and liquefied. Liquid chlorine is transported by rail car or the chlorine gas is used internally and converted in the production of hydrochloric acid.

The sodium ions in the brine in the electrolytic cells are attracted to the cathodes, where they react with water in the brine to form caustic soda in solution. The potassium hydroxide process is the same except the potassium ions in the brine in the electrolytic cells are attracted to the cathodes, where they react with water in the brine to form caustic potash in solution.

A co-product, hydrogen gas is produced in the electrolytic cells and is purified. Some of the hydrogen gas is then fed to boilers where it is burned as fuel to produce steam for process heating. The hydrogen gas that is not required for fuel can be vented, sold or used as fuel for other applications.

Sales and Marketing

ERCO Worldwide's sales are conducted by its business managers who also have technical expertise related to chlorine dioxide generation and pulp bleaching applications. They develop long-term relationships with clients through the provision of technical service and support. ERCO Worldwide sells sodium chlorate directly to pulp and paper mills typically under 1 to 5 year supply arrangements, most of which provide for a significant percentage of total mill requirements at market-based prices. Due to the highly technical nature of ERCO's chlorine dioxide generator operations, a coordinated selling approach between its product sales and marketing team and its technical service and engineering groups is employed.

Increasing portions of ERCO's sodium chlorate sales are to the growing South American and Asia/Pacific markets. These markets are now following the North American practice of using chlorine dioxide to bleach pulp. Additionally, these regions are expanding bleached pulp production to meet the rapidly growing demand for paper and paper products. North American sodium chlorate demand is estimated at approximately 1.8 million metric tonnes, while worldwide demand is estimated at approximately 3.1 million metric tonnes. ERCO services the export market from its Vancouver and Bruderheim facilities.

In addition, ERCO Worldwide has entered into a long-term sodium chlorate supply agreement with CMPC Celulosa S.A. ("CMPC"), a division of Empresas CMPC S.A., one of the world's leading producers of bleached pulp. As part of this agreement, ERCO Worldwide is constructing a sodium chlorate manufacturing plant adjacent to the CMPC Pacifico Mill and will supply CMPC's three pulp mills located in Chile. This 55,000 MT plant is estimated to cost $65 million and is scheduled to start up in June 2006, with full production expected by September 2006. Construction costs to December 31, 2005 were $28.9 million.

Chloralkali products are sold through a combination of dedicated sales people and distributors. Approximately 77% of the volume is contracted principally under 1 to 3 year supply agreements. The remainder is sold on a spot basis to customers that have long-term relationships. All of ERCO's chlorine, hydrochloric acid, potassium hydroxide and potassium carbonate production, and approximately 30% of its caustic soda production are sold to end markets not related to the pulp and paper industry.

ERCO Worldwide's top ten customers account for approximately 47% of its revenues with its largest customer comprising approximately 7% of its revenues.

Supply Arrangements

ERCO Worldwide uses four primary raw materials to produce its chemical products: electrical energy, sodium chloride, potassium chloride and water. The business has long-term contracts or contracts that renew automatically with power producers in each of the jurisdictions in which its plants are located with the exception of the plants in Grande Prairie and Bruderheim, Alberta where electricity is publicly traded. In Alberta, approximately 50% of its power requirements are hedged through to 2017 and an additional 30% of its power requirements are hedged with shorter-term positions expiring in April 2006. See Note 15(iii) to the 2005 Annual Consolidated Financial Statements of the Fund. ERCO Worldwide's 10-year power agreement for the Valdosta, Georgia plant expires in December 2006, at which time power costs are expected to increase. These contracts generally provide ERCO Worldwide with some portion of firm power and a portion that may be interrupted by the producer based on the terms of the various agreements. ERCO Worldwide can quickly reduce its power consumption at minimal cost, which allows it, in some jurisdictions, to reduce its overall power costs by selling ancillary services back to the power producer or to the power grid.

ERCO Worldwide purchases sodium and potassium salts from five third party suppliers to fulfill the requirements at seven of its ten plants. The salt contracts are typically fixed-price contracts with terms of one year or greater, often with automatic renewals. The Bruderheim, Hargrave and Saskatoon facilities are self-supplied, through solution mining at the plant site.

Transportation

Approximately 69% of ERCO Worldwide's product transportation requirements are provided by railcar, 21% by transport truck and the remaining 10% by pipeline and ocean vessel. ERCO Worldwide utilizes third party carriers to transport all of its products. Rail transportation requirements are provided by 1,240 railcars, of which 177 of the railcars are owned and 1,063 are leased with staggered expiration terms through to 2012. ERCO Worldwide generally extends leases in advance of the expiration date.

All of the plants are located close to major rail terminals and customer sites to facilitate delivery of ERCO Worldwide products to the relevant markets.

Employee and Labour Relations

As at December 31, 2005, ERCO Worldwide had 509 employees of which approximately 126 were unionized. The three plants in Vancouver, Saskatoon and Buckingham are subject to collective bargaining agreements that expire between 2007 and 2009. Collective bargaining agreements are renegotiated in the normal course of business.

Environmental, Safety and Regulatory

ERCO Worldwide's operations involve the handling, production, transportation, treatment and disposal of materials that are classified as hazardous and that are extensively regulated by environmental, health, safety and transportation laws and regulations. ERCO Worldwide is a founding member of Responsible Care®, an initiative of the Canadian Chemical Producers Association and the American Chemistry Council associations that promote the safe and environmentally sound management of chemicals. ERCO has been verified as complying with the Responsible Care® guidelines and ethics for a third time, which represents over 10 years of external compliance. ERCO Worldwide continually strives to achieve an environmental and safety record that is "best-in-class" in the chemical industry. It has not had a material environmental or safety incident for over 11 years and has received many awards for its safety and environmental record.

Trademarks, Trade Names and Service Marks

ERCO Worldwide owns all the right, title and interest in the "ERCO Worldwide" ("ERCO Mondial" in French) trade name in Canada, the "ERCO" trademark and related design and certain other trademarks and patents registered or acquired at various times over the years relating to specific technology, products or services that it provides. ERCO Worldwide is also in the process of registering the "ERCO Worldwide" trademark in various other countries. ERCO Worldwide's trademarks are significant as they provide it with ownership of the names, designs and logos associated with its business and technology and are well recognized internationally in the pulp and paper and the water treatment industries. The duration of each of the trademarks is between 10 and 15 years from the date of the first registration, subject to renewals for further 10 to 15 year periods, depending on the country of registration.

ERCO Worldwide currently has over 240 patents and patent applications worldwide protecting its proprietary chlorine dioxide, sodium chlorate and sodium chlorite technologies. The duration of each patent is between 15 and 20 years from the date the patent was first registered, depending on the country of registration.

Financial Information

For selected historical financial information for ERCO Worldwide for the last five years, see "Selected Historical Information – ERCO Worldwide".

Capital Expenditures

ERCO Worldwide has low and predictable maintenance capital expenditure requirements, averaging $9.2 million annually representing an average 2% of its average revenue over the past five fiscal years.

Capital expenditures for ERCO Worldwide for the past five years were as follows:

	Years ended December 31				
(millions of dollars)	**2005**	**2004**	**2003**	**2002**(1)	**2001**(1)
Maintenance capital expenditures	**8.1**	7.6	6.4	12.7	11.1
Growth capital expenditures	**58.6**	5.7	7.3	4.0	–
	66.7	13.3	13.7	16.6	11.1

Note:
(1) ERCO Worldwide was acquired effective December 19, 2002. Prior year results are unaudited and provided for comparison purposes.

Growth capital expenditures in 2005 totaling $58.6 million were comprised of $27.5 million for the facility in Chile, $22.4 million to acquire the Port Edwards facility, $7.9 million for the cell replacement program and $0.8 million for a hydrogen utilization project at the Grande Prairie facility.

The sodium chlorate anode replacement program, which began in 2002, continued with $7.9 million expended during 2005. The program has been expanded to include cell replacements due to design modifications that will result in improved conversion of electrical energy into sodium chlorate. The total approved cost of the anode replacement and new cell improvement program has been increased to $31.0 million, of which $19.5 million has been expended. The program is expected to be completed in 2008. Improvements in cell design are yielding an approximate 7% increase in electrical efficiency. The cell replacement program is considered to be growth capital in nature, as the project is expected to improve the production efficiency of the business.

