Annual Information Form

(for the fiscal year ended December 31, 2010)

February 22, 2011

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FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Forward Looking Information

This Annual Information Form contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information includes, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, adjusted operating cash flow, EBITDA from operations, taxes and plans and objectives of or involving Superior Plus Corp. ("**Superior**" or the "**Corporation**") or Superior Plus LP ("**Superior LP**"). Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. Forward-looking information in this Annual Information Form ("**AIF**") includes, but is not limited to future economic conditions, financial positions, business strategy and objectives, benefits and synergies resulting from our corporate and asset acquisitions, capital expenditures, development plans and programs, tax horizon, future income taxes, the impact of proposed changes to Canadian tax legislation or U.S. tax legislation, exchange rates, dividend strategy, adverse weather conditions, commodity prices and costs, the impact of contracts for commodities, sodium chlorate demand, regulatory compliance costs, effect of operational and technological improvements, the impact of ongoing legal proceedings, impact of accounts receivable collection delay, net working capital and capital expenditure requirements, and acquisition criteria and integration plans. Superior and Superior LP believe the expectations reflected in such forward-looking information are reasonable based on information currently available to them, however no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Forward-looking information is based on various assumptions. Those assumptions are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources concerning the historic performance of Superior's businesses, anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, our ability to obtain financing on acceptable terms, and the other assumptions set forth below.

By their very nature, forward-looking information involve inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking information will not be achieved. Superior's or Superior LP's actual performance and financial results in future periods may differ materially from any projections of future performance or results expressed or implied by such forward-looking information. We caution readers not to place undue reliance on this information as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in such forward-looking information. These risks and uncertainties include but are not limited to incorrect assessments of value when making acquisitions; increases in debt service charges; the loss of key personnel; fluctuations in foreign currency and exchange rates; inadequate insurance coverage; counterparty risk; compliance with environmental laws and regulations; our ability to access external sources of debt and equity capital, the implementation of International Financial Reporting Standards ("**IFRS**"); and the risks identified in this AIF under the heading "Risk Factors" and in Superior's most recent Management's Discussion and Analysis in the Annual Consolidated Financial Statements for the twelve months ended December 31, 2010 (the "**Financial Statements**"). Any forward-looking information is provided as of the date of this AIF and, except as required by law, neither Superior nor Superior LP undertakes any obligation to publicly update or revise such information to reflect new information, subsequent or otherwise.

Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The forward-looking information contained in this Annual Information Form is expressly qualified by this cautionary statement.

With respect to forward-looking information contained in this AIF, and in addition to other assumptions identified in this AIF, we have made the following assumptions regarding, among other things:

Corporate

- The slow economic recovery in Canada and the United States is expected to continue in 2011;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- The foreign currency exchange rate between the Canadian and US dollar is expected to average par in 2011 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior;
- Superior's average interest rate on floating-rate debt is expected to increase modestly throughout 2011;
- The per share outlooks for 2011 include the impact of Superior's dividend reinvestment program, which was restarted effective the payment of the May 2010 dividend; and
- U.S. based cash taxes are expected to be minimal and have been forecast based on existing statutory income tax rates.

Energy Services

- Average temperatures across Canada and the north-eastern United States are expected to return to the most recent five-year average;
- Total propane and U.S. refined fuels-related sales volumes in 2011 compared to 2010 are anticipated to increase due to colder average weather, economic improvement, and sales and marketing initiatives;
- Wholesale propane, and U.S. refined fuels-related prices are not anticipated to significantly impact demand for propane, refined fuels and related services;
- Supply portfolio management market opportunities are expected to return to historic levels beginning in 2011;
- Fixed price energy services is expected to be able to access sales channel agents on acceptable contract terms and expects gross profit to remain consistent with 2010 results. The financial benefit from entering the retail electricity and natural gas markets in the north-eastern United States in 2011 is expected to be offset by reduced customer aggregation estimates due to the exit of the B.C. residential natural gas market in 2010 and difficult natural gas markets; and
- The commercial electricity market in Ontario is expected to provide growth opportunities in 2011.

Specialty Chemicals

- Supply and demand fundamentals for sodium chlorate are expected to remain strong in 2011, resulting in increased sales volumes as compared to 2010. Pricing is expected to remain consistent or slightly improved as compared to 2010 levels;
- Chloralkali revenues in 2011 are expected to increase due to higher selling prices and higher sales volumes and favourable product mix from the Port Edwards facility; and
- Average plant utilization will approximate 95% in 2011.

Construction Products Distribution

- Gypsum specialty distribution ("**GSD**") sales revenue from Canada is expected to decline from 2010 levels due to competitive conditions in the market. GSD sales revenue from the United States is expected to increase from 2010 due to higher pricing and the expansion of existing product lines into U.S. branches. Commercial and industrial insulation ("**C&I**") sales revenue is expected to increase from 2010 due to growth in the industrial market and higher pricing as well as contribution from new programs and initiatives. Also contributing to the increase is the full year contribution from the acquisition of the Burnaby Assets (as defined herein); and
- Sales margin for GSD as compared to 2010 is expected to increase slightly due to volume improvement in some markets offset in part by competitive pressures. C&I sales margin are expected to be consistent with 2010 levels.

Non-GAAP Measures

EBITDA

EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses, and is used by Superior to assess its consolidated results and the results of its operating divisions. Superior believes measures of EBITDA are followed by the investment community and therefore provide useful information. The term EBITDA does not have a standardized meaning prescribed by the Canadian generally accepted accounting principles ("**GAAP**") and therefore Superior's calculation of EBITDA may differ from similar calculations used by comparable entities. See "General Development of Superior - The Conversion". EBITDA of Superior's operating businesses may be referred to as EBITDA from operations. The most directly comparable measure to EBITDA from operations that is calculated in accordance with GAAP is net earnings. Net earnings is reconciled to EBITDA from operations in the Management's Discussion and Analysis in the Financial Statements.

Adjusted Operating Cash Flow

Adjusted operating cash flow is equal to cash flow from operating activities as defined by Canadian GAAP, adjusted for changes in non-cash working capital and customer contract related costs. Superior may deduct or include additional items to its calculation of adjusted operating cash flow; these items would generally, but not necessarily, be items of a non-recurring nature. Adjusted operating cash flow is the main performance measure used by management and investors to evaluate the performance of Superior. Readers are cautioned that adjusted operating cash flow is not a defined performance measure under Canadian GAAP. Superior's calculation of adjusted operating cash flow may differ from similar calculations used by other issuers and is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted operating cash flow represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities of Superior.

The seasonality of Superior's individual quarterly results must be assessed in the context of annualized adjusted operating cash flow. Adjustments recorded by Superior as part of its calculation of adjusted operating cash flow include, but are not limited to, the impact of the seasonality of Superior's businesses, principally Superior Propane and the U.S. Refined Fuels business (as defined herein), by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expense, which can differ significantly from quarter to quarter. Adjustments are also made to reclassify the cash flows related to natural gas and electricity customer acquisition costs in a manner consistent with the income statement recognition of these costs.

Compliance EBITDA (compliance EBITDA)

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses calculated on a 12 month trailing basis giving pro forma effect to acquisitions and divestitures and is used by Superior to calculate its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under GAAP. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities. The most directly comparable measure to compliance EBITDA that is calculated in accordance with GAAP is net earnings. Net earnings is reconciled to compliance EBITDA in the Financial Statements (See Note 15).

Distributable Cash Flow

Distributable cash flow was a financial measure previously reported by Superior. In the fourth quarter of 2008, as a result of Superior's conversion to a corporation, management discontinued the use of this financial measure to evaluate the performance of Superior, the measure is now only used to calculate Superior's debt covenants. Management now focuses on the financial measure of adjusted operating cash flow. The primary difference between these measures is the focus and disclosure of capital expenditures. Superior has provided disclosure of adjusted operating cash flow on a comparative basis. Distributable cash flow is not a defined performance measure under GAAP. Superior's calculation of distributable cash flow may differ from similar calculations used by comparable entities.

Unless otherwise stated, all sums of money referred to in this AIF are expressed in Canadian dollars.

CORPORATE STRUCTURE

Superior Plus Corp.

Superior is the successor of Superior Plus Income Fund (the "Fund"). The Fund was 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 most recently on December 31, 2008 (the "**Declaration of Trust**"). On February 26, 2003, the name of the Fund was changed from Superior Propane Income Fund to Superior Plus Income Fund. On October 7, 2003, the Declaration of Trust was amended and restated in connection with 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**"). On September 30, 2006, the Fund was further reorganized (the "**Reorganization**") such that its business would be conducted by Superior LP and related entities rather than Superior Plus Inc. and related entities.

On December 31, 2008, the Fund was converted (the "**Conversion**") to a corporation pursuant to a court sanctioned plan of arrangement (the "**Arrangement**") under the Canada Business Corporations Act involving, among others, the Fund and Ballard Power Systems Inc. ("**Ballard**") and was renamed "Superior Plus Corp.". See "General Development of Superior".

The head and registered office of Superior is located at Suite 1400, 840 – 7th Avenue S.W., Calgary, Alberta T2P 3G2.

Superior owns all of the Class A limited partnership units of Superior Plus LP ("**Superior LP**") and all of the common shares of Superior General Partner Inc. (the "**General Partner**"). Superior's investments in Superior LP were financed by share equity and 5.75% convertible unsecured subordinated debentures due December 31, 2012 and convertible at $36.00 per share (the "**5.75% Debentures**"), 5.85% convertible unsecured subordinated debentures due October 31, 2015 and convertible at $31.25 per share (the "**5.85% Debentures**"), and 7.5% convertible unsecured subordinated debentures due December 31, 2014 and convertible at $13.10 per share (the "**7.5% Debentures**"), 5.75% convertible unsecured subordinated debentures due June 30, 2017 and convertible at $19.00 per share (the "**5.75% Debentures (2010)**"), and 6.0% convertible unsecured debentures due June 30, 2018 and convertible at $15.10 per share (the "**6.0% Debentures**"), (collectively, the "**Debentures**"). Superior pays dividends to its Shareholders, from the income received on its investment in Superior LP, after payment of Superior's expenses and interest payments to the holders of Debentures of the Corporation ("**Debentureholders**").

Superior Plus LP

Superior LP was formed pursuant to a Partnership Agreement dated September 17, 2006 and a declaration filed under the *Limited Partnerships Act* (Ontario) on September 19, 2006 with its initial general partner being Superior General Partner Limited and its initial limited partner being Superior Plus Inc. As a result of a corporate reorganization in September 2006, Superior Plus Inc. became the general partner and the Fund became the limited partner of Superior LP. Following the conversion of the Fund to Superior under the Arrangement and the subsequent amalgamation between Superior Plus Inc. and Superior Plus Administration Inc. and a name change on January 1, 2009, Superior General Partner Inc. is the general partner and Superior is the limited partner of Superior LP.

Superior LP is a diversified limited partnership with three operating divisions comprised of the following businesses:

Energy Services, which includes:

- Superior Propane, the propane distribution and related services business ("**Superior Propane**");
- U.S. Refined Fuels, operating under the trade name "Superior Energy Services", which includes the heating oil, propane and other refined fuels and energy distribution businesses of Sunoco Retail Heat ("**SRH**"), Griffith Energy Services, Inc. ("**GES**") and Griffith Holdings, Inc. ("**GHI**")(collectively, "**U.S. Refined Fuels**" or "**USRF**");
- Superior Energy Management, a fixed-price energy services business ("**SEM**"); and
- Superior Gas Liquids, a natural gas liquids wholesale marketing business, ("**SGL**").

Specialty Chemicals, which includes:

- ERCO Worldwide, the specialty chemicals business ("**ERCO Worldwide**").

Construction Products Distribution, which includes:

- The construction products distribution business, operating under the trade names of "Winroc" ("**Winroc**") and "Specialty Products & Insulation Co." ("**SPI**").

The head and registered office of Superior LP is located at Suite 1400, 840 - 7th Avenue S.W., Calgary, Alberta T2P 3G2.