The Grande Prairie hydrogen utilization project includes the capturing and compression of hydrogen for sale to an adjacent pulp and paper mill.

JW Aluminum (JWA), which is headquartered in Mount Holly, South Carolina, began operations in 1980. JWA is a manufacturer of specialty flat-rolled aluminum, primarily serving the heating, ventilation and air-conditioning ("HVAC"), building and construction and flexible packaging end-use markets. Superior, through a wholly owned US subsidiary, purchased JWA effective October 19, 2005 for $405.4 million on a debt free basis. The acquisition of JWA provides Superior with further business diversification and an additional platform for value growth.

Competitive Conditions

JWA is a leader in its specialty markets and focuses on products in which its size and operating flexibility provide clear advantages over both larger integrated producers and smaller single product competitors. The following chart provides a detailed overview of JWA's business operations:

Product Line	% of 2005 Annual Sales(1)	Market Structure	Major Competitors	Product Fundamentals	Revenue Diversification
Fin Stock	41%	2nd largest producer at estimated 30% market share	Norandal, Novelis	Growing demand driven 70% by replacement and 30% by new construction. Increased aluminum content in HVAC systems resulting from SEER 13 requirements.	Diversified customer base including all six of the largest HVAC manufacturers in North America.
Building Sheet	25%	6th largest producer at estimated 8% market share	Aleris, Nichols, Alcoa, Novelis, Jupiter	Growing demand driven 60% by increasing repair & remodelling market and 40% by new construction.	Broadly diversified customer base, including national and regional building products manufacturers.
Converter Foil	16%	2nd largest producer at estimated 22% market share	Norandal, Norsk Hydro (VAW)	Stable and growing non-cyclical consumer packaging market.	Diversified customer base, including supplying much of Alcoa and Alcan's converter foil requirements.

Notes:

(1) The remaining 18% of sales is from a combination of Auto Sheet (6%), Cable Wrap (5%), Litho Sheet (3%) and other products (4%).

(2) JWA has more than 300 customers with no single customer accounting for more than 7% of total sales. The top 10 customers make up approximately 42% of 2005 sales.

Business Operations

JWA, which has a total annual production capacity of 372 million pounds ("lbs"), operates from three facilities located in Mt. Holly, South Carolina, Russellville, Arkansas and St. Louis, Missouri. Each of these facilities is located on property owned by JWA. The table below illustrates the facility breakdown of JWA's annual production capacity.

Facility	Metal Input	Products	Annual Capacity
Mt. Holly, SC	Prime & Scrap	Fin Stock, Building Sheet, Converter Foil and Other	240 million lbs
Russellville, AR	Prime & Scrap	Fin Stock and Converter Foil	72 million lbs
St. Louis, MO	Prime	Fin Stock and Converter Foil	60 million lbs

JWA's facilities have experienced very high utilization rates averaging in excess of 90% over the past three years, as there has been both an increase in demand for specialty flat-rolled aluminum over the past few years and an overall reduction in industry production capacity since 2000. In addition, JWA is able to alter its production mix in response to changes in demand for each product in order to maximize plant utilization.

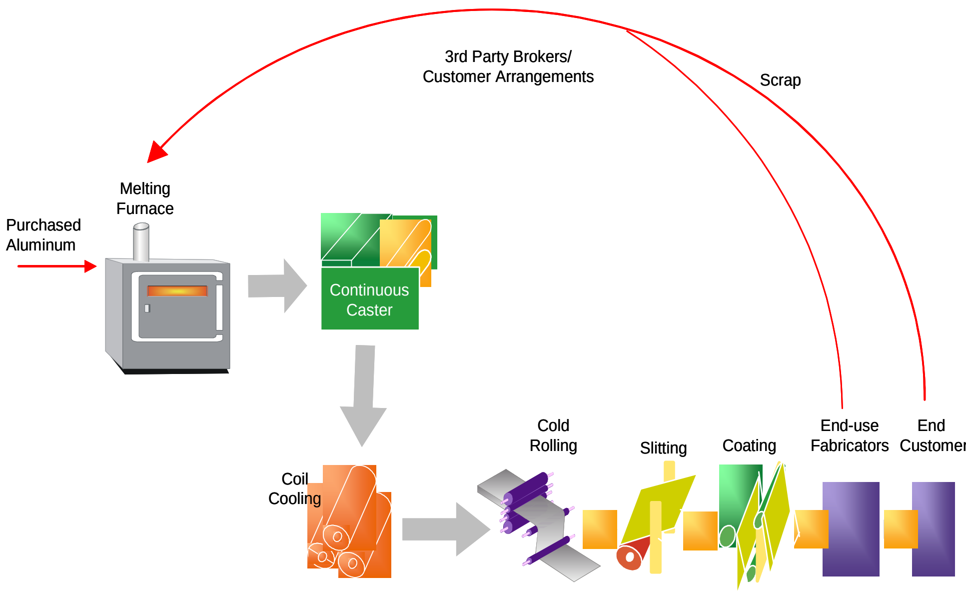
Products

JWA sources primary aluminum from domestic and international vendors and scrap aluminum from local yards, brokers, industrial locations and, in certain circumstances, its customers. JWA uses energy and emissions efficient furnaces to melt the raw material into molten aluminum. After the aluminum is melted, the molten aluminum is passed between roll casters under pressure to solidify the metal into a continuous sheet.

After the aluminum is cast into a continuous sheet, it is processed in JWA's rolling mills which reduce the thickness of the sheet by approximately 50% per pass. After the aluminum has been work hardened at the rolling mills, it is softened by annealing furnaces which improve the metallurgical properties of the coils.

After the aluminum rolls have been processed they can be slit into the sizes required, separated and coated with hydrophilic, decorative or corrosion-resistant coatings in virtually any color. The finishing operations of JWA provide a wide range of finish product capabilities and help to ensure the flexibility necessary to meet customer demand.

The flow-diagram below illustrates these stages of JWA's production process.



The products JWA fabricates can be grouped into four main categories; fin stock, building sheet, converter foil and other products.

Fin Stock
JWA produces aluminum sheet and foil, which in turn is used by its customers to manufacture aluminum fins, referred to as fin stock, for use in air conditioning and heat transfer equipment, mainly for residential and commercial HVAC equipment manufacturers. Fin stock is the main heat transfer mechanism in HVAC applications.

Building Sheet
JWA's building sheet products are used by its customers to manufacture such end-use products as trim coil, roofing, doors and windows, soffit, fascia and gutters. This market is driven primarily by residential repair, remodelling spending, new home construction and commercial construction.

Converter Foil
Converter foil is thin aluminum foil produced by JWA, which is typically laminated by JWA's customers on plastic or paper to form an internal seal for a variety of packaging applications. Converter foil is used in applications from consumer product packaging (i.e. juice boxes, pharmaceuticals and food pouches) to industrial applications such as aluminum backed tape.

Other Products
JWA also manufactures other products which include automotive sheet, cable wrap and lithographic sheet. JWA's automotive sheet is used by its customers to meet stringent auto industry requirements for heat dissipation and shielding designed to ensure that vehicle passenger compartments are effectively insulated from engine heat and other heat sources. In addition, JWA produces high quality cable wrap for a variety of telecommunications applications. JWA also manufactures lithographic sheet products for use in the printing industry.

Sales and Marketing

JWA charges its customers the cost of primary aluminum plus a conversion fee, which covers fabrication, transportation and profit, thereby eliminating any direct aluminum commodity price risk and providing an opportunity to increase margins by utilizing less expensive scrap aluminum in its fabrication processes. JWA's customer contracts are typically one year in length and are typically renewed on an annual basis, providing a degree of demand predictability.

JWA currently serves in excess of 300 customers in the United States including all of the leading HVAC producers such as Carrier, Lennox and Trane, key packaging producers such as Alcoa and Alcan and key building products manufacturers such as Napco and Spectra. JWA has a diverse product range and end-use customer base and has developed long standing relationships with its customers, many of whom have been purchasing JWA's products for over a decade. This customer diversity is illustrated by the fact that no single customer accounted for more than 7% of JWA's sales in 2005.

Supply Arrangements

Raw materials are sourced according to market conditions with primary aluminum usually purchased on an annual or quarterly contract basis and scrap or recycled aluminum purchased on an annual, monthly or spot contract basis. JWA purchases primary aluminum from over 7 major primary producers, large international primary traders and smaller domestic traders. Scrap aluminum historically has been sourced at a discount to the cost of primary aluminum. JWA purchases scrap aluminum from over 70 local and regional scrap yards, several scrap brokers, a handful of industrial accounts and certain of its customers.

Transportation

Common Carrier trucks are used for majority of the transportation of goods delivered to JWA and finished product shipped from JWA.

Employee and Labour Relations

As at December 31, 2005, JWA had 774 employees, of which 172 were salaried and 602 were hourly employees. Approximately 185 of JWA's employees are unionized with a collective bargaining agreement that expires in June 2010. Collective bargaining agreements are renegotiated in the normal course of business.

Environment, Safety and Regulatory

JWA management works to ensure compliance with all applicable Occupational Safety and Health Administration requirements and is continuously developing workplace injury prevention programs. Safety procedures are incorporated into a quality manual that defines correct operating procedures for each production task. A safety coordinator is on staff to provide guidance for ongoing programs, train employees in plant safety and assist all levels of management in the loss control effort.

Trademarks, Trade Names and Service Marks

JWA owns all the right, title and interest in the "JW Aluminum" trade name, related design and other trademarks, registered or acquired at various times over the years and relating to specific products, services or programs provided by JWA.

JWA currently has 5 patents protecting its proprietary hydrophilic fins for heat exchanger applications and its apparatus and method for reclaiming scrap aluminum.

Financial Information

For selected historical financial information for the past five years see “Selected Financial Information – JW Aluminum”.

Capital Expenditures

Capital expenditures for JWA for the past five years were as follows:

	Years ended December 31				
(millions of dollars)	**2005**[1]	**2004**[1]	**2003**[1]	**2002**[1]	**2001**[1]
Maintenance capital expenditures	**3.6**	5.1	8.1	9.0	2.6
Growth capital expenditures	**22.1**[3]	39.2[2][3]	4.6	0.6	–
	25.7	44.3	12.8	9.6	2.6

Notes:

(1) JWA was acquired effective October 19, 2005. Prior year results are unaudited and provided for comparison purposes.

(2) Growth capital spending included the purchase in April 2004 of Alumax Foils, Inc., a manufacturer of aluminum foil and sheet products, specializing in lighter gauge foil products with two facilities located in St Louis, Missouri and Russellville, Arkansas.

(3) The Russellville facility was expanded in 2004 and 2005 increasing its finished product capacity to 72 million pounds annually at a cost of US$26 million. A US$15 million Phase II expansion, which is expected to increase finished product capacity by an additional 42 million pounds annually, is expected to be completed in late 2006. $0.8 million has been incurred in 2005.

WINROC
A division of
Superior Plus Inc.

Winroc, a distributor of specialty construction products to the walls and ceilings industry in North America, headquartered in Calgary, Alberta, began operations in 1971. In April, 2005, Winroc expanded its distribution operation into Ontario by acquiring the business of Leon’s Insulation Inc. (“Leon’s Insulation”) with operations located in Burlington and Stouffville, Ontario for $31.7 million on a debt free basis.

Products

Winroc distributes many different products used in the walls and ceiling construction industry. Sales can generally be grouped into the following product categories:

Product category	% of 2005 sales(1)
Drywall and components	52%
Insulation	13%
Steel framing	12%
Celings	11%
Stucco and plaster	7%
Tools and fasteners	5%

Note:
(1) Pro forma 2005 reflecting the acquisition of Leon's Insulation as if it had been acquired on January 1, 2005.

Competitive Conditions

Winroc enjoys considerable geographic and customer diversification servicing over 6,900 customers from 38 distribution branches with 30 locations in Canada and 8 in the Western and Midwestern United States. Winroc's 10 largest customers represent approximately 14% of its annual distribution sales. Annual sales revenues for the North American walls and ceilings industry exceed $20 billion. Winroc is estimated to be the largest specialty distributor in Canada and seventh largest in North America, with an estimated 2% market share. Specialty distributors, such as Winroc, service the builder/renovation contractor market, representing an estimated 50% to 60% of total industry revenues with the remainder sold through big-box home centres and independent lumber yards who service the builder/contractor market as well as the do-it-yourself market. The specialty distribution sector is highly fragmented with the top seven competitors representing an estimated 35% of overall North American industry revenues. The walls and ceilings specialty distribution business is a local, relationship based business in which distributors compete on the basis of price and service. Barriers to entry are relatively low. Winroc positions itself as a productivity partner with the installing contractor, providing value added "stock and scatter" job site service. Winroc's multi-location distribution network, strong local market position and Allroc purchasing operation provide it with purchasing scale, product line breadth and knowledge to support its customers, providing it with an advantage over smaller competitors.

Business Operations

In April 2005, Winroc expanded its Ontario operations by acquiring the business of Leon's Insulation Inc., with operations in Burlington and Stouffville, Ontario. The Leon's Insulation locations complement the IBS locations in Windsor, London & Cambridge, Ontario acquired in December 2004. Winroc operates 38 distribution branches, which are managed by branch general managers. The general managers have direct responsibility for branch operations, including responsibility for customer relationships, delivery and service, pricing, administration and the overall profitability of their geographic business units. Winroc's branches are typically located in an industrial or commercial setting. The branches range from smaller warehouse locations to operations on up to five acres of land, complete with office and showroom areas, covered and uncovered storage areas for the product, as well as receiving and shipping space. The operating area is usually limited to a radius of 100 kilometers around branch locations, depending on the nature of the customer base and local road infrastructure. Under Winroc's business structure, its market presence is through a market office with teams responsible for managing their local business and pursuing local opportunities.

Of Winroc's 38 operating locations, two are owned and the remaining 36 are leased from third parties under normal course operating leases. See Note 15(i) to the 2005 Annual Consolidated Financial Statements of the Fund.

Sales and Marketing

A detailed analysis of sales volumes and gross profit is provided in the Annual Management's Discussion and Analysis contained in the Fund's 2005 Annual Report.

Demand Profile

Demand for walls and ceilings building materials is affected by changes in general and local economic factors, including demographic trends, interest rates, employment levels, consumer confidence and overall economic growth. These factors impact the level of existing housing sales, new home construction, new non-residential construction and office/commercial space turnover.

Housing starts reflect the level of new residential construction activity. The level of new commercial construction activity has historically lagged new residential activity as commercial infrastructure is put in place to service residential development. Renovation activity trends have historically followed existing home re-sales and turnover of occupants in commercial building space. Approximately 50% of Winroc's sales are estimated to be to the new commercial construction and commercial renovation segments and 50% of sales are estimated to be to new residential construction and renovation segments. Winroc sells its full product line to commercial customers. Gypsum board and accessories, insulation and plaster products are the primary products sold to residential construction customers.

Winroc's sales are modestly seasonal, with approximately 53% of revenues typically generated during the second and third quarters.

Product Pricing

Pricing to customers is primarily based on a margin above product and delivery costs. There are delays from time to time that affect margins when price changes from manufacturers cannot be immediately passed through to customers. Under certain market conditions, when the wholesale price of products increases, gross margins tend to erode in the short term as it takes more time to pass the price increases through to the customers. Conversely, when wholesale prices decrease, gross margins and profitability tend to increase in the short-term.

Product gross margins vary between products and geographic areas. Customer pricing is managed at both the regional and local market level and reflects local marketplace supply and demand conditions.

Supply Arrangements

Product purchasing is a critical component of Winroc's business, as the cost of products, product knowledge and the ability to source products in periods of tight supply are key to Winroc's service position, profitability and ability to differentiate its service to its customers. Winroc's purchasing operations are conducted centrally through its Allroc division. Allroc also provides third party purchasing services for 12 other independent companies, allowing Winroc to further leverage its purchasing power. Winroc purchases products from over 100 different suppliers, of which the top ten provide 73% of Winroc's total supply requirements. Winroc is not reliant on any one supplier to source product within its principal product lines.