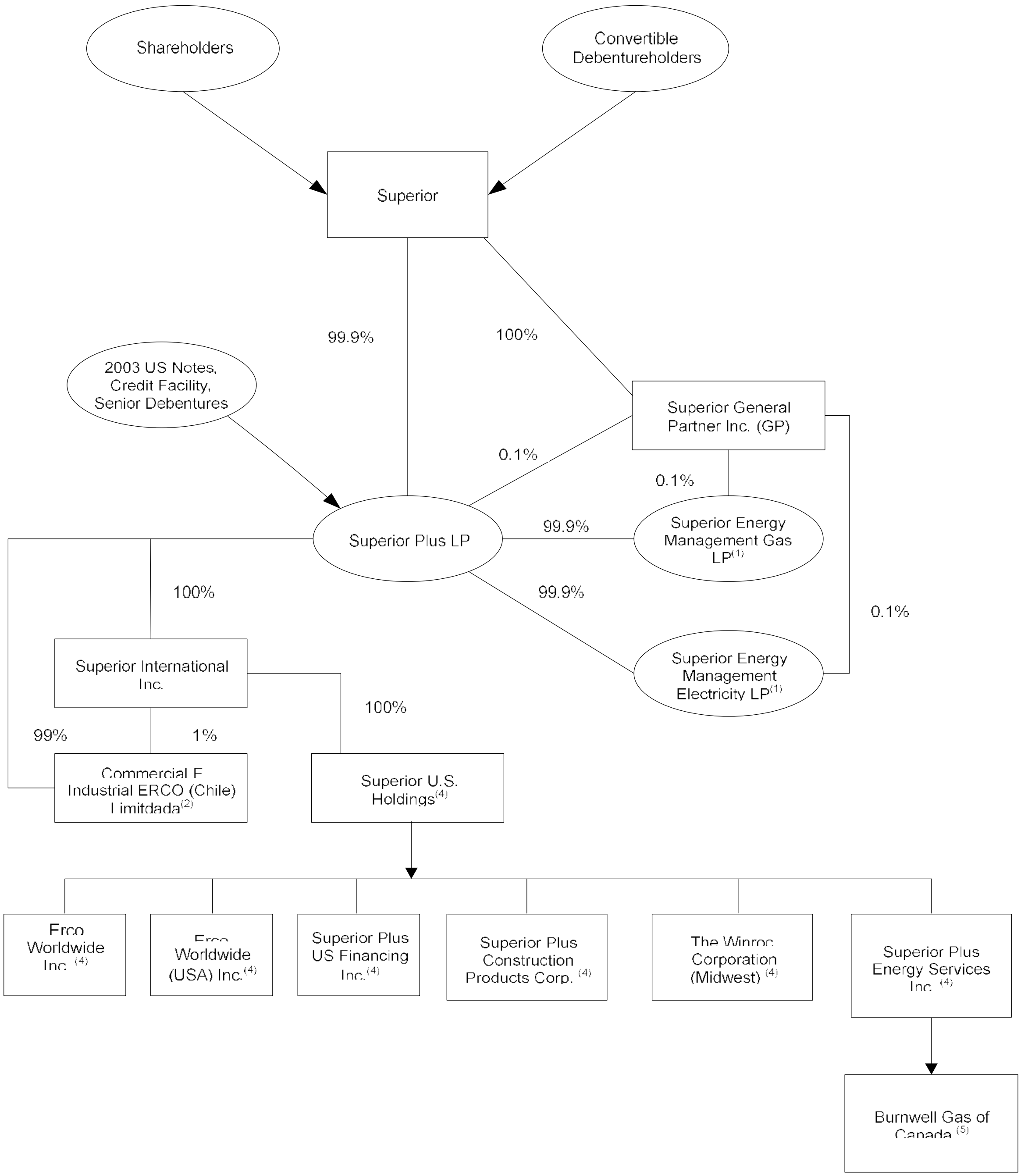
The General Partner

Superior General Partner Inc., the General Partner of Superior LP, was formed on January 1, 2009 pursuant to the amalgamation of Superior Plus Inc. and Superior Plus Administration Inc. under the *Canada Business Corporations Act*. The General Partner is a wholly-owned subsidiary of Superior Plus Corp. The head and registered office of the General Partner is located at Suite 1400, 840 – 7th Avenue S.W., Calgary, Alberta T2P 3G2.

In connection with the Conversion, the limited partnership agreement made as of September 17, 2006 was amended and restated on December 31, 2008 (the "**Partnership Agreement**") pursuant to which the General Partner would be responsible for the administration and management of Superior LP and generally carry out the objects, purposes and business of Superior LP.

Under the Partnership Agreement, the General Partner, has exclusive authority to manage the business and affairs and generally make all decisions regarding the business of Superior LP. The General Partner is, among other things, authorized to cause Superior LP to issue at any time, securities (including debt securities) without the consent or approval of the limited partners on terms and conditions as determined by the General Partner and which the General Partner determines in good faith, to be in the best interests of Superior LP. The General Partner is to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Superior LP and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances.

The following is a diagram illustrating the simplified structure of Superior and its principal subsidiaries as of February 22, 2011.



Notes:

(1) Superior Plus LP and Superior General Partner Inc. indirectly own 99.9% and 0.1%, respectively, of Superior Energy Management Gas LP and Superior Energy Management Electricity LP.

(2) A corporation incorporated pursuant to the laws of Chile.

(3) Except where otherwise noted, all corporations were incorporated pursuant to the laws of Canada and all limited partnerships have been formed pursuant to the laws of Ontario.

(4) Superior Plus US Holdings Inc. ("**Superior U.S. Holdings**"), ERCO Worldwide Inc., ERCO Worldwide (USA) Inc., and Superior Plus US Financing Inc. are incorporated pursuant to the laws of Delaware. The Winroc Corporation (Midwest) is incorporated pursuant to the laws of Nevada. Superior Plus Construction Products Corp. is incorporated pursuant to the laws of Pennsylvania. Superior Plus Energy Services Inc. is incorporated pursuant to the laws of New York.

(5) A corporation incorporated pursuant to the laws of the Province of Ontario.

GENERAL DEVELOPMENT OF SUPERIOR

Three Year History

Superior's strategy includes developing and executing sound business strategies in each of Superior LP's businesses while further expanding and diversifying such business operations over time. The following is a general description of the development of the Corporation over the past three years.

On January 7, 2008, SEM announced it had entered in to a long-term natural gas supply agreement with Macquarie Cook Energy Canada Ltd., formerly Constellation Energy Commodities Group Inc. ("**Macquarie**"), a major North American Energy Supplier. Under the terms of the contract, Macquarie agreed to supply natural gas to support SEM's fixed-priced natural gas marketing business. The contract was structured with an initial term of five years and can be renewed annually thereafter.

On May 9, 2008, Winroc, through the General Partner (as successor to Superior Plus Inc.), acquired all issued and outstanding securities of Fackoury's Building Supplies Ltd. and associated entities ("**Fackoury's**") for $21.0 million which was financed from Superior LP's credit facilities.

On July 14, 2008, the Finance Minister announced proposed amendments to the Income Tax Act of Canada (the "**Tax Act**") including technical amendments to clarify certain aspects of the SIFT Rules (as defined below) and to provide rules to facilitate the conversion of existing SIFT trusts into corporations on a tax-deferred basis (the "**Conversion Rules**"). The Conversion Rules address many of the principal substantive and administrative issues that arise when structuring a corporate conversion of an income trust under the Tax Act. Bill C-10, which received Royal Assent on March 12, 2009, contained legislation implementing the Conversion Rules.

On October 30, 2008, the Fund entered into the Arrangement Agreement with Ballard pursuant to which the Fund converted from an income trust structure to a corporation pursuant to a plan of arrangement.

The Conversion, which was completed on December 31, 2008, was undertaken to convert the Fund into a corporation. The Fund had been investigating a number of restructuring alternatives subsequent to the Federal Finance Minister announcing, on October 31, 2006, a proposal to apply a tax at the trust level on distributions of certain income from publicly traded mutual fund trusts at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to the holder of trust units of the Fund ("**Unitholders**") (the "**SIFT Rules**"). The announcement of the SIFT Rules resulted in a significant decline in trading prices of securities of income trusts, including the trust units of the Fund, as commencing in 2011 or earlier, an income trust would be liable to pay income tax under the Tax Act at a rate comparable to combined federal and provincial corporate tax rates on distributions to Unitholders. In September, 2008, the Fund identified a transaction with Ballard as an opportunity to achieve its strategic objectives of providing long-term stability of distributions for Unitholders while minimizing the impact of the SIFT Rules. Consequently, in October, 2008, Ballard and the Fund entered into the Arrangement Agreement which is detailed in the Information Circular of the Fund dated November 12, 2008 (the "**2008 Information Circular**").

In accordance with the terms of the Arrangement Agreement, the assets and liabilities of the Fund were transferred to Ballard and Unitholders received one common share of Ballard for each trust unit held and Ballard was renamed "Superior Plus Corp." Superior continued to carry on the businesses previously carried on by the Fund. In addition, the assets and liabilities of Ballard were transferred to a new corporation ("**New Ballard**"), owned by the previous holders of Ballard common shares, which continued to carry on Ballard's business. In addition, as part of the Conversion, Superior and New Ballard entered into an indemnity agreement dated December 31, 2008 (the "**Indemnity Agreement**") pursuant to which New Ballard agreed to indemnify Superior from liabilities and obligations related to the business and operations of Ballard. Complete details of the terms of the Arrangement Agreement, including a copy of the Plan of Arrangement, are set out in the 2008 Information Circular filed under the Fund's profile on SEDAR (www.sedar.com).

On January 1, 2009, Superior Plus Administration Inc. and Superior Plus Inc. were amalgamated and the successor was renamed Superior General Partner Inc.

On May 21, 2009, Superior LP and Superior Plus U.S. Holdings completed an extension of their $570 million syndicated credit facility with eleven lenders to June 28, 2011 (the "**Credit Facility**"). The Credit Facility was subsequently amended by the Second Amending Agreement dated August 26, 2009. In addition, Superior LP extended its securitization program to June 29, 2010. Under the terms of the securitization program, Superior LP may sell up to $130 million of certain accounts receivable on a 30 day revolving basis to a Canadian chartered bank to finance a portion of Superior LP's working capital requirements.

On August 6, 2009, Superior entered into an agreement by and among Superior Plus Acquisition 1 Inc., Superior Plus Acquisition 2 Inc., Superior, SPI and Evercore Capital Partners, L.P., as Holder Representative (the "**Merger Agreement**") to acquire SPI for an aggregate purchase price of US$135 million (US$132.1 inclusive of transaction costs and working capital adjustments), of which, approximately US$30 million was satisfied through the issuance of an aggregate of 2,803,135 common shares in the capital of the Corporation ("**Common Shares**") (the "**SPI Acquisition**") with the remainder being satisfied from the net proceeds of the August 2009 Debenture Financing (as defined herein) and Superior drawing on its Credit Facility. The SPI Acquisition was completed by way of way of a plan of merger under Pennsylvania law. Following the closing of the acquisition and related transactions on September 24, 2009, SPI became a wholly-owned subsidiary of Superior Plus US Holdings Inc.

On August 28, 2009, Superior completed a public offering of $69.0 million aggregate principal amount of 7.5% Debentures (including an over-allotment option) for net proceeds after commissions of approximately $66.2 million (the "**August 2009 Debenture Financing**"). See "Capital Structure-Debentures". The net proceeds from the August 2009 Debenture Financing were used to finance a portion of the purchase price of the SPI Acquisition.

On September 23, 2009, Superior completed a public offering of 4,565,500 Common Shares (including an over-allotment option) at a price of $11.35 per Common Share for net proceeds after commissions of approximately $49.7 million (the "**September 2009 Financing**").

On September 2, 2009, Superior Plus US Holdings Inc., Sunoco, Inc. and Sunoco, Inc. (R&M) (collectively "**Sunoco**") entered into an asset purchase agreement pursuant to which Superior Plus US Holdings Inc. acquired certain assets of Sunoco that comprised its retail heat distribution business for aggregate consideration of US$86.0 million (US$90.2 inclusive of transaction costs and working capital adjustments) which was partially satisfied from the net proceeds of the September 2009 Financing with the remainder financed by Superior drawing on its Credit Facility. The acquisition of Sunoco closed on September 30, 2009.