Winroc purchases its products pursuant to various purchasing programs and does not enter into long-term purchasing contracts.

Transportation

Winroc’s suppliers are typically responsible for arranging transportation of products from the manufacturing facility to Winroc’s operating locations. Deliveries are primarily made through either common road carrier or by rail.

Winroc owns and operates a fleet of trucks and forklifts to transport the products it sells from its operating locations to customer job sites. Winroc employs full-time, part-time and seasonal drivers and stockers who deliver products. As at December 31, 2005, Winroc owned 262 trucks that vary in load capacity from 2,000 to 43,000 kg and 112 trailers that are all used as the primary delivery vehicles. In addition, Winroc operates 191 forklifts, which are used at its warehouse locations and customer job sites to load and unload product from delivery vehicles.

Employee and Labour Relations

As at December 31, 2005, Winroc had 892 employees, of which 305 were salaried and 587 were hourly employees. Approximately 67 of its employees are unionized through collective bargaining agreements at three of its operating locations, with expiry dates ranging from March 2007 to May 2008. Collective bargaining agreements are renegotiated in the normal course of business.

Environmental, Safety and Regulatory

Distribution of walls and ceilings construction products is a physically challenging job. Winroc is committed to a safe workplace, and maintains safe working practices through proper procedures and direction and utilization of equipment such as forklift trucks, cranes and carts. Winroc handles and stores a variety of construction materials and maintains appropriate materials handling compliance programs.

Trademarks, Trade Names and Service Marks

The Company owns all the right, title and interest in the "Winroc", “Allroc”, “Interior Building Supplies” (“IBS”) and “Leon’s Insulation” trade names, related design and certain other trademarks, registered or acquired at various times over the years and relating to specific programs or services provided by Winroc.

Winroc’s trademarks are significant as they provide the Company with ownership of the names, designs and logos associated with its business, which are recognizable to the public and useful in developing and maintaining brand loyalty. The duration of each of the trademarks is 15 years from the date they were first registered subject to renewals for further 15-year periods.

Financial Information

For selected historical financial information for the past five years see “Selected Financial Information – Winroc”.

Capital Expenditures

Capital expenditures for Winroc for the past five years were as follows:

	Years ended December 31				
(millions of dollars)	**2005**	**2004**[(1)]	**2003**[(1)]	**2002**[(1)]	**2001**[(1)]
Maintenance capital	**5.7**	7.1	6.1	4.9	4.6
Proceeds on dispositions	**(0.1)**	(0.2)	(0.3)	(0.2)	(0.4)
Maintenance capital expenditures, net	**5.6**	6.9	5.8	4.7	4.2
Other capital expenditures	**31.7**[(3)]	12.2[(2)]	–	–	–
Other capital proceeds	**0.2**	–	(1.1)	–	–
Other capital expenditures, net	**31.9**	12.2	(1.1)	–	–
	37.5	19.1	4.7	4.7	4.2

Notes:
(1) Winroc was acquired effective June 11, 2004. Prior years results are unaudited and provided for comparison purposes.
(2) Acquisition of IBS on December 7, 2004.
(3) Acquisition of Leon's Insulation and four Greenfield branch expansion.

Superior Energy Management ("SEM"), headquartered in Mississauga, Ontario, began operations in June of 2002. SEM provides natural gas retailing services under fixed-price, term contracts, predominantly to mid-sized commercial, industrial and residential customers in Ontario. SEM also services the commercial and light industrial market in the Gaz Metropolitain franchise region in Quebec.

Competitive Conditions

The natural gas market in Ontario has been deregulated since 1986 and since January 2004 in Quebec for commercial and light industrial customers who consume greater than 280 gigajoules per year. Consumers are able to choose their natural gas supplier and can elect between various prices and terms. The market of supplying gas to customers is competitive, with a number of companies supplying different market sectors. The residential sector in Ontario has approximately eight suppliers, while commercial and industrial consumers have approximately 17 suppliers in Ontario and 7 in Quebec. Each competitor offers different options relating to price, term and related services. Under deregulation, consumers also have the option of having their gas supply provided by their utility company at a variable price that is adjusted on a quarterly basis and is subject to retroactive adjustments. Approximately 60% of natural gas consumers in Ontario and 95% in Quebec are still supplied by utilities, providing SEM with opportunities for customer growth.

Natural gas competes favourably with other fuel sources, such as oil, electricity and propane. Natural gas enjoys both environmental and price advantages over other fuel options. However, since gas is delivered through pipeline systems, its availability is constrained by distribution system infrastructure.

Business Operations

SEM provides fixed-price natural gas solutions for contract terms up to 5 years. In order to capture a fixed selling margin for the term of the customer contract, a fixed-price natural gas supply matching the volume and term of the customer obligation is contracted with various producers and financial counterparties. The local distribution companies (the "LDC's") are required to provide SEM with transportation, storage and distribution services to SEM's customers as well as billing and collection services.

Sales and Marketing

A detailed analysis of sales volumes and gross profit is provided in the Management's Discussion and Analysis contained in the Fund's 2005 Annual Report.

For the year-ended December 31, 2005, SEM supplied approximately 37 million Gigajoules of natural gas to 57,000 end-use customers under term, fixed-price contracts, the largest of which represented 5% of SEM's 2005 gross profit. SEM markets its gas supply service to consumers throughout Ontario and Quebec through an internal sales force and through independent sales agents. Customer contracts are registered with and administered by the LDC and, as a result, are protected from competitive sales initiatives for the term of the customer contract. The gas supply contracts have terms typically ranging from one to five years and are at a fixed price. At December 31, 2005, the weighted average remaining customer contract life was 45 months, an increase of 41% over the previous year.

Supply and Transportation

SEM currently has 12 financial and physical natural gas suppliers and contracts for gas for fixed term and price to match contractual customer requirements. SEM uses each of these suppliers to achieve diversification of its gas portfolio and to manage its volume and counter party exposure. SEM's largest supplier represented 29% of its supply commitments at December 31, 2005. SEM's supply commitments for the next five years as at December 31, 2005, are detailed in Note 15(ii) of the Fund's 2005 Annual Consolidated Financial Statements. The financial condition of each counter party is evaluated and credit limits are established to reduce SEM's exposure to the credit risk of non-performance. SEM continues to work to expand its natural gas supply counterparties.

Although customers purchase their gas supply through SEM, LDC's such as Union Energy, Enbridge Consumers Gas and Gaz Metropolitan are required on a regulated basis to distribute the gas to SEM's customers. LDC's are also required to assign SEM pipeline transportation and storage capability sufficient to service its customers under contract.

Employee and Labour Relations

As at December 31, 2005, SEM had 29 full time and 2 part-time employees. SEM also uses independent contract sales agents.

Environmental, Safety and Regulatory

SEM supplies natural gas to end-use customers. The natural gas is transported through pipeline systems by pipeline and utility companies. These pipeline and utility companies are regulated by the

National Energy Board, the Ontario Energy Board, and the Régie du Batiment and are required to maintain environmental and safety standards.

Trademarks, Trade Names and Service Marks

The Company owns all the right, title and interest in the "Superior Energy Management" trade name and related design. Superior's trademarks are significant as they provide SEM with ownership of the names, designs and logos associated with its business which are recognizable to the public and useful in developing and maintaining brand loyalty. The duration of each of the trademarks is 15 years from the date they were first registered subject to renewals for further 15-year periods.

Financial Information

For selected historical financial information since the commencement of SEM's operations in October 2002, see "Selected Financial Information – Superior Energy Management".

SELECTED HISTORICAL INFORMATION

SUPERIOR PROPANE

(millions of dollars except litres of propane and per litre amounts)	Year Ended December 31 **2005**	2004	2003	2002	2001
Litres of propane sold (millions)	**1,468**	1,546	1,625	1,688	1,733
Propane sales margin (cents per litre)	**15.8**	15.7	15.5	14.8	15.0
Revenues	**856.2**	720.2	727.1	619.0	787.5
Cost of products sold	**571.8**	433.5	436.5	328.8	486.8
Gross profit [1]	**284.4**	286.7	290.6	290.2	300.7
Cash operating, administrative and tax costs	**187.4**	175.1	178.4	174.5	196.7
Cash generated from operations before changes in net working capital	**97.0**	111.6	112.2	115.7	104.0
Maintenance capital expenditures, net	**2.8**	5.6	3.5	3.0	4.1
Operating distributable cash flow	**94.2**	106.0	108.7	112.7	99.9

[1] Includes gross profit from other service revenues.

ERCO WORLDWIDE

(millions of dollars except thousands of metric tonnes ("MT") and per MT amounts)	Year Ended December 31 **2005**	2004	2003	2002 [1]	2001 [1]
Total chemical sales (MT)	**787**	649	574	544	538
Average chemical selling price (dollars per MT)	**519**	571	573	611	594
Revenues	**431.6**	396.0	356.3	361.9	351.8
Cost of products sold	**224.7**	202.8	183.3	181.4	172.2
Gross profit	**206.9**	193.2	173.0	180.5	179.6
Cash operating, administrative and tax costs	**105.7**	94.3	89.2	86.6	75.2
Cash generated from operations before changes in net working capital	**101.2**	98.9	83.8	94.0	104.4
Maintenance capital expenditures, net	**8.1**	7.6	6.4	12.7	11.1
Operating distributable cash flow	**93.1**	91.3	77.4	81.3	93.3

[1] ERCO Worldwide was acquired effective December 19, 2002. Prior year results are unauditied and provided for comparison purposes.

JW ALUMINUM

(millions of dollars except millions of pounds and per pound amounts)	Year Ended December 31 **2005 [1]**	2004 [1]	2003 [1]	2002 [1]	2001 [1]
Sales volumes (millions of pounds)	**332.6**	280.3	228.6	208.9	185.7
Gross profit (cents per pound)	**20.0**	17.7	18.5	20.8	16.2
Revenues	**546.1**	443.0	321.9	323.8	304.4
Cost of products sold	**479.2**	393.4	279.5	280.3	274.4
Gross profit	**66.9**	49.6	42.4	43.5	30.0
Cash operating, administrative and tax costs[2]	**10.5**	11.1	6.4	7.4	7.3
Cash generated from operations before changes in net working capital	**56.4**	38.5	36.9	36.1	22.7
Maintenance capital expenditures, net	**3.6**	5.1	8.1	9.0	2.6
Operating distributable cash flow	**52.8**	33.4	27.9	27.1	20.1

[1] JW Aluminum was acquired effective October 19, 2005. Prior year results are unaudited and provided for comparison purposes.

[2] Only tax costs associated with the period from October 19, 2005 to December 31, 2005 have been included.

WINROC

(millions of dollars)	**2005**	2004 (1)	2003 (1)	2002 (1)	2001 (1)
	Year Ended December 31				
Revenues	**486.6**	384.3	310.9	282.2	288.0
Cost of products sold	**368.8**	300.0	245.6	220.6	230.2
Gross profit	**117.8**	84.3	65.3	61.6	57.8
Cash operating, administrative and tax costs	**82.0**	56.4	47.4	44.6	43.5
Cash generated from operations before changes in net working capital	**35.8**	27.9	17.9	17.0	14.3
Maintenance capital expenditures, net	**5.6**	6.9	5.8	4.7	4.2
Operating distributable cash flow	**30.2**	21.0	12.1	12.3	10.1

(1) Winroc was acquired effective June 11, 2004. Prior year results are unauditied and provided for comparison purposes.

SUPERIOR ENERGY MANAGEMENT

(millions of dollars except per gigajoule ("GJ") and per GJ amounts)	**2005**	2004 (2)	2003(2)	2002 (1) (2)
	Year Ended December 31			
Natural gas sold (millions of GJs)	**37**	28	21	2
Natural gas sales margin (cents per GJ)	**39.2**	47.7	38.8	22.5
Revenues	**288.4**	211.3	152.2	11.4
Cost of products sold	**273.9**	197.9	144.1	10.9
Gross profit	**14.5**	13.4	8.1	0.5
Cash operating, administrative and selling costs	**9.2**	5.7	3.6	0.6
Operating distributable cash flow	**5.3**	7.7	4.5	(0.1)

(1) Superior Energy Management commenced business operations in June 2002.

(2) Restated to give retroactive effect to change in accounting for natural gas customer acquisition costs.

CONSOLIDATED FINANCIALS

(millions of dollars except average number of trust units and per trust unit amounts)	**2005**	2004	2003	2002	2001
	Year Ended December 31				
Revenues	**2,171.4**	1,552.8	1,234.3	640.9	787.5
Gross profit	**636.1**	542.8	471.7	295.8	300.7
Operating distributable cash flow(1)	**231.4**	219.4	190.6	115.7	99.9
Distributable cash flow(1)	**187.0**	184.4	146.5	90.7	78.3
Per trust unit(1)	**$2.35**	$2.54	$2.47	$1.93	$1.71
Average number of trust units outstanding (millions)	**79.7**	72.7	59.4	46.9	45.8
Growth capital	**525.3**	126.3	129.8	579.4	2.1
Total assets(1)	**2,327.8**	1,552.1	1,445.1	1,392.8	654.9
Current and long-term debt	**624.8**	446.2	317.8	443.4	101.0

(1) Restated to give retroactive effect to change in accounting for natural gas customer acquisition costs.

MARKET FOR SECURITIES

The Fund's trust units and convertible debentures trade on the Toronto Stock Exchange (the "TSX") as follows:

Trading Symbol	Security
SPF.un	Trust Units
SPF.db	8% Debentures, Series 1
SPF.db.a	8% Debentures, Series 2
SPF.db.b	5.75% Debentures
SPF.db.c	5.85% Debentures

The following table summarizes the trading activities of the Fund's securities on the TSX for the year ended December 31, 2005:

Trust units : SPF.un	**High**	**Low**	**Volume**
January	31.35	28.45	2,518,327
February	33.15	29.40	3,872,558
March	32.42	28.51	3,458,919
April	30.60	29.25	2,272,316
May	32.00	29.75	2,452,768
June	32.39	30.08	2,775,178
July	33.00	31.17	1,771,385
August	32.65	26.56	6,825,397
September	29.35	24.30	7,040,411
October	26.80	21.01	6,673,391
November	25.50	19.66	10,192,009
December	25.25	23.00	6,127,608
2005	**33.15**	**19.66**	**55,980,267**

Debentures, Series 1: **SPF.db**	**High**	**Low**	**Volume**
January	190.00	179.25	4,820
February	204.09	180.01	4,000
March	202.00	175.01	5,090
April	189.01	160.00	8,140
May	193.00	184.75	5,250
June	200.00	180.26	3,290
July	201.00	194.00	2,060
August	198.50	172.50	4,330
September	177.50	160.10	540
October	161.50	122.00	27,900
November	146.50	122.00	4,680
December	148.00	140.82	1,200
2005	**204.09**	**122.00**	**71,300**

Debentures, Series 2: **SPF.db.a**	**High**	**Low**	**Volume**
January	155.00	141.00	28,124
February	163.25	145.01	51,925
March	160.00	145.00	58,730
April	152.00	140.00	33,150
May	158.60	145.00	46,376
June	160.00	149.62	32,463
July	162.50	150.01	11,490

August	162.00	134.80	27,504
September	144.74	126.44	25,075
October	132.50	106.00	54,970
November	121.00	106.60	85,525
December	124.49	116.00	19,960
2005	**163.25**	**106.00**	**475,292**

5.75% Debentures:

SPF.db.b	**High**	**Low**	**Volume**
June	105.45	101.00	220,780
July	105.40	103.00	54,121
August	108.00	103.00	40,280
September	108.00	100.50	56,200
October	104.00	99.00	42,220
November	102.00	97.01	38,310
December	104.50	99.25	22,760
2005	**108.00**	**97.01**	**474,671**

5.85% Debentures:

SPF.db.c	**High**	**Low**	**Volume**
October	100.00	98.00	95,660
November	100.50	95.50	71,350
December	104.00	99.70	31,700
2005	**104.00**	**95.50**	**198,710**

ESCROWED SECURITIES

The number of securities of each class of the Fund held, to the best of the Fund's knowledge, in escrow, and the percentage that number represents of the outstanding securities of that class, are as follows:

Designation of Class	**Number of Securities Held in Escrow**	**Percentage of Class**
Trust Units	472,984[(1)]	0.6%

Notes:

(1) The trust units in escrow were distributed to three senior executives of Superior pursuant to the Internalization on May 8, 2003. The escrow agent under the related escrow agreements is CIBC Mellon Trust Company of Canada. The escrow agreements are for a term of four years and provide that the trust units will be released from escrow at a rate of 25% of the original amount per year on the anniversary date of the Internalization.