On October 27, 2009, Superior LP successfully completed a private placement of $150.0 million aggregate principal amount of 8.25% senior unsecured debentures (the "**Senior Debentures**") for net proceeds after commissions of $147.0 million. See "Capital Structure – Debentures". The net proceeds from the financing were used to repay existing indebtedness under the Credit Facility.

On November 4, 2009, Superior Plus Energy Services LLC, a wholly-owned indirect subsidiary of Superior, and GES entered into an asset purchase agreement pursuant to which Superior Plus Energy Services LLC acquired certain assets of GES (the "**GES Acquisition**"), a subsidiary of CH Energy Group, Inc., that comprised a heating oil, propane and motor fuels distribution business for an aggregate purchase price of US$76 million (US$77.9 million inclusive of transaction costs and working capital adjustments). The GES Acquisition was partially financed by the net proceeds from the November 2009 Financing with the balance being financed by Superior drawing on its Credit Facility.

On November 26, 2009, Superior completed a public offering of 4,166,667 Common Shares (including an over-allotment option) at a price of $12.00 per Common Share for net proceeds after commissions of approximately $48.0 million (the "**November 2009 Financing**"). The net proceeds of the November 2009 Financing were used to partially finance the GES acquisition.

On January 20, 2010, Superior Plus US Energy Holdings LLC, a wholly-owned indirect subsidiary of Superior, and GHI, PNC Equity Partners, L.P. and certain shareholders of GHI entered into a stock purchase agreement and completed the acquisition by Superior Plus US Energy Holdings LLC of all of the issued and outstanding shares of GHI, a distributor of propane, heating oil and power fuels which operates primarily in New York state, for an aggregate purchase price of US$140.6 million, including adjustments for working capital and transaction costs. Superior initially financed the acquisition by drawing on its Credit Facility. This was a significant acquisition as defined in National Instrument 51-102 and Superior filed a business acquisition report in the form required by 51-102F4 dated February 10, 2010.

On January 27, 2010, Superior increased the size of the Credit Facility from $570 million to $600 million. In addition, certain debt definitions and financial covenant ratios in the Credit Facility were amended. See "Long Term Debt".

On February 10, 2010, Superior completed a public offering of 5,002,500 Common Shares at a price of $13.85 per Common Share for net proceeds after commissions of approximately $69.3 million (the "**February 2010 Financing**"). The net proceeds of the February 2010 Financing were used to partially finance the GHI acquisition by repaying indebtedness incurred under the Credit Facility to acquire GHI.

On March 16, 2010, Superior completed a public offering of $172.5 million aggregate principal amount of 5.75% Debentures 2010 (including an over-allotment option) for net proceeds after commissions of approximately $166.0 million (the "**March 2010 Debenture Financing**"). See "Capital Structure – Debentures". The net proceeds from the March 2010 Debenture Financing were used to repay indebtedness under the Credit Facility.

On March 30, 2010, Superior LP amended certain financial covenant ratios of its U.S. Note Purchase Agreement dated October 29, 2003 to make them consistent with the financial covenant ratios under the Credit Facility. See "Long Term Debt".

In May 2010, Superior re-established its Dividend Reinvestment Program and Optional Share Purchase Plan ("**DRIP**"), commencing with the May 2010 dividend. The DRIP provides Shareholders with the opportunity to re-invest their cash dividends at a 5% discount to the market price of Common Shares. The proceeds from the DRIP are being used to repay indebtedness under the Credit Facility and to fund existing and future growth opportunities.

On June 25, 2010, Superior LP and Superior Plus U.S. Holdings completed a further extension of its Credit Facility with ten lenders and reduced the facility from $600 million to $450 million. The Credit Facility matures on June 28, 2013 and can be expanded up to $750 million.

On June 28, 2010, Superior LP completed the acquisition of a Western Canadian commercial and industrial insulation distributor (the "**Burnaby Assets**") for an aggregate purchase price of $18.1 million, inclusive of transaction costs. The Burnaby Assets consist of three operating branches in Alberta and British Columbia and allows the Construction Products Distribution business to expand its commercial and industrial insulation distribution in Canada. The acquisition was financed by the issuance of $16 million in Common Shares and the remainder by Superior drawing on its Credit Facility.

On July 2, 2010, Superior LP extended its securitization program to June 29, 2011. Under the terms of the securitization program, Superior LP may sell up to $130 million of certain accounts receivable on a 30 day revolving basis to a Canadian chartered bank to finance a portion of its working capital requirements.

On October 26, 2010, Superior Plus Energy Services LLC, a Delaware limited liability company and indirect wholly owned subsidiary of Superior Plus U.S. Holdings Inc. acquired from KW Oil and Propane certain assets which make up a U.S. retail heating oil and propane distribution business (the "**KW Heating Oil Assets**") for an aggregate purchase price of approximately $4.9 million before adjustments to working capital. The KW Heating Oil Assets allow Superior Energy Services to distribute a broad range of liquid fuels and propane gas and related services to markets in Pennsylvania. The acquisition was partially financed by deferred consideration of approximately $0.5 million and the remainder was financed by Superior drawing on its Credit Facility.

On December 23, 2010, Superior completed a public offering of $150.0 million aggregate principal amount of 6.0% Debentures for net proceeds after commissions of approximately $144.4 million (the "**December 2010 Debenture Financing**"). See "Capital Structure – Debentures". The net proceeds from the December 2010 Debenture Financing were used to repay indebtedness under the Credit Facility.

SUPERIOR LP'S OPERATIONS

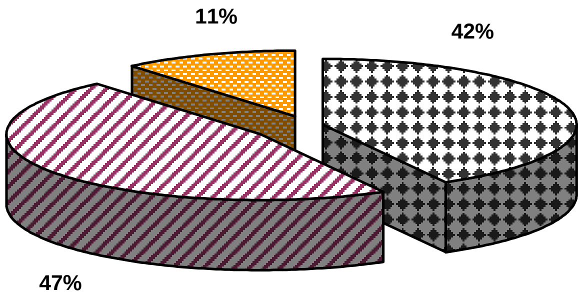
Superior LP strives to generate stable cash flows and achieve long-term value-based growth driven from its core businesses.

Superior LP, through its three operating segments, is engaged in the distribution and retail marketing of propane, related products and services, distribution of liquid fuels such as heating oil and propane gas, provision of natural gas liquids wholesale marketing services and marketing of fixed-price energy services; the production and sale of specialty chemicals and related technology; and the distribution of construction products to retail, commercial and industrial markets.

Superior and its businesses have approximately 4,500 full-time employees. Superior's corporate office acts as strategic capital manager for the overall portfolio of Superior's assets. As such, the corporate office is focused on strategy execution, capital allocation, risk management and succession planning. The corporate office is comprised of 15 employees including executive management, treasury, tax, financial reporting, business development, business compliance and oversight, investor relations and corporate secretarial functions.

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 cash flows generated by their business over time.

The graph below details the composition of Superior's EBITDA from operations by operating segment for the 12-month period ended December 31, 2010. See "Forward-Looking Statements and Non-GAAP Measures".



47%   Specialty Chemicals
42%   Energy Services
11%   Construction Products Distribution

Geographically, for the year ended December 31, 2010, consolidated revenues from customers were derived: 47% from Canada, 50% from United States and 3% from other countries.

Energy Services

Superior LP's Energy Services segment is engaged in the distribution and retail marketing of propane, related products and services, distribution of liquid fuels such as heating oil and propane gas, provision of natural gas liquids wholesale marketing services and marketing of fixed-price energy services.

Operational Overview

Propane Distribution and Related Services

The propane distribution and related services business operates under the trade name of "Superior Propane". Superior Propane began operations in 1951 and is engaged primarily in the distribution and retail sales of propane, refined fuels, propane consuming equipment and related services in Canada. The services provided include the rental of tanks, cylinders and other equipment as well as the supply, installation and repair of equipment and appliances, and warranty and preventative maintenance programs for installed equipment and appliances.

U.S. Refined Fuels

With a series of acquisitions, the majority of which were completed in 2009, the Energy Services business expanded its product capabilities into the heating oil and refined fuels distribution business and its geographic reach into the north-eastern United States.

USRF distributes liquid fuels and propane gas in the states of Pennsylvania, Delaware, Maryland, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont and New York. Its products are used by a wide range of customers in a variety of applications, including home heating, water heating and motor vehicle fuel. In addition, USRF provides services, which include heating, ventilation and air-conditioning installation, maintenance and repair.

On January 20, 2010, Superior completed the acquisition of GHI for US$140.6 million, including adjustments for working capital and transaction costs. GHI, a retail and wholesale distributor of retail propane, heating oil and motor fuels in upstate New York, and its operational and financial results have been included in the USRF results for reporting purposes.

On October 26, 2010, Superior completed the acquisition of the KW Heating Oil Assets for approximately $4.9 million (before adjustments to working capital). With the KW Heating Oil Assets a broad range of liquid fuels and propane gas and related services are distributed to markets in Pennsylvania.

Fixed-Price Energy Services

The fixed-price energy services business commenced operations in June of 2002 under the trade name "Superior Energy Management". SEM started providing natural gas retailing services under fixed-price, term contracts, predominantly to residential and to mid-sized commercial and industrial customers in Ontario and added electricity products to this market in 2007. In Quebec, SEM also provides gas hedging products to commercial and light industrial market in the Gaz Metropolitain franchise region. In May of 2007, SEM initiated selling fixed-price natural gas retail contracts in the newly opened British Columbia market and subsequently closed those offices in July 2010, due to a change in the regulatory environment.

Supply Portfolio Management Services

The Energy Services business also provides value-added supply portfolio management services under the trade name "Superior Gas Liquids", primarily to small and medium sized propane retailers in the United States and Canada. SGL provides transportation, storage, risk management, supply and logistics services to its customers.

Future Acquisitions and Expansions

The U.S. Refined Fuels and Canadian propane distribution businesses are highly fragmented throughout the north-eastern United States and eastern Canada. Superior currently intends to pursue additional acquisition and consolidation opportunities in the Energy Services market to enhance its propane and service offerings, expand refined fuels at some of Superior Propane's locations and offer its fixed-price services to its Canadian propane and U.S. Refined Fuels customers.

Headquarters and Main Office Locations

The Energy Services division is headquartered in Calgary, Alberta, where Superior Propane and SGL conduct their operations. SEM maintains an office in Mississauga, Ontario and USRF maintains its main business office in Rochester, New York.

Products and Services

For 2010, products and services of the Energy Services division can generally be grouped into the following categories:

Product and Service category	% of 2010 Gross Profit
Propane and delivery	50%
Heating oil	30%
Other services	10%
Wholesale liquids marketing	3%
Fixed-price energy	7%

Superior Propane, USRF and SGL

Propane is extracted from natural gas during production and processing and both propane and heating oil are extracted from crude oil during the refining process. As propane and heating oil are colourless and odourless, an odourant is added to propane to facilitate its detection and a dye to heating oil and diesel for tax purposes.

Propane and heating oil are efficient energy sources. Heating oil is a low viscosity, flammable liquid petroleum product, mainly used as a fuel for furnaces in boilers and buildings. Propane gas can be compressed at low pressures into liquid form. 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

Key competitive factors across Superior Propane, SGL and USRF include selling prices, service levels, cost efficiencies, logistical capability and competition from other sources of energy.

In Canada, Superior Propane through its 1,549 employees and 208 operating locations, serves approximately 160,000 customers from coast to coast. Superior Propane is Canada's largest national retailer with an estimated 40% 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.

The wholesale natural gas liquids market is very competitive with companies trying to expand their presence in a market which has had little growth in demand. This increased competition has reduced volatility in the market, resulting in shrinking margins. Continuous innovation and a wider variety of pricing structures with customers will allow SGL to remain competitive.

The refined fuels market in the United States is highly fragmented. USRF through its 1,196 employees and 43 operating locations, serves approximately 224,000 heating oil and refined fuels customers in the north-eastern United States.

Approximately seven million households or roughly 32% use distillate fuel oil as their main space heating fuel in the north-eastern United States. Also known as number 2 high-sulfur fuel oil, heating oil is a low viscosity, flammable, liquid petroleum product produced at crude oil refineries as a part of the distillate fuel oil product family. Heating oil is mainly used as fuel for furnaces and boilers in buildings, making the demand highly seasonal. Based on the latest available data, residential customers in the north-eastern United States consumed over 3.9 billion gallons of heating oil.

The north-eastern United States has traditionally relied on heating oil as a household fuel source, but demand has gradually declined over the past 20 years, as propane and natural gas fuels have become more readily available. While heating oil no longer maintains an appreciable share of new home construction, turnover on existing homes is slow due to the cost requirements to switch. Therefore, heating oil demand remains steady in the north-eastern United States. Large fuel distribution platforms typically are very successful in retaining existing customers or gaining new customers that are switching from heating oil due to their brand recognition, service reputation, diverse offering of fuel alternatives, and ability to offer attractive prices.

Business Operations

In Canada, Superior Propane operates in six geographical market regions, which are managed by general managers. The general managers have direct responsibility for several territories including satellite operations, customers, administration and the overall profitability of their geographic business units. Superior Propane's 50 larger territory 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, and an office. These territory locations are supplemented by 158 satellite locations and storage yards. Product is delivered by a fleet of 779 delivery and service vehicles.

The satellite locations 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 territory maintains a local presence through field operational teams that include a Field Operation Manager, fuel delivery truck drivers and service technicians. Local selling opportunities are face-to-face sales and customer service. Each region provides leadership, program and administrative support through a regional office and the field is supported by two national operating centres and two sales and administration centres. The national operating centres are located in Ste. Catherines, Quebec and Guelph, Ontario. The sales and administration centres are located in Laval, Quebec and Thunder Bay, Ontario. The national operating centers perform all routing and scheduling activities for existing customers with fuel orders and service requests. The sales and administration centres assist new customers with opening an account and existing customers with general inquiries, billing inquiries and credit and collection issues. The field is further supported by services provided by Superior Propane's national offices in Calgary, Alberta and Mississauga, Ontario including, propane supply and transportation, invoicing, credit and collections, business systems, marketing, human resources, information systems and health and safety.

In the United States, USRF operates in nine geographical market areas, which are managed by seven regional managers. The regional managers have direct responsibility for their market areas, including satellite operations, customers, administration and the overall profitability of their geographic business units.

In order to effectively serve its customer base USRF utilizes an industry-leading operating infrastructure. Fuel storage assets and supply points are leveraged through pipeline supplied fuel terminals and 59 retail bulk plants that are strategically located in key markets and provide over 45 million gallons of storage capacity. These storage assets are complemented by throughput agreements and access to third party supply points, which provide flexible distribution capacity and market reach. Product is delivered though a fleet of 1,042 delivery and service vehicles that are maintained by in-house mechanics. Local sales representatives and customer service personnel are responsible for new customer acquisition and customer retention in each market area. Each region provides leadership, program and administrative support locally. USRF utilizes an energy specific reporting system, which provides a highly integrated software solution that includes real-time inventory tracking, delivery coordination, billing, and daily reconciliation of account activity.

Superior Propane and USRF operate from and store product at 115 owned locations in Canada and 43 locations in the United States. In addition, 93 locations are leased from third parties under normal course operating leases in Canada and 32 in the United States. See Note 19 to the Financial Statements.

The Energy Services business maintains comprehensive service capabilities in both Canada and the United States. Services offerings through the USRF include heating, ventilation and air conditioning installation, maintenance and repair services. Services through Superior Propane include the supply, installation and repair of equipment and appliances as well as warranty and preventative maintenance programs for installed equipment and appliances. These services improve the ability of the Energy Services business to retain customers by providing them with a comprehensive energy supply and maintenance solution.

The Energy Services business constantly strives to improve its processes and services. During the year, Superior Propane completed a significant multiyear business transformation project. Through this project, Superior Propane implemented wide scale business process improvements and introduced significant new technologies to improve customer service levels and its overall cost structure. The new technologies included the following:

- On board truck computers which have been installed on all delivery and service trucks. These handheld devices receive and send customer information from the Enterprise Resource Planning ("**ERP**") systems and service and delivery details, including routing and scheduling.
- Vehicle telematics communications units which are being installed in all vehicles and which capture and relay the geocodes (longitude and latitude coordinates) through the on board truck computers.
- A routing and scheduling tool which plots the most efficient routes for drivers and service technicians.
- An upgrade to a more effective and efficient version of the existing ERP system. This will allow for increased automation of business processes.

Over the next year, Superior Propane intends to continue to implement process and operational improvements that more fully leverage the technologies implemented which is expected to lead to growth in operational efficiency and effectiveness. This is expected to enhance the customer experience by providing superior customer service at a reduced cost to serve.

Superior Propane experienced invoicing challenges subsequent to the implementation of the ERP system in April, 2010. The invoicing issues continue to be addressed; however, the resolutions introduced a number of lags in the cash collection cycle. The invoicing issues, as well as an increase in the cost of propane relative to the prior year, resulted in an overall increase of $115 million in trade accounts receivable at December 31, 2010 compared to the prior year. Management has taken several actions to accelerate the collections of the accounts receivable; however, the receivables are at an atypical level compared to prior years.

In light of the recent acquisition activity, USRF has focused on an integration plan to deliver a single operational platform for its business. Key initiatives include:

- A rebranding exercise is expected to commence after the heating season to rebrand the acquired businesses under the new trade name of "Superior Plus Energy Services".

- Implementing a consistent and focused sales and marketing structure.
- Integrating information system infrastructure to harmonize technology platforms.
- Leveraging GHI headquarters functions to support the entire business and integrate the management team with GES and SRH.

Superior PetroFuels offers a variety of fuels and lubricants to commercial, industrial, agricultural and residential customers throughout Southwestern Ontario. This business allows Superior's Energy Services division to apply its rural energy presence and experience in propane distribution to the fuels and lubricants market in Canada.

SGL offers value-added supply portfolio management 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 1.9 billion litres with over 60 counterparties.

SGL's position in the energy value chain is that of an intermediary between upstream natural gas liquids producers and downstream retail customers. SGL's value proposition is to effectively manage the volume, delivery and pricing requirements of the end use customer (variable volumes, predictable pricing) and at the same time, meet the volume, delivery and pricing requirements of upstream producers (ratable volumes, variable pricing). Within this niche, is the opportunity for SGL to optimize storage, supply requirements, pipeline deliveries, railcar and truck transportation sales. Through effective management of pricing relationships between Edmonton Alberta, Sarnia Ontario, Conway Kansas, and Mt. Belvieu Texas, across various points in time, SGL attempts to maximize profitability while maintaining seamless supply for its customers throughout North America.

In support of this activity, SGL leases approximately 140 million litres of combined underground propane storage capacity in Marysville Michigan, Mt. Belvieu Texas, Conway Kansas, Regina Saskatchewan, Fort Saskatchewan Alberta, and Bath New York, primarily to secure supply for its fixed-price customer offerings and to enhance security of supply and distribution capacity in periods of supply disruption and high demand in the winter season. The storage lease agreements expire between March 31, 2011 and March 31, 2012 and SGL intends to negotiate extensions in the ordinary course of business, only entering into long-term storage contracts if it is economically advantageous to do so. SGL utilizes approximately 20 propane suppliers as well as numerous short-term storage positions to service its wholesale customers in North America. In order to satisfy customer needs and take advantage of opportunities, SGL will enter into short-term forward purchase and sale agreements.

Sales and Marketing

In Canada, Superior Propane primarily sells propane and related products and services to the residential, commercial, agricultural, industrial and automotive customer markets. Approximately 45% of Superior Propane's sales volumes are related to heating related applications and 55% are related to non-heating commercial and industrial applications. Approximately 85% of Superior Propane's annual cash flows are typically generated in the October to March winter heating season.

Superior Propane has one customer, Canadian Natural Resources Limited ("**CNRL**"), that represents approximately 9% of revenues and 13% of sales volume for 2010.

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, off grid electrical generation, and residential fireplaces. 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 oilfield applications 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 10% to 15% per year due to a lack of government incentives to promote this alternative.

USRF sells heating oil, gasoline, diesel fuel, kerosene, propane and related services to a diverse group of commercial, residential and retail customers, including homeowners, agricultural and construction companies, municipalities and schools. The customer mix consists of approximately 20% retail heating oil and propane, 17% commercial and 63% wholesale/dealer, based on 2010 volumes, although more than 49% of profitability is driven by the residential business.

Residential/Light Commercial: In these markets, heating oil and propane is consumed primarily in areas where natural gas is not available. It is used for space heating, water and pool heating, cooking, and other requirements. 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.

Wholesale/Dealer: In this market, distillates are sold into large commercial and industrial customers, resellers, or State and School Board and other large organizations that have bulk fuel requirements. The fuels are consumed through heating, water heating and other general requirements. Consumption is somewhat weather dependent; but is more sensitive to overall economic conditions. This business is highly competitive and carries high volumes and lower margins over the other lines of service. In the dealer market, gasoline is sold through branded and unbranded fuel stations. This demand is driven by a combination of general economic conditions and pricing, as both can drive conservation. Gas stations also have retail confectionaries in addition to gasoline, which contribute to results.

Pricing

Refined fuel 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 refined fuels 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 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. Refined fuel 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

Superior Propane: An estimated 10 billion litres of propane are produced in Canada annually, of which, approximately five billion litres are consumed domestically in the energy and petro-chemical feedstock markets and the balance is exported to the United States. Approximately 85% 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 15% of propane produced. Superior's retail propane supply is currently purchased from approximately 20 propane producers and suppliers across Canada. Propane is purchased mainly under annual contracts, negotiated and administered by SGL, 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 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, 2011 with new supply contracts negotiated in the normal course of business. Approximately 80% of Superior Propane's annual propane requirement is supplied by the following major suppliers, each of which supplies approximately 5% or more of Superior Propane's annual propane requirement:

- BP Canada Energy Resources Company (The single largest propane producer in Canada, which has supplied Superior Propane for over ten years).
- Keyera Partnership
- Spectra Energy Empress LP
- Imperial Oil Limited
- Shell Canada Limited, and
- Ultramar Ltd.

Approximately 15 other producer/suppliers supply the remaining 20% of Superior Propane's annual propane requirement. Superior Propane renews its supply contracts annually.

U.S. Refined Fuels: Product is purchased on a 15 day pipeline cycle, negotiated and administered by local supply experts working in conjunction with SGL with pricing arrangements based on industry posted prices at the time of delivery. USRF operates four pipeline-supplied terminals and 59 retail bulk plants which provide approximately 45 million gallons of storage capacity at strategic locations throughout its core service region. Additionally, it has access to multiple third party supply locations, providing flexible distribution capacity and market reach. Distillates, propane and gasoline, which have been readily available historically, are acquired through various suppliers. However, price fluctuations in these markets are not uncommon.

Approximately 50% of USRF's annual supply requirement is supplied by Sunoco Energy Products Inc. ("**Sunoco Energy**"), the remaining 50% is provided by numerous other suppliers under short-term contracts. The Sunoco Energy supply contract is open for renewal every two years.

Transportation

Primary Distribution

Primary transportation at Superior Propane is the delivery of propane from product supply points to territory 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. Cargo liner requirements are provided by third party carriers.

Approximately 14% of Superior Propane's supply is transported by rail. Superior Propane leases approximately 110 railcars to provide an estimated 20% 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.

SGL primarily transports propane volumes by truck, rail and pipeline to wholesale customers in both Canada and the United States.

For USRF, the primary transportation is the delivery of refined fuels from regional refineries via pipeline and barge to terminal locations located along the Buckeye and Sunoco Energy pipelines. Refined fuels are then transported to satellite locations and large volume customers via internal and contracted large volume tractor trailers. Propane is transported from refinery and pipeline terminals via internal and contract large volume tractor trailers to regional bulk storage facilities. The capacities of the tractor trailers vary from 8,000 to 13,000 gallons per trailer. Internal transportation assets account for 90% of the transportation and 10% is contracted with third party companies.

Secondary Distribution

For Superior Propane, secondary distribution is the delivery of propane, refined fuels and lubricants from territory and satellite locations, and storage yards to 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. Heating oil, 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 317 pressurized bulk delivery trucks that vary in load capacity from 13,000 litres to 32,000 litres, seven refined fuel and lubricant bulk delivery trucks with load capacities of 10,000 to 25,000 litres and 78 cylinder trucks with boxes that vary in length from 12 feet to 26 feet. It also operates 25 tractors and 32 pressurized trailers, which have capacities ranging from 25,000 litres to 54,000 litres for secondary distribution use. Additionally, it operates 53 crane trucks and 267 service vehicles. At December 31, 2010, 41% of the vehicles described above were owned by Superior LP while the remaining 59% were leased under operating leases.