DIRECTORS AND OFFICERS

The names, committee memberships, municipalities of residence, and principal occupations for the five preceding years of the directors and officers of the Company and the year each director first became a director are shown below. Each current director serves until the next annual meeting of the Fund or until a successor is elected or appointed. Unless otherwise indicated, each director and officer has been engaged for the past five years in the specified present principal occupations or in other executive capacities with the Company or firms referred to, or with affiliates, subsidiaries or predecessors thereof. In addition, unless otherwise indicated, each director listed below has been a director of the Company continuously since his initial appointment.

As at March 8, 2006, the directors and officers as a group owned, directly or indirectly 2,713,022 trust units of the Fund, representing approximately 3.2% of the Fund's 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 at March 8, 2006, is included in the following table. 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 individually.

Name, Province and Country of Residence	Director Since	Number of Trust Units	Principal Occupation
Grant D. Billing Alberta, Canada	1994	1,293,264 (5)(11)	Executive Chairman of Superior.
Robert J. Engbloom, Q.C. (2) Alberta, Canada	1996	17,010	Partner, Macleod Dixon LLP (law firm).
Norman R. Gish (3) Alberta, Canada	2003 (9)	22,162 (10)	President of Gish Consulting Inc. (energy industry consulting firm).
Peter A.W. Green (1)(2)(6) 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 (3) Alberta, Canada	1996	18,736	Principal of AG Lennox & Associates (human resource consulting firm).
James S.A. MacDonald (2)(3) Ontario, Canada	2000 (7) (also, May 28/98 - Dec 11/98)	72,757 (4)(5)	Chairman and Managing Partner of Enterprise Capital Management Inc. ("ECMI")(investment management company).
Geoffrey N. Mackey Alberta, Canada	2000 (7) (also, Oct 8/96 - Dec 8/98)	486,235 (4)(5)	President and Chief Executive Officer of Superior.
David P. Smith (1) Ontario, Canada	1998	29,502 (4)(5)	Managing Partner of ECMI.
Peter Valentine (1) 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.

Officers who are not Directors

Name and Municipality of Residence	Principal Occupation
W. Mark Schweitzer Calgary, Canada	Executive Vice-President and Chief Financial Officer.
Derren J. Newell Calgary, Canada	Vice-President, Business Process and Compliance.
Trevor G. Bell Calgary, Canada	Vice-President, Tax since August 2005 and prior thereto, Director, Corporate Tax of TransAlta Corporation, Calgary, Alberta (a power generation and wholesale marketing company).
Clint G. Warkentin Calgary, Canada	Vice-President and Treasurer since May 2005 and prior thereto, Vice-President, Credit Origination of TD Securities (a financial institution).
Theresia R. Reisch Calgary, Canada	Vice-President, Investor Relations and Corporate Secretary.
John D. Gleason Calgary, Canada	President, Superior Propane, a division of the Company since January 2006 and from April 2005 to January 2006, Senior Vice-President, Corporate Development of the Company, and prior thereto Senior Vice-President, Business Development of MDS Inc. (a global health and life sciences company).
Paul S. Timmons [(1)] Mississauga, Canada	President, ERCO Worldwide, a division of the Company.
Don E. Kassing Summerville, South Carolina, U.S.A.	President, JW Aluminum, a division of the Company since the acquisition of the JW Aluminum by the Company in October, 2005. Since January 2002, he has served as President and Chief Executive Officer of JW Aluminum and predecessor companies and prior thereto he served in a number of financial and operating positions with Dura Automotive and Allied Signal (Honeywell company).
Paul J. Vanderberg Calgary, Canada	President, Winroc, a division of the Company.
Gregory L. McCamus Oakville, Canada	President, Superior Energy Management, a division of the Company since September 2005 and prior thereto President, Sprint Canada Business Solutions of Sprint Canada (a telecommunications company).

Note:

(1) Mr. Timmons was an executive officer of affiliated entities of Sterling Chemicals Holdings, Inc. a Delaware Corporation that, along with such affiliated entities, filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code on July 16, 2001.

AUDIT COMMITTEE

Information with respect to the Audit Committee, including its terms of reference, composition, education and experience of its members and the external auditor service fees are disclosed in the Information Circular of the Fund dated March 8, 2006, at pages 19 to 20 and pages C-1 to C-3, which information is incorporated by reference herein.

RISK FACTORS

Additional Financing

To the extent that external sources of capital, including public and private markets, become limited or unavailable, the Fund's and Superior's ability to make the necessary capital investments to maintain or expand its current business and to make necessary principal payments under its term credit facilities may be impaired.

Mutual Fund Trust Status

It is intended that the Fund continue to qualify as a “Mutual Fund Trust” for the purposes of the Tax Act. The Fund may not, however, always be able to satisfy any future requirement for the maintenance of mutual fund trust status. Should the status of the Fund as a mutual fund trust be lost or successfully challenged by a relevant tax authority, certain adverse consequences may arise for the Fund and Unitholders. Some of the significant consequences of losing mutual fund trust status are as follows:

- By virtue of its status as a mutual fund trust, the trust units are qualified investments for registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans as well as registered education savings plans ("RESPs") (collectively, “Exempt Plans”).
- Where at the end of any month an Exempt Plan holds trust units that are not qualified investments, the Exempt Plan must, in respect of that month, pay a tax under Part XI.1 of the Tax Act equal to 1 percent of the fair market value of the trust units at the time such trust units were acquired by the Exempt Plan. An RRSP or RRIF holding trust units that are not qualified investments would become taxable on income attributable to the trust units while they are not qualified investments (including the entire amount of any capital gain arising on a disposition of the non-qualified investment). RESPs which hold trust units that are not qualified investments may have their registration revoked by the Canada Revenue Agency.
- The Fund would be taxed on certain types of income distributed to Unitholders, including income generated from the interest on the Shareholder Notes and dividends on the Common Shares held by the Fund. Payment of this tax may have adverse consequences for some Unitholders, particularly Unitholders that are not residents of Canada and residents of Canada that are otherwise exempt from Canadian income tax.
- Trust units held by Unitholders that are not residents of Canada would become taxable Canadian property. These non-resident holders would be subject to Canadian income tax on any gains realized on a disposition of trust units held by them.

In addition, Superior may take certain steps under the Declaration of Trust to preserve its status as a mutual fund trust, which steps may be adverse to certain holders of trust units.

Nature of Units

The trust units do not represent a traditional investment and should not be viewed by investors as shares in Superior. The trust units represent a fractional interest in the Fund. The trust units do not represent a direct investment in Superior's business. Holders of trust units will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

The trust units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

<u>Operating Risks and Insurance Coverage</u>

Superior's operations are subject to the risks associated with the operations of each of its divisions. Superior is and will continue to be involved in various legal proceedings and litigation that arises in the normal course of its business. Superior maintains insurance policies with insurers in such amounts and with such coverages and deductibles as it believes are reasonable and prudent. However, there can be no assurance that such insurance will be adequate to protect Superior from all material expenses related to potential future claims related to the operations of its divisions or that such levels of insurance will be available in the future at economical prices.

Superior Propane

Propane Supply and Pricing

Propane is a commodity and for reasons of supply and demand the cost to Superior Propane of propane from suppliers can fluctuate significantly. Changes in propane supply costs are substantially passed through to customers but the pass through may lag in time. This results in both positive and negative fluctuations in margins.