For the USRF, the secondary distribution of propane, heating oil, refined fuels and lubricants to customers is from satellite locations, company owned pipeline terminals and third party terminals. USRF operates a fleet of owned and leased trucks to transport the propane, heating oil, refined fuels and lubricants it sells. Propane is delivered in bulk and in pressurized cylinders. Heating oil, refined fuels and lubricants are also transported and sold in bulk volumes. USRF employs full-time, part-time and seasonal drivers who assist with deliveries during the peak winter demand periods. It operates 100 pressurized propane delivery trucks that vary in load capacity from 2,400 gallons to 3,500 gallons, 432 refined fuels delivery trucks that vary in load capacity from 2,800 to 5,000 gallons, 55 tractors used to pull trailers and

64 refined fuel trailers with load capacities of 9,000 to 12,550 gallons. Additionally, it operates 242 service vehicles, 122 utility vehicles and 27 miscellaneous vehicles.

Environmental, Safety and Regulatory

In Canada, Superior Propane, through its proprietary "Guardian" health and safety and environment management system, ensures safety practices and regulatory compliance are an important part of its business. Guardian's purpose is to help safeguard the lives, health and property of Superior Propane's employees, contractors and customers as well as the communities in which it operates. Beyond simply complying with the various provincial and federal acts which govern health, safety and environmental responsibilities, Guardian seeks to further enhance workplace and community health and safety by applying ongoing management, rigorous monitoring and frequent audits to provide continuous learning and improvement. 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.

USRF has a centralized safety and environment management system, that ensures safety practices and regulatory compliance are an important part of its business. The Health, Safety and Environment ("**HS&E**") department's purpose is to help safeguard the lives, health and property of employees, contractors and customers of USRF as well as the communities in which it operates. USRF seeks to further enhance workplace and community health and safety by applying ongoing management, rigorous monitoring and frequent audits to provide continuous learning and improvement. The storage and delivery of refined fuels possess the potential for spills which impact the soils and water of storage facilities and customer properties. Tank storage areas and loading/unloading points have secondary containment to prevent spills from reaching soil or ground water. Customer locations are inspected by drivers and technicians during visits to identify potential release hazards and necessary corrections are performed before product is delivered. Releases that impact soil or groundwater are reported to the appropriate government agencies and clean up operations are conducted by internal and third party technicians. Each regional operation has a HS&E specialist responsible for ensuring facilities are operating in accordance with state and federal regulations. Some of the commodities sold by USRF, when used, create Greenhouse gases. The regulatory landscape related to Greenhouse gases could change, based on ongoing discussions in various political and environmental forums.

The Energy Services business 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.

SEM – Fixed Price Energy Services Business

Competitive Conditions

Key competitive factors across the fixed-price energy services business include commodity prices, sales channel activity, product diversification, cost efficiencies, and service.

SEM has been in the Ontario natural gas market since its inception in 2002 and has maintained a strong commercial and industrial base during this period. In April 2009, it discontinued new Ontario residential activity to focus on the commercial and industrial market. The value of SEM's product offering to customers is determined based on current commodity prices and its long term supply costs. New customer acquisitions and customer retention can vary significantly depending on the fluctuations between those two variables.

During 2007, SEM expanded its market with the entry into the Ontario electricity market and the newly opened British Columbia natural gas market; however, in August 2010, it discontinued operations in British Columbia due to unfavourable regulations.

As a result of the challenges in the acquisition and retention of SEM's Ontario residential natural gas and electricity customers based on the regulatory framework and market rules, SEM has refocused its efforts away from direct residential natural gas and electricity marketing in Ontario. Instead, efforts are being concentrated on the acquisition and retention of commercial natural gas and electricity customers in Ontario and commercial natural gas customers in Quebec. The change in SEM's strategy has had a positive impact on its current cost structure, while maintaining the scalability and infrastructure of its existing business model which may allow SEM to re-enter the Ontario and British Columbia residential markets when direct residential conditions improve. SEM will continue to extend or renew its existing Ontario and British Columbia based residential customers.

Natural Gas

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 fixed price gas to customers is competitive, with a number of companies supplying different market sectors. The residential sector in Ontario has approximately seven significant active market suppliers, while commercial and industrial consumers have approximately eight significant active market suppliers in Ontario and three in Quebec. Each competitor offers different options relating to price, term and service. 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.

The British Columbia office sales operations were discontinued in August 2010 due to unfavourable regulatory requirements and difficult gas markets within British Columbia. SEM intends to re-enter the British Columbia market when direct residential conditions improve.

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.

Electricity

Ontario opened its electricity markets in April of 2002, however, a government sponsored rate freeze was implemented in the fall of 2002 essentially suspending retail opportunities until 2005. This price freeze was lifted in 2005, once again exposing consumers to price volatility and price increases which afforded retailers the opportunity to promote fixed price products. The Ontario electricity market is estimated at 142 TWh annually and currently serviced by 11 marketers. There are approximately 4,750,000 meters available for choice in the Ontario market and management believes approximately 625,000 (13%) meters are enrolled in long-term electricity contracts with a retailer. SEM has expanded its electricity sales to the commercial sector through a variety of structured and full requirement offerings.

Business Operations

SEM provides fixed-price natural gas solutions for contract terms up to five 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 "**LDCs**") are required to provide SEM with transportation, storage and distribution services to SEM's customers as well as billing and collection services.

In 2007, SEM entered into a long-term natural gas supply agreement with Macquarie. Under the terms of the agreement, Macquarie will supply natural gas to support SEM's fixed-priced natural gas marketing business. The supply agreement has an initial term of five years and may renew annually thereafter. During the term of the agreement, SEM will purchase natural gas from Macquarie for customer contracts of terms up to five years. SEM continues to maintain relationships with a variety of other counterparties to support the existing book of commercial business and for certain types of new customers as allowed under the terms of the Macquarie supply agreement.

SEM entered the residential and small-mid size commercial electricity market in Ontario in August 2007. In June 2007, SEM entered into a long-term electricity supply agreement with Bruce Power. Bruce Power agreed to provide fixed-price electricity to SEM in order to fix prices for residential and small commercial customers for terms up to five years. During the term of the agreement, SEM will purchase supply from Bruce Power for customer contract terms of up to five years to which Bruce Power will continue to supply beyond the contract term to match the customer contracts. In April 2009, SEM discontinued new residential activity to focus on the commercial and industrial market. SEM enters into electricity financial swaps with three counterparties to manage the economic exposure of providing fixed-priced electricity to its customers.

Sales and Marketing

For the year ended December 31, 2010, SEM supplied approximately 27.4 million Gigajoules (2009 – 32.8) of natural gas to approximately 71,561 (2009 – 85,824) residential and 58,861 (2009 – 6,111) commercial flowing customers under term, fixed-price contracts in Ontario, British Columbia and Quebec. SEM markets its gas supply service to consumers throughout Ontario, Quebec and British Columbia through an internal sales force and through independent sales agencies. Commercial sales channels are also through a combination of internal and external sales forces and association affiliations. SEM continues to leverage off its current strong commercial base as it strives to further develop commercial sales channels. Customer contracts are registered with and administered by the LDCs. The gas supply contracts have terms typically ranging from one to five years and are at a fixed-price. At December 31, 2010, the average remaining customer contract life was 23 months (2009 – 22 months).

In August 2007, SEM commenced selling electricity in Ontario and focuses on commercial customers and flowed 366.6MW in 2010 (193.0 MW in 2009). Customer counts are not references as they are not relevant when referencing commercial electricity customers.

A detailed analysis of sales volumes and gross profit is provided in the Financial Statements.

Supply and Transportation

During 2010, SEM had four financial and physical natural gas suppliers and contracts for natural gas for fixed-term and price to match contractual customer supply requirements. SEM's largest supplier represented approximately 68% of its supply commitments at December 31, 2010. SEM's supply commitments for the next five years as at December 31, 2010, are detailed in the notes to the 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.

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

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, the British Columbia Utilities Commission and the Régie du L'Enegie and are required to maintain environmental and safety standards.

The Ontario government passed new legislation (Bill 235) that took effect January 1, 2011. The legislation includes limitations on renewals; increased marketer accountability, including licensing of individual sales agents; the elimination of telemarketing; and increased cancellation alternatives for residential consumers, including limitations of exit fees.

Employee and Labour Relations

As at December 31, 2010, the Energy Services business had 2,524 fulltime, 89 part-time and 197 temporary, casual and seasonal employees as follows:

Superior Propane had 1,330 fulltime, 25 part-time employees and 194 temporary, casual, and seasonal employees. Approximately 311 of these employees are unionized through provincial or regional certifications in British Columbia/Yukon and Quebec. There are three union agreements, with expiry dates ranging from December 31, 2010 to April 30, 2011. Collective bargaining agreements are renegotiated in the normal course of business.

USRF had 1,133 fulltime, 61 part-time and two temporary employees. Approximately 44 of these employees are unionized. Two of the union agreements expired in 2010 and are being renegotiated, while the third expires in May, 2013. Collective bargaining agreements are renegotiated in the normal course of business.

SEM had 47 full time, three part-time and one temporary non-union employees. Approximately 15 independent contract sales agencies were engaged at December 31, 2010 in the marketing of energy contracts.

SGL had 14 full-time employees located in Calgary, Alberta.

Intellectual Property

Superior LP owns all the right, title and interest in the "Superior Propane" ("Superieur" in French), and "Superior Energy Management" trademarks, related design and other trade names, 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 it 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. In addition, Superior LP has registered "Superior Plus Energy Services" as a trade name.

Financial Information

For selected historical financial information for the past five years, see "Selected Financial Information – Energy Services".

Risk Factors

For the risk factors related to the Energy Services business see "Risk Factors – Energy Services".

Specialty Chemicals

The specialty chemicals business operates under the trade name of ERCO Worldwide, a leading provider of specialty chemicals and related technology. The business, which is headquartered in Toronto, Ontario, has been operating since the late 1890s.

Product

ERCO Worldwide is a manufacturer of sodium chlorate, chlorine dioxide, sodium chlorite, chlorine, caustic soda, hydrochloric acid, potassium hydroxide and produces hydrogen as a by-product to the electrolysis processes. It owns and operates eight production facilities across North America and one in Chile. In addition, ERCO Worldwide 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 selling prices, cost efficiencies, product quality, logistical capability, reliability of supply, technical expertise and service.

ERCO Worldwide is the second largest producer of sodium chlorate in North America and second largest worldwide with an estimated production capacity share of 25% and 14%, respectively. The sodium chlorate industry is consolidated with the four largest producers comprising approximately 87% and 66% of estimated North American and global market capacity, respectively.

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 (14%) competes primarily with three other producers on a worldwide basis with respect to estimated production capacity, Eka Chemicals (26%), Canexus (12%) and Kemira (14%). Only ERCO Worldwide and Eka Chemicals provide 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 gain an in-depth forward view on market developments.

ERCO Worldwide is the third largest producer of potassium chloralkali products in North America and has a strong competitive position. In the potassium hydroxide (caustic potash) business, ERCO Worldwide (15%) competes with three other companies in North America based on production capacity, Occidental Chemical Corporation (47%), Olin Corporation (25%) and ASHTA Chemicals Inc. (13%).

The five companies that account for approximately 81% of total North American chloralkali production capacity are the Dow Chemical Company (26%), Occidental Chemical Corporation (23%), Olin Corporation (13%), PPG Industries (13%), and Formsa Plastics Corporation (6%). Chlorine production by Dow Chemical Corporation and Formosa Plastics Corporation is 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 United States Midwest. Its total production capacity represents less than 1% of North American chloralkali production capacity.

Business Operations

ERCO Worldwide's operations have become increasingly more diversified with the acquisition of the Port Edwards, Wisconsin chloralkali/potassium facility in June 2005, and the completion of the sodium chlorate plant in Chile in September 2006, reducing its dependency on the North American pulp and paper industry. Furthermore, investments in export capacity at the Buckingham, Quebec sodium chlorate plant have enabled growth of export sales.

For the year ended December 31, 2010, global sodium chlorate, sodium chlorite and technology related sales represented 65% of ERCO Worldwide's revenue. Chloralkali products in total represented 35% of revenue. Geographically, 30% of revenue is derived from customers in Canada, 52% from the United States and 18% from outside North America.

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

Product Line	% of 2010 Revenue	Market Structure	Product Fundamentals	Technology Capability	Revenue Diversification	Operating Efficiency
Sodium Chlorate, related chlorine dioxide technology and Sodium Chlorite	65%	Leader in its market	• Mature to declining in North America • Growing globally • Industry operates historically in excess of 90% capacity utilization	• Leading global installer of chlorine dioxide generators • ERCO "SMARTS" technology enables optimization of customer chlorine dioxide generator process • 176 patents	• 63% Chemical sales • 2% Technology • More than 50 customers	• Competitive cost position in North America • Seven plants and ability to ramp production up or down quickly enables centralized production management and industry leading operational flexibility
Chloralkali: Products • Chlorine • Hydrochloric acid • Potassium hydroxide • Caustic Soda	35%	Leader in regional Western Canada and U.S. Midwest markets	• Stable regional demand supported by robust North American pricing environment	• New membrane technology conversion completed in Port Edwards in 2009	• More than 100 customers	• Average cost structure, supported by transportation cost advantage in regional markets • Port Edwards product flexibility facilitates profit optimization • Competitive cost structure and operating flexibility

Production Facilities

ERCO Worldwide's production facilities use proven and safe manufacturing processes and are located close to major rail terminals and reliable supplies of raw materials. Electrical energy costs generally represent 70 to 85% and salt approximately 10% of the variable costs of producing sodium chlorate.

Chloralkali/potassium products also utilize electrical energy and potassium chloride ("**KCL**") each of which is a significant input cost.

ERCO Worldwide's current production capacity at the six sodium chlorate plants in North America equals 447,000 MT. Internationally, ERCO Worldwide designed and oversaw construction of a 55,000 MT facility in Chile. The facility commenced production in September 2006, taking advantage of continued growth opportunities in lower cost pulp and paper producing regions of South America. This brings ERCO Worldwide's total annual sodium chlorate production capacity to approximately 502,000 MT.

ERCO Worldwide's annual sodium chlorite capacity is 10,000 MT.

In August 2007, ERCO Worldwide announced the approval to convert its Port Edwards, Wisconsin potassium chloralkali facility from an older mercury-based process to newer membrane technology. The conversion was completed in 2009 for US$138 million. This conversion was prudent, as new legislation was tabled in the United States in 2009, requiring mercury-based chloralkali manufacturers to convert or cease production by 2015. Although this legislation has not yet been passed, the membrane technology now in place at ERCO Worldwide's Port Edwards plant combined with the membrane technology at the Saskatoon, Saskatchewan production facility strengthens ERCO Worldwide's market position and expands access to non-mercury grade customers. Furthermore, the conversion provides significant improvement in process efficiency with increased capacity of 30% to 102,000 ST, as stated in electrochemical units ("ECUs") at Port Edwards.

ERCO Worldwide's annual chloralkali capacity as stated in ECUs is 132,000 MT.

The chart below provides a summary of ERCO Worldwide's production facilities:

Facility	**Product**	**Production Capacity** (MT/Year)	**Power Source**	**Transportation**
Buckingham, Quebec	Sodium Chlorate Sodium Chlorite	125,000 3,600	Regulated Hydro Quebec	Rail, truck and ocean freight
North Vancouver, British Columbia	Sodium Chlorate	92,000	Regulated BC Hydro	Rail, truck and ocean barges and freight
Grande Prairie, Alberta	Sodium Chlorate	50,000	Deregulated Fixed-price PPA Expiry: Dec, 2017	Rail, truck and pipeline
Saskatoon, Saskatchewan	Sodium Chlorate Chlorine Caustic Soda Hydrochloric acid	40,000 39,000 39,200 dry 22,000 dry	Regulated Sask Hydro	Rail and truck
Hargrave, Manitoba	Sodium Chlorate	40,000	Regulated Manitoba Hydro	Rail
Thunder Bay, Ontario	Sodium Chlorite	6,400	N/A	Rail
Valdosta, Georgia	Sodium Chlorate	100,000	Regulated Georgia Power	Rail
Port Edwards, Wisconsin	Chlorine Caustic Soda Hydrochloric Acid Potassium Hydroxide	63,500 72,000 dry 36,000 dry 80,000 dry	Regulated Energy Wisconsin Power & Light	Rail and Truck
Mininco, IX Region, Chile	Sodium Chlorate	55,000	Provided by CMPC	Liquids piped to adjacent CMPC mills; some products trucked to customers

Products

Sodium Chlorate

General Overview: 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. 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). 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.

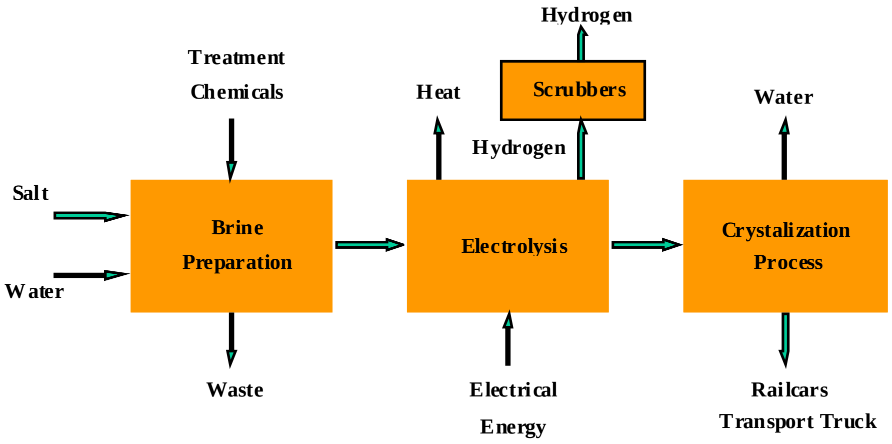
The current market demand for sodium chlorate in North America is estimated at 1.6 million MT and the world market at 3.2 million MT. The demand for sodium chlorate in North America is mature and further growth is expected from developing economic regions of the world, particularly the Asia Pacific and South American regions, as they increase their paper consumption and adopt more stringent environmental standards. North American bleached pulp producers continue to experience global competitive pressures as a result of increased fibre and energy costs and the impact of foreign exchange rates. Increasingly, new world scale pulp mills locate and/or expand production capacity in off-shore regions with significant access to low cost, renewable wood fibre, relatively stable energy supply and supportive government policies. Given the large size of these projects and the transportation challenges experienced in the South American and Asia Pacific markets, these customers prefer to have sodium chlorate facilities constructed in close proximity to their pulp and paper mills and captive to their requirements.

Production Process: As electrical energy costs generally represent 70% - 85% of the variable costs of manufacturing sodium chlorate, ERCO's ability to manage its North American customer demand with production from its six geographically diverse sodium chlorate plants facilitates efficient and cost effective supply to its customer base.

An electrochemical process using salt, water and electricity as the primary raw materials, which is summarized in the diagram below, produces sodium chlorate. Salt is dissolved in water and 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 following is a flow chart of the production process:



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 Buckingham, Quebec production facilities.

Chlorine Dioxide Generators

ERCO Worldwide is the largest worldwide supplier of modern chlorine dioxide generators, which converts 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.

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

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 applications, a biocide/disinfectant for food processing and sanitization, a bacteria scavenger in ethanol production as well as other industrial 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.

Demand for the product increased significantly in 2007, as new industrial environmental applications and more stringent water treatment regulations arose. This has continued through 2010.

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.

ERCO Worldwide was a manufacturer of potassium carbonate in Wisconsin but has mothballed its potassium carbonate unit in order to focus more on its growth opportunities in the potassium hydroxide sector.

Chloralkali products provide for an important diversification of ERCO Worldwide's product lines, as nearly all of ERCO Worldwide's chlorine, hydrochloric acid and potassium hydroxide production are sold to end markets not related to the pulp and paper industry.

Chlorine: The market for chlorine in North America is estimated at 11.5 million MT. Chlorine is used in a variety of chemical processes including the production of polyvinyl chloride "PVC", 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 and steel pickling.

The basis of chlorine production involves dissolving salt (either NaCl or KCL) in water, flowing the brine solution between two electrodes and passing an electric current through it. The chlorine ions (negative) move towards the anode (positive) where they are oxidized to form chlorine gas. The water molecule in the brine solution goes through a similar electrolytic reaction, whereby the hydrogen ion (positive) is reduced at the cathode (negative), releasing hydrogen gas, a by-product of the chlor-alkali process. ERCO Worldwide recovers some hydrogen for sale, to produce hydrochloric acid or to make steam.

The sodium (or potassium) ions that remain from the salt electrolysis then react with the hydroxide ions left from the water to create the sodium (or potassium) hydroxide. Overall the chemical equation (using sodium salt as the example) is:

$$2NaCl + 2H_2O \rightarrow 2\,NaOH + Cl_2 + H_2$$

The basic reaction follows the laws of chemistry and therefore the chemicals are produced in a definite and consistent ratio to one another. Chemical equivalent amounts of the products will always be produced. Specifically, for every ton of chlorine produced with sodium salt, approximately 1.12 tons of caustic soda will be produced. In the case of potassium salt the ratio is approximately 1.56.

ERCO Worldwide's Saskatoon plant runs exclusively on sodium salt and uses the membrane cell process to produce chlorine and caustic soda. The Port Edwards facility operates membrane technology.

Caustic Soda: The market for caustic soda in North America is estimated at 12.6 million dry MTs. Caustic soda is used primarily in the pulp and paper, soaps and detergents, alumina, textile and petroleum industries as a chemical intermediate.

Potassium Hydroxide: The market for potassium hydroxide in North America is estimated at 460,000 STs. 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 the potassium ions are of value. 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. The replacement of sodium with potassium in food is also gaining popularity.

Sales and Marketing

ERCO Worldwide sodium chlorate sales are conducted by its business managers who 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 one to five 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 Worldwide'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 Worldwide's sodium chlorate sales are to the growing South American and Asia/Pacific markets and ERCO Worldwide has offices in Chile, Japan and China.

Chloralkali products are sold through a combination of dedicated sales people and distributors.

ERCO Worldwide's top ten customers account for approximately 51% of its revenues with its largest customer comprising approximately 8% 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 tariff driven 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 plant in Grande Prairie, Alberta where electricity is publicly traded. In Alberta, 100% of its power requirements were hedged through 2017 under an electrical sales agreement with TransCanada Energy Ltd., whose parent company TransCanada Corporation holds a power purchase agreement with TransAlta Corporation. Effective February 8, 2011, TransAlta Corporation issued a notice of termination for destruction on its Sundance 1 and 2 coal-fired generation units under the terms of the Sundance A Power Purchase Agreement (the "**PPA**"), as TransAlta had determined that the units cannot be economically repaired. On February 9, 2011 TransCanada Corporation announced it had received a notice from TransAlta Corporation and would resolve any issues arising through the dispute resolution procedure under the terms of the PPA. See Note 19(iii) to the Financial Statements. Without the power purchase agreement, ERCO Worldwide will incur market-based power rates at the Alberta facility.

Also, in Georgia, ERCO Worldwide has a power arrangement with Georgia Power based on a combination of a standard Real Time Pricing ("**RTP**") and a firm tariff.

The electricity 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 in some jurisdictions, allows ERCO Worldwide 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 six third-party suppliers to fulfill the requirements at six of its eight plants. The salt contracts are typically fixed-price contracts with terms of one or more years, often with automatic renewals. The Hargrave and Saskatoon facilities are self-supplied through solution mining at the plant site.

KCL is a major raw material used in the production of Potassium Hydroxide ("**KOH**") at ERCO Worldwide's Port Edwards, Wisconsin facility. Substantially all of ERCO Worldwide's KCL is received from PotashCorp. ("**PCS**"). PCS operates two KCL mines that are able to provide the product specifications required by ERCO Worldwide. ERCO Worldwide currently has a limited ability to source KCL from additional suppliers.