Competition From Other Energy Sources

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, some of which are less costly on an energy equivalent basis. While propane is usually more cost effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and in general is less costly on an equivalent energy basis, although operating efficiencies and environmental and air quality factors help make propane competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas already exists. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the propane industry and Superior Propane in the future. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Superior Propane's sales. Demand for automotive uses is presently declining at a rate of approximately 15% to 20% per year due to the development of more fuel efficient and complicated engines which increase the cost of converting engines to propane and reduce the savings per kilometre driven. Propane commodity prices are affected by crude oil and natural gas commodity prices. Crude oil and natural gas commodity prices have recently been volatile and at historically high levels. In turn, propane commodity prices have followed similar trends. As a result, the competitiveness of propane relative to certain other energy sources may have been reduced.

Volume Variability Due to Weather Conditions
Historically, overall demand for propane has been stable. However, weather conditions and general economic conditions do affect propane market volumes. Weather influences the demand for propane primarily for heating uses. A warmer than usual winter could negatively impact Superior's Propane's profitability. In particular, temperatures during the fourth quarter of 2005 were on average across Canada, 7% warmer than the comparable prior year period and 5% warmer than the 5 year comparable period average. Warmer than normal weather trends have continued in 2006 resulting in lower than expected heating demand.

Operational Matters
Superior Propane's operations are subject to the risks associated with handling, storing and transporting propane in bulk. The potential exists for accidents to occur or equipment to fail which could result in the release of propane and any such release could result in a fire or explosion causing damage to facilities, death or injury and liabilities to third parties.

Retail Propane Industry
In addition to competition from other energy sources, Superior Propane competes with approximately 200 other retail marketers. The industry is mature, with limited growth potential. Superior Propane's ability to remain an industry leader depends on its ability to provide reliable service at competitive selling prices.

Employee Relations
Certain of Superior Propane's operations are unionized. Strikes or lockouts could restrict Superior Propane's ability to service its customers in the affected regions thereby negatively affecting the results of this division.

ERCO Worldwide

Electricity Supply
The cost of electricity is far greater than all other costs of production combined for ERCO Worldwide. Therefore, supply of electricity at reasonable prices and on acceptable terms is critical. If ERCO Worldwide is unable to obtain electricity at reasonable prices and on acceptable terms, it will have a negative impact on its results of operations. The electricity that ERCO Worldwide uses is supplied by others and may be subject to wide price fluctuations for a variety of reasons beyond ERCO Worldwide's control. The current trend towards deregulation of electric power makes short-term future costs for electric power uncertain in certain jurisdictions in which this division operates. There is no assurance that ERCO Worldwide will continue to be able to secure adequate supplies of electricity at reasonable prices or on acceptable terms.

Environment
ERCO Worldwide's operations involve the handling, production, transportation, treatment and disposal of substances classified as hazardous or toxic and which are regulated by federal, provincial and international environmental legislation, protocols and treaties that restrict or prohibit the release of substances into the environment in accumulations that may cause an adverse effect on the environment, human health or property. In addition, provincial legislation requires that when facility sites are decommissioned, they must be reclaimed to the satisfaction of landowners and regulatory authorities. Facility operations that do not meet regulatory standards or operate contrary to legislative provisions may result in the imposition of fines, penalties and suspension of operations. Some environmental permits required for operations of ERCO Worldwide are subject to periodic renewal

and can be revoked or modified for cause or when new or revised environmental requirements are implemented.

An environmental risk associated with ERCO Worldwide's chemicals production facilities relates to permitted emissions limits. If in the future it is determined that emissions do not meet required standards, regulatory requirements may be imposed to reduce emissions to acceptable levels which may require capital investment.

Regulatory
ERCO Worldwide's operations and activities in various jurisdictions require regulatory approvals for the handling, production, transportation and disposal of chemical products and waste substances. The failure to obtain or comply fully with such applicable regulatory approvals may materially adversely affect ERCO Worldwide.

Operational Matters
The operations of ERCO Worldwide are subject to the risks normally incident to the handling, production, transportation and disposal of chemical products. ERCO Worldwide's facilities produce large volumes of chemicals, using equipment with fine tolerances. The potential exists for the release of highly toxic and lethal substances, including chlorine. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the facilities unsafe, they may order that such facilities be shut down.

Competition
ERCO Worldwide, one of four global sodium chlorate producers, competes with three other large chemical producers on a worldwide basis. This division also competes with a number of smaller regional producers. Key competitive factors include, price, product quality, logistics capability, reliability of supply and technical capability and service. This competition may have an adverse effect on the results of this division.

Foreign Currency Exchange
Some of the revenue of ERCO Worldwide is generated from contracts denominated in U.S. dollars and the majority of ERCO Worldwide's expenses and capital costs are incurred in Canadian dollars. Fluctuations in exchange rates between the U.S. and Canadian dollar will therefore give rise to foreign currency exposure and may have a negative impact on ERCO Worldwide. ERCO Worldwide manages such risk in part by entering into hedge contracts with external third parties and internally with other divisions.

Employee Relations
Approximately half of ERCO Worldwide's employees are unionized. Strikes or lockouts could restrict ERCO Worldwide's ability to produce sodium chlorate and its other products thereby negatively affecting the results of the division.

JW Aluminum

Competition
The market in which JWA operates is highly competitive. JWA competes primarily on the basis of price, product quality, ability to meet customer demands, product selection, efficiency, customer service and technical support. Some of JWA’s competitors have greater capital resources, more

efficient technologies, or may have lower raw material and energy costs and may be able to sustain longer periods of price competition.

Increased competition could cause a reduction in JWA’s shipment volumes and profitability or increase its expenditures, any one of which could have a material adverse effect on its financial results.

In addition, the end-use markets for certain flat-rolled aluminum products are highly competitive. Aluminum may be substituted with other materials, such as steel, plastic, composite material and glass, among others, for various applications, including in the automotive end-use markets. In the past, customers have demonstrated a willingness to substitute other materials for aluminum. The willingness of customers to accept substitutes for aluminum products could have a material adverse effect on JWA's financial results.

Economy
Certain end-use markets for aluminum rolled products, such as the construction and industrial and transportation markets, experience demand cycles that are correlated to the general economic environment which is outside of JWA's control. A recession or a slowing of the economy in any of the geographic segments in which JWA operates or a decrease in manufacturing activity in industries such as HVAC, automotive, construction and packaging and consumer goods, could have a material adverse effect on JWA's financial results. JWA cannot predict the timing, extent and duration of the economic cycles in the markets in which its customers operate.

Seasonal
The construction industry is seasonal and, as a result, demand for flat-rolled aluminum products in the construction industry is seasonal. JWA's quarterly financial results could fluctuate as a result of climate changes, and prolonged periods of cold weather in the areas in which JWA's customers conduct their business could have a material adverse effect on JWA's financial results.

Environmental
JWA is subject to a broad range of environmental, health and safety laws and regulations. Such laws and regulations impose increasingly stringent environmental, health and safety protection standards and permitting requirements regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices and the remediation of environmental contamination and working conditions for JWA's employees. The costs of complying with these laws and regulations, including participation in assessments and remediation of sites and installation of pollution control facilities, can be significant. Changes in these laws and regulations could result in additional compliance costs which could be significant. In addition, these laws and regulations may also result in substantial environmental liabilities, including liabilities associated with past activities. JWA establishes reserves for potential environmental liabilities where it is appropriate to do so, however, predicting the existence or cost of potential environmental liabilities or remediation costs is difficult, and, as a result, any reserves established could ultimately be inadequate.

Some of JWA's current and potential operations are located or could be located in or near communities that may regard such operations as having a detrimental effect on their social and economic circumstances. Should this occur, the consequences of such a development may have a material adverse impact upon the profitability or, in extreme cases, the viability of an operation. In addition, such developments may adversely affect JWA's ability to expand or enter into new operations in such locations or elsewhere.

JWA uses a variety of hazardous materials and chemicals in its production processes. In the event that any of these substances or related residues proves to be toxic, JWA may be liable for certain costs, including, among others, costs for health-related claims or removal or retreatment of such substances.