Transportation

Approximately 64% of ERCO Worldwide's North American product transportation requirements are provided by railcar, 25% by transport truck and the remaining 11% by pipeline and ocean vessel. ERCO Worldwide's South American product is transported via pipeline (40%) and in trucks (60%). ERCO Worldwide utilizes third party carriers to transport all of its products. Rail transportation requirements are provided by 1,298 railcars, of which 221 are owned and 1,077 are leased with staggered expiration terms through to 2021. ERCO Worldwide generally extends leases in advance of the expiration date. In 2010, ERCO Worldwide purchased 17 chlorine railcars, which can operate until the mid 2020's, ensuring access to a sufficient number of specialized cars until the next generation cars are available.

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, 2010, ERCO Worldwide had 516 full-time employees of which 129 were unionized. The three plants in Vancouver, Saskatoon and Buckingham are subject to collective bargaining agreements. Vancouver's agreement was renegotiated in 2009 and expires on November 30, 2012. The Saskatoon and one of the two Buckingham agreements was renegotiated in 2010. The second Buckingham agreement expires in 2011. 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 regulated by environmental, safety, and transportation laws and regulations. ERCO Worldwide is a founding member of Responsible Care®, an initiative of the Chemistry Industry Association of Canada, the American Chemistry Council, and ASIQUIM (in Chile). Responsible Care® is the chemistry industry's commitment to sustainability - the betterment of society, the environment and the economy. ERCO has been verified against the Responsible Care® ethic and codes of practice for a fifth time, which represents over 16 years of externally verified compliance to the codes. ERCO Worldwide continually strives to achieve an environmental and safety record that is "best-in-class" in the chemistry industry. ERCO has received many awards for its safety and environmental performance. In addition, the conversion to membrane technology at the Port Edwards chloralkali facility has eliminated future legacy and liability risks associated with mercury use and emissions at the facility.

Intellectual Property

Superior LP 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" Trade-mark 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.

The patents and patent applications held by the General Partner (as successor to Superior Plus Inc.) are in the process of being transferred to Superior LP. Once this process is completed, it is expected that Superior LP will have over 167 patents and patent applications worldwide (152 patents granted and 15 applications pending) 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 – Specialty Chemicals".

Risk Factors

For the risk factors related to ERCO Worldwide's business see "Risk Factors – Specialty Chemicals".

Construction Products Distribution

The Construction Products Distribution ("**CPD**") business is one of North America's leading distributors of commercial and industrial insulation and specialty walls and ceiling products. It is the largest distributor of specialty construction products to the walls and ceilings industry in Canada. CPD operates under a number of trade names in Canada and the U.S. See "Construction Products Distribution – Intellectual Property".

Gypsum Specialty Distribution includes the distribution of a full line of construction products related to the walls and ceilings industry in both Canada and the United States, including drywall and components, acoustical ceilings, steel framing and accessories, building insulation and stucco, tools and other related products. The majority of the GSD business came from the acquisition of Winroc in 2004 and a number of smaller acquisitions since that time. Winroc was founded in 1971.

Commercial and Industrial Insulation distribution includes the distribution of insulation as well as value added fabrication services in North America. Fabrication services involve converting raw insulation materials to exact size and shape specifications for industrial and commercial uses. CPD entered the C&I market as a result of the acquisition of SPI in 2009. SPI was founded in 1982. With the acquisition of the Burnaby Assets in June of 2010, CPD entered the Canadian C&I market.

With the acquisition of SPI, the CPD business began expanding SPI's existing U.S. architectural facilities to carry the full line of walls and ceilings products and services that Winroc provides at its locations. The CPD business recognized the many opportunities to create synergy between GSD and C&I, which enhances the product mix available to customers and geographic service capabilities.

The CPD business is headquartered in Calgary, Alberta, with a U.S. regional office in East Petersburg, Pennsylvania for operational and administrative activities.

Products

Sales of the CPD business can generally be grouped into the following product categories:

Product category	% of 2010 revenue
Commercial and industrial insulation	38%
Drywall and components	20%
Ceilings	19%
Residential insulation	9%
Steel framing and accessories	8%
Stucco, tools and miscellaneous	6%

Competitive Conditions

Selling price, service quality, product availability and ability to source product at competitive prices are major competitive factors in the CPD market.

The sectors in which CPD operates are largely fragmented. A small number of competitors cover multiple states or provinces. CPD will generally attempt to attain a minimum market position in key products in any market area. Local market position, distribution and service network, and purchasing volume, including the additional volume from third party buying group members, provide CPD and its buying group members with an advantage over smaller competitors.

The business is a local, relationship-based business in which distributors compete for installing contractors' purchases on the basis of both price and service, and additionally in the case of insulation, competing with other distributors to sell to end users like industrial plants for a portion of the business. Barriers to entry are relatively low, but include proficiency in stock and scatter service, the ability to aggregate significant purchase quantities and corresponding volume discounts. CPD establishes its position in a market as a productivity partner with the installing contractor, providing value added "stock and scatter" job site service for GSD, and in carrying a full line of complimentary products and services including fabrication of insulation products, thereby allowing the contractor to focus on installation and optimization of jobsite labour efficiency.

The business approach is to maintain (a) strategically located centres, stocked with a comprehensive selection of products, (b) a knowledgeable team to ensure quick order turnaround, (c) a close working relationship with the customers to understand exact product needs and ensure on-time delivery while managing inventory levels, and (d) a close working relationship with suppliers to achieve joint market objectives.

Business Operations

With the acquisition of SPI in 2009 and the Burnaby Assets in 2010, CPD now operates 115 distribution branches which are generally run by local managers that have direct responsibility for customer sales and service, pricing, warehouse and delivery operations, expense management and branch administration. Of these 115 operating locations, 11 locations are either primarily insulation fabrication facilities or include such operations. Two facilities are owned and the remaining 113 are leased from third parties under normal course operating leases. See Note 19(i) to the Financial Statements.

The branches are typically located in industrial or commercial settings and range from smaller warehouse locations, to full operations on up to five acres of land, complete with office and showroom areas, covered and uncovered product storage areas, and receiving and shipping space. The operating area for a branch is usually focused within a radius of 100 kilometres around branch locations, depending on the nature of the customer base and local road infrastructure.

Sales and Marketing

CPD enjoys considerable geographic and customer diversification, servicing over 18,000 active customers across 115 distribution branches with 78 branches in the United States and 37 locations in Canada. The ten largest customers represent approximately $54 million of annual distribution sales or 8%. Sales are modestly seasonal, with slightly over 52% typically generated during the second and third quarters. Geographically, 42% of 2010 sales are derived from customers in Canada and 58% from the United States. This reflects a partial year contribution of the Burnaby Assets.

A detailed analysis of sales volumes and gross profit is provided in the Financial Statements.

Demand Profile

For walls and ceiling products, the demand factors include demographic trends, level of activity in the residential and non-residential construction markets, interest rates, employment levels, consumer confidence, availability of financing 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. New commercial construction activity has historically lagged new residential activity, as commercial infrastructure is later put in place to service residential development. Renovation activity trends have historically followed re-sale of existing homes and turnover of commercial building space. CPD sales are comprised of 56% commercial (new construction and renovation segments), 28% residential (new construction and renovation segments) and 16% industrial segments. A full product line, excluding industrial insulation, is sold to commercial and residential customers. Gypsum board and accessories, insulation and plaster products are the primary products sold to residential construction customers while industrial insulation is primarily sold to the industrial segments.

Annual sales revenues for the North American GSD industry are estimated to exceed $15 billion. CPD is estimated to be the largest gypsum specialty distributor in Canada and a leading GSD dealer in North America. Specialty distributors, such as CPD servicing the builder/renovation contractor market, represent an estimated 50% to 60% of total industry revenues with the remainder sold through retailers and independent lumber yards who service the builder/contractor market as well as the do-it-yourself market.

In the C&I market, demand is driven largely by C&I construction spending and economic growth. Products are provided for use in new construction, renovation of existing facilities, ongoing maintenance and OEM applications. It is estimated that 35% of CPD's C&I products are used in replacement/ remodeling applications with the remaining 65% used in new construction projects.

During the development of the C&I insulation business, manufacturers sold direct to the specialty insulation contractors. Manufacturers have continued this practice with pre-existing insulation contractor relationships, increasing support of distributors as a sales channel to insulation contractors over time.

Sectors within the C&I market that influence demand include commercial construction and renovation, construction or expansion of industrial process facilities, such as oil refineries and petrochemical plants, as well as institutional facilities (eg. government, healthcare and schools). The U.S. C&I market is estimated at US$1.6 to US$1.7 billion in 2010. It is estimated that slightly more than 80% of manufacturers' sales to end-users are through distributors, with the balance sold directly to contractors.

Product Pricing

Subject to market conditions, pricing to customers is primarily based on required supply and demand. At times, price changes from manufacturers are not immediately passed through to customers, which can create variation in profit margins. In addition, product gross margins vary between products and geographic areas. Customer pricing is managed at both the regional and local market level.

Supply Arrangements

Product purchasing is a critical component of the CPD business. The cost of products, product specification and knowledge, and the ability to source products in periods of tight supply are key to differentiating the division's service position to its customers. Additionally, the ability to place product creates value for suppliers.

Products are purchased from over 800 suppliers, of which the top ten provide 79% of the CPD's total supply requirements. A large portion of the GSD purchasing operations are conducted through the Allroc trade name. Allroc also provides third party purchasing services for 10 other independent companies. This relationship allows the business to further leverage its purchasing power and improves buying group member profitability. CPD purchases its products pursuant to various purchasing programs and does not enter into long-term purchasing contracts.

Transportation

Suppliers are typically responsible for arranging transportation of products from the manufacturing facility to the operating locations or, in a small percentage of cases, directly to the customer job site. Deliveries are primarily made via common highway carrier or rail.

The CPD business operates a fleet of trucks and forklifts, both owned and leased, to transport product from its branch locations to customer job sites and to handle product within its branch locations. It employs full-time, part-time and seasonal drivers and stockers who deliver products. As at December 31, 2010, the business owned and leased 461 primary delivery vehicles and 133 trailers. In addition, it owned or leased 262 forklifts, which are used at its warehouse locations and customer job sites to load and unload product from delivery vehicles. Trucks leases are not full service leases.

Employee and Labour Relations

As at December 31, 2010, Superior's CPD business had 1,451 employees, of which 620 were salaried and 831 were hourly employees, of which 63 are unionized through collective bargaining agreements at eight of its operating locations (Victoria, Langford, Campbell River, Nanaimo and Courtenay in British Columbia, London and Windsor in Ontario, and Oakdale in Minnesota), with expiry dates for all, excluding Windsor and Minnesota, in March 2011.

The Windsor branch is newly unionized and negotiations are underway for their first contract. The Minnesota branch has completed negotiations with the union and is in the stage of finalization of the agreement. Collective bargaining agreements are renegotiated in the normal course of business.

Environmental, Safety and Regulatory

Distribution of walls and ceilings and certain C&I products is a physically challenging job. In addition, fabricating insulation products require care and skill in operating equipment. The business invests significant resources and time in maintaining a safe, clean and healthy workplace. This is achieved through proper procedures and direction, incorporating a comprehensive delivery hazard assessment process and safe utilization of equipment such as forklifts, boom trucks, fabrication equipment and carts/dollies. The business handles and stores a variety of construction materials and maintains appropriate material handling compliance programs.

The division participates in a number of environmental programs with its suppliers, including return/recycling of supply materials and return/recycling of acoustical ceiling products removed from renovation jobs by their customers.

Intellectual Property

The CPD business owns all the rights, title and interest in "Winroc", "Allroc", "Interior Building Supplies" "Inland Building Supplies (IBS)", "Fackoury's Building Supplies", "Leon's Insulation", "SPI", "International Technifab", "Construction Systems", "CSI", "Pamrod", "Paragon Industries Inc.", "Presnell Insulation Co.", "Extol of Texas", "Pamrod Products", "House of Ladders", "Richlar Industries", "Abacus", "Proven Products SPI" and "Mulligan" trademarks, and in certain cases, the related design and certain trade names, registered or acquired at various times over the years and relating to specific programs or services provided.

CPD's trademarks are significant as they provide it with ownership of the names, designs and logos associated with the business, which are recognizable to the public and useful in developing and maintaining brand loyalty.

Financial Information

For selected historical financial information for the past five years see "Selected Financial Information – Construction Products Distribution".

Risk Factors

For the risk factors related to the construction products distribution division, see "Risk Factors – Construction Products Distribution".

SELECTED FINANCIAL INFORMATION

ENERGY SERVICES

(millions of dollars)	**2010**[2]	2009[1]	2008	2007	2006
	Years Ended December 31				
Revenues	2,340.5	1,312.1	1,491.2	1,396.1	1,311.0
Cost of products sold	1,905.6	971.9	1,159.3	1,070.8	1,016.4
Gross profit	434.9	340.2	331.9	325.3	294.6
Cash operating, and administrative costs	343.8	242.6	228.6	213.8	193.3
EBITDA from operations	91.1[4]	97.6[4]	103.3	111.5	101.3

(1) SRH and GES were acquired effective September 30, 2009 and December 11, 2009, respectively.
(2) GHI was acquired effective January 20, 2010.

SPECIALTY CHEMICALS

(millions of dollars)	**2010**	2009	2008	2007	2006
	Years Ended December 31				
Revenues	481.4	456.8	479.6	453.2	437.2
Cost of products sold	261.4	246.8	244.3	248.0	233.1
Gross profit	220.0	210.0	235.3	205.2	204.1
Cash operating, and administrative costs	119.1	117.0	118.8	113.4	117.1
EBITDA from operations	100.9[4]	93.0[4]	116.5	91.8	87.0

CONSTRUCTION PRODUCTS DISTRIBUTION

(millions of dollars)	**2010**	2009[1]	2008	2007	2006
	Years Ended December 31				
Revenues	717.6	469.5	523.6	512.3	518.7
Cost of products sold	545.3	347.2	382.9	382.5	386.5
Gross profit	172.3	122.3	140.7	129.8	132.2
Cash operating, and administrative costs	147.6	99.5	103.3	93.1	87.1
EBITDA from operations	24.7[4]	22.8[4]	37.4	36.7	45.1

(1) SPI was acquired effective September 24, 2009.

CONSOLIDATED FINANCIALS

(millions of dollars except average number of shares/trust units and per share/trust unit amounts)	**2010**	2009	2008	2007	2006
	Years Ended December 31				
Revenues	3,529.2	2,246.7	2,487.3	2,355.4	2,264.3[1]
Gross profit	787.6	653.4	669.1	661.8	630.9[1]
EBITDA from operations	216.7[4]	213.4[4]	257.2	240.0	233.4[1]
Adjusted operating cash flow	136.1	163.9	192.3	179.5	197.0
Per share/trust unit	$1.29	$1.80	$2.18	$2.08	$2.30
Average number of shares/trust units outstanding (millions)	105.6	91.0	88.3	86.5	85.5
Capital expenditures, net	215.7	456.5	147.5	22.2	66.8[1]
Total assets	2,449.6	2,274.0	2,026.9	1,542.8	1,536.9
Total revolving term bank credit and term loans [2]	670.2	738.1	577.7	441.0	441.7

(1) Adjusted for discontinued operations.
(2) Includes accounts receivable securitization program.
(3) See "Forward-looking Statements and Non-GAAP Measures".
(4) See Financial Statements for reconciliation to net income or loss.

CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the securities of Superior, including the Common Shares and Debentures.

Share Capital

Superior is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. The following is a summary of the rights, privileges, restrictions and conditions of the Common Shares and preferred shares. As at the date of this AIF, approximately 108.2 million Common Shares and no preferred shares are issued and outstanding.

Common Shares

The holders of Common Shares are entitled to: dividends if, as and when declared by the board of directors; one vote per share at meetings of the holders of Common Shares; and upon liquidation, dissolution or winding up of Superior, receive pro rata the remaining property and assets of Superior, subject to the rights of shares having priority over the Common Shares.

Preferred Shares

The preferred shares are issuable in series and each class of preferred shares will have such rights, restrictions, conditions and limitations as the board of directors may from time to time determine. The holders of preferred shares will be entitled, in priority to holders of common shares, to be paid rateably with holders of each other series of preferred shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series and upon liquidation, dissolution or winding up of Superior, to be paid rateably with holders of each other series of preferred shares the amount, if any, specified as being payable preferentially to holders of such series.

Debentures

Superior has five separate series of Debentures consisting of the 5.75% Debentures, 5.85% Debentures 7.5% Debentures, 5.75% Debentures (2010), and 6.0% Debentures (collectively, the "**Outstanding Debentures**" and any one series, the "**Debentures**"). The 5.75% Debentures and 5.85% Debentures are issued pursuant to an amended and restated indenture (the "**First Indenture**") between Superior and Computershare, as trustee (the "**Debenture Trustee**") dated December 31, 2008. The 7.5% Debentures, 5.75% Debentures (2010) and 6.0% Debentures are issued pursuant to an indenture (the "**Second Indenture**") between Superior and the Debenture Trustee dated August 28, 2009, as amended and supplemented. The 5.75% Debentures and the 5.85% Debentures are governed by the First Indenture and the 7.5% Debentures, 5.75% Debentures (2010) and 6.0% Debentures are governed by the Second Indenture (the First Indenture and Second Indenture collectively referred to as the "**Indentures**"). Superior can issue additional debentures under the Indentures from time to time.

5.75% Debentures

As at the date of this AIF, there are approximately $174.9 million aggregate principal amount of 5.75% Debentures issued and outstanding which mature on December 31, 2012. The 5.75% Debentures are issuable in denominations of $1,000 principal amount and bear interest at a rate of 5.75% per annum, 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 Common Shares at any time prior to the close of business on December 31, 2012 and the business day immediately prior to a date specified by Superior for redemption of the 5.75% Debentures at a conversion price of $36.00 per Common Share.

The 5.75% Debentures are not redeemable by Superior 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 Superior 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 that the volume weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given (the "**Current Market Price**") is not less than 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 Superior 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

As of the date of this AIF, there are approximately $75.0 million aggregate principal amount of 5.85% Debentures issued and outstanding which mature on October 31, 2015. 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 Common Shares at any time prior to the close of business on October 31, 2015 and the business day immediately prior to a date specified by Superior for redemption of the 5.85% Debentures at a conversion price of $31.25 per common share.

The 5.85% Debentures are not redeemable by Superior 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 Superior 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 that 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 Superior 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.

7.5% Debentures

As of the date of this AIF, there are approximately $69.0 million aggregate principal amount of 7.5% Debentures issued and outstanding which mature on December 31, 2014. The 7.5% Debentures are issuable in denominations of $1,000 principal amount and bear interest at a rate of 7.5% per annum, payable semi-annually in arrears on June 30 and December 31 of each year. The 7.5% Debentures are convertible at the holder's option into Common Shares at any time prior to the close of business on December 31, 2014 and the business day immediately prior to a date specified by Superior for redemption of the 7.5% Debentures at a conversion price of $13.10 per Common Share.

The 7.5% Debentures are not redeemable by Superior on or before August 31, 2012. On or after August 31, 2012 and on or before August 31, 2013, the 7.5% Debentures are redeemable in whole or in part from time to time at the option of Superior 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 August 31, 2013, the 7.5% Debentures are redeemable prior to maturity in whole or in part from time to time at the option of Superior 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 (2010)

As at the date of this AIF, there are approximately $172.5 million aggregate principal amount of 5.75% Debentures (2010) issued and outstanding which mature on June 30, 2017. The 5.75% Debentures (2010) are issuable in denominations of $1,000 principal amount and bear interest at a rate of 5.75% per annum, payable semi-annually in arrears on June 30 and December 31 of each year. The 5.75% Debentures (2010) are convertible at the holder's option into Common Shares at any time prior to the close of business on June 30, 2017 and the business day immediately prior to a date specified by Superior for redemption of the 5.75% Debentures (2010) at a conversion price of $19.00 per Common Share.

The 5.75% Debentures (2010) are not redeemable by Superior on or before June 30, 2013. On or after June 30, 2013 and on or before June 30, 2015, the 5.75% Debentures (2010) are redeemable in whole or in part from time to time at the option of Superior 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 June 30, 2015, the 5.75% Debentures (2010) are redeemable prior to maturity in whole or in part from time to time at the option of Superior 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.

6.0% Debentures

As at the date of this AIF, there are approximately $150.0 million aggregate principal amount of 6.0% Debentures issued and outstanding which mature on June 30, 2018. The 6.0% Debentures are issuable in denominations of $1,000 principal amount and bear interest at a rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year. The 6.0% Debentures are convertible at the holder's option in Common Shares at any time prior to the close of business on June 30, 2018 and the business day immediately prior to a date specified by Superior for redemption of the 6.0% Debentures at a conversion price of $15.10 per Common Share. Upon conversion of the Debentures, in lieu of delivering Common Shares, Superior may, at its option, elect to pay the holder cash (the "**Cash Conversion Option**"). If Superior elects, in its sole discretion, to settle the conversion obligation in cash, Superior shall deliver to the holder an amount in cash based on the daily volume weighted average price of the Common Shares on the TSX as measured over a period of 10 consecutive trading days commencing on the third day following the conversion date. Any payments pursuant to the Cash Conversion Option are subject to the subordination provisions contained in the Second Indenture as though such payments were payments of principal or interest on the Debentures.

The 6.0% Debentures are not redeemable by Superior on or before June 30, 2014. On or after June 30, 2014 and on or before June 30, 2016, the 6.0% Debentures are redeemable in whole or in part from time to time at the option of Superior 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 June 30, 2016, the 6.0% Debentures are redeemable prior to maturity in whole or in part from time to time at the option of Superior 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 Outstanding Debentures have the following general terms:

Superior will, on redemption or maturity of the Outstanding Debentures, repay the indebtedness represented by the Outstanding Debentures by paying the Debenture Trustee an amount equal to the principal amount of the Outstanding Debentures, together with accrued and unpaid interest thereon.

Superior has the option, on not more than 60 days and not less than 30 days (40 days in respect of the 7.5% Debentures, the 5.75% Debentures (2010) and the 6.0% Debentures) prior notice and subject to regulatory approval, to satisfy its obligation to repay the principal amount and/or accrued interest thereon of the Outstanding Debentures which are to be redeemed or have matured, by issuing common shares to holders thereof. The number of common shares to be issued will be determined by dividing the aggregate principal amount to be redeemed (or applicable portion thereof) 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 Outstanding Debentures is subordinated in right of payment to the prior payment (or provision made for such payment) in full of all Senior Indebtedness. "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 Superior, other than indebtedness evidenced by the Debentures and all other existing or future indebtedness or other instruments of Superior 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 Outstanding Debentures issued under the Indentures, will occur if any one or more of the following described events has occurred and is continuing with respect to such Outstanding 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 when due, whether at maturity, upon redemption, by declaration or otherwise; or (iii) certain events of bankruptcy, insolvency or reorganization of Superior under bankruptcy or insolvency laws. If an Event of Default has occurred, is continuing and is not otherwise waived by the respective holders of Debentures, 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 the Indentures, to be immediately due and payable.

With respect to the 5.75% Debentures and 5.85% Debentures, upon the occurrence of a change of control of Superior involving the acquisition of voting control or direction over 66 2/3% or more of the common shares of Superior or securities convertible into or carrying the right to acquire common shares of Superior (a "**Extraordinary Change of Control**"), each holder of debentures may require Superior to purchase, on the date which is 30 days following the giving of notice of the Extraordinary 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 up to, but excluding, 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 Extraordinary Change of Control have been tendered for purchase on the Put Date, Superior 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 up to, but excluding, 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.

With respect to the 7.5% Debentures, 5.75% Debentures (2010) and 6.0% Debentures, upon the occurrence of a change of control of Superior involving the acquisition of voting control or direction over 50% or more of the Common Shares but excluding an acquisition, merger, reorganization, amalgamation, arrangement, combination or other similar transaction if the holders of voting securities of Superior immediately prior to such transaction hold securities representing at least 50% of the voting control or direction in Superior or the successor entity upon completion of the transaction (a "**Change of Control**"), each holder of debentures may require Superior to purchase, on the date which is 30 days following the giving of notice (the "**Debenture Offer**") of the Change of Control (the "**Change of Control Purchase Date**"), the whole