Availability of Raw Materials
Prices for the raw materials required by JWA are subject to continuous volatility and may increase from time to time. Although JWA's sales are made on the basis of a "margin over metal price", and JWA is therefore not directly exposed to fluctuations in primary aluminum prices, if primary aluminum prices increase significantly, JWA's working capital requirements would increase and demand for JWA's products could decline as some of JWA's customers could decide to substitute other materials for its products. Changes in availability and pricing of scrap aluminum relative to primary aluminum pricing could have an adverse impact on financial results. In addition, if costs of raw materials other than aluminum increase, JWA may not be able to pass on the entire cost of the increases to its customers or offset fully the effects of these higher raw material costs through productivity improvements. Any one of these factors could have an adverse effect on JWA's financial results.

Energy Supplies
JWA consumes substantial amounts of energy in its production processes. A number of factors could materially adversely affect its energy position including: increases in costs of natural gas; significant increases in costs of supplied electricity or fuel oil related to transportation; interruptions in energy supply due to equipment failure or other causes; and the inability to extend energy supply contracts upon expiration on economical terms. If energy costs were to rise, or if energy supplies or supply arrangements were disrupted, it could have an adverse effect on JWA's financial results.

Disruption of Operations
Breakdown of equipment or other events, including catastrophic events such as war or natural disasters, leading to production interruptions in JWA's facilities could have a material adverse effect on its financial results. Further, since many of its customers are dependent on planned deliveries from its facilities, customers that have to reschedule their own production due to JWA's missed deliveries could pursue financial claims against it. JWA may incur costs to correct any of these problems or to defend these claims and could also lose customers or suffer damage to its reputation among actual and potential customers, potentially resulting in a loss of business. While JWA maintains insurance policies covering, among other things, physical damage, business interruptions and product liability, these policies may not cover all of its losses and it could incur uninsured losses and liabilities arising from such events, including damage to its reputation, loss of customers and suffer substantial losses in operational capacity, any of which could have a material adverse effect on its financial results.

Customer Concentration
JWA's ten largest customers accounted for approximately 42% of JWA's total sales in 2005, with no single customer accounting for more than 7% of JWA's total sales. A significant downturn in the business or financial condition of JWA's significant customers could materially adversely affect JWA's results of operations. In addition, if JWA's existing relationships with significant customers materially deteriorate or are terminated in the future and JWA is not successful in replacing business lost from such customers, its results of operations could be adversely affected. The contracts under which JWA supplies its customers are subject to renewal, renegotiation or re-pricing at periodic

intervals. A failure to successfully renew, renegotiate or re-price such agreements could result in a reduction or loss in customer purchase volume or revenue, and if JWA is not successful in replacing business lost from such customers, its results of operations could be adversely affected. The markets in which JWA operates are competitive and customers may seek to consolidate supplier relationships or change suppliers to accrue cost savings and other benefits.

Employee Relations
Approximately 185 of JWA's employees are unionized with a collective bargaining agreement that expires in June 2010. Although no disruptions are currently anticipated, labour disruptions could restrict JWA's ability to service its customers thereby negatively affecting the results of its business.

Winroc

Competition
The speciality walls and ceilings distribution business is a local, relationship based business in which distributors compete on the basis of price and service. Barriers to entry are relatively low. Competition may have an adverse effect on the results of this division.

Supply and Pricing
Demand for walls and ceilings buildings materials is affected by changes in general and local economic factors including demographic trends, employment levels, interest rates, consumer confidence and overall economic growth. These factors in turn impact the level of existing housing sales, new home construction, new non-residential construction and office/commercial space turnover. Winroc's sales are moderately seasonal, consistent with new construction and renovation market activity with approximately 53% of revenues generated in the second and third quarters. Winroc has minimal control over the wholesale product cost in its industry but changes in product costs are substantially passed through to customers but the pass through lags, in time, the change in supply cost and therefore may not reflect the full change. This results in both positive and negative fluctuations in margins.

Health and Safety
Distribution of walls and ceilings construction products is a physically challenging job. As a result, Winroc is exposed to risks associated with workplace injuries and accidents. Winroc manages this risk by attempting to maintain safe working practices through proper procedures and direction.

Employee Relations
Approximately 8% of Winroc's employees are unionized. Strikes or lockouts could affect Winroc's ability to service its customers in the affected regions thereby negatively affecting the results of the division.

Superior Energy Management

Supply and Third Party Credit
Superior Energy Management resources its fixed-price term natural gas sales commitments by entering into various physical natural gas and US dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. Superior Energy Management transacts with 12 financial and physical natural gas counterparties. There can be no assurance that any of these counterparties will not default on any of its obligations to Superior Energy Management. However, the financial condition of each counterparty is evaluated and credit

limits are established to minimize Superior Energy Management's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become unmatched, however, this is monitored daily in compliance with Superior Energy Management's risk management policy.

Balancing

Superior Energy Management purchases natural gas to meet its estimated commitments to its customers based upon the historical consumption of gas of its customers. Depending on a number of factors, including weather and customer attrition, customer natural gas consumption may vary from the volume purchased. This variance which must be reconciled and settled at least annually and may require Superior Energy Management to purchase or sell natural gas at market prices which may have an adverse impact on the results of this division. To mitigate potential balancing risk, Superior Energy Management accrues estimated balancing costs on an ongoing basis.

Regulatory

Superior Energy Management operates in the highly regulated natural gas industry in the provinces of Ontario and Quebec. Changes to existing legislation could impact this division's operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of Superior Energy Management, including invoicing, collection, assuming specific bad debt risks and storage and distribution of natural gas. Any elimination or change to these rules could have a significant adverse effect on the results of this division.

Competition

The gas distribution business is competitive and many of Superior Energy Management's competitors have greater financial and other resources than Superior Energy Management. Such competition may have an adverse effect on the results of this division.

Additional Business Risks

In addition, the business risks contained in the Fund’s most recent Management’s Discussion and Analysis are hereby incorporated by reference herein.

TRANSFER AGENT AND REGISTRAR

The Fund’s transfer agent and registrar for all its publicly traded securities is Computershare Trust Company of Canada with offices in Calgary and Toronto.

EXPERTS

Deloitte & Touche LLP is the auditor of the Fund and the Company and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

MATERIAL CONTRACTS

The material contracts of the Fund that were entered into during the most recently completed financial year or contracts entered into prior thereto which are still material and in effect, other than contracts entered into in the ordinary course of business, are the Declaration of Trust, the Administration Agreement, the Note Indenture and the Stock Purchase Agreement. Particulars of each of these contracts are disclosed elsewhere in this Annual Information Form. See "Corporate Structure -

Superior Plus Income Fund", "General Development of the Company and the Fund - Three Year History", and "Capital Structure - Trust Units and Declaration of Trust and Shareholder Notes".

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference in the Annual Information Form can be found on SEDAR under the Fund's profile at *www.sedar.com*.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Fund's securities, options to purchase securities and interests of insiders in material transactions and audit committee information, where applicable, is contained in the Information Circular of the Fund dated March 8, 2006. Also, additional financial information is included in the Consolidated Financial Statements and MD&A of the Fund for the year ended December 31, 2005, which are included in the Fund's 2005 Annual Report as filed with the applicable Canadian regulatory authorities. These documents are available on SEDAR at *www.sedar.com* and may also be obtained without charge by writing to the Secretary of Superior at Suite 2820, 605 – 5 Avenue SW, Calgary, Alberta, T2P 3H5. Additional information relating to the Company can also be found on SEDAR.

The Fund will provide to any person, upon request to the Secretary of Superior at Suite 2820, 605 – 5 Avenue SW, Calgary, Alberta, T2P 3H5:

(a) when the securities of the Fund are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities,

  (i) one copy of this Annual Information Form together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this Annual Information Form;

  (ii) one copy of Consolidated Financial Statements of the Fund for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Fund subsequent to the financial statements for its most recently completed financial year;

  (iii) one copy of the Fund's Information Circular for its most recent annual meeting of Unitholders that involved the election of directors; and

  (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or

(b) at any other time, one copy of any of the documents referred to in (a) (i), (ii) and (iii) above, provided that the Fund may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Fund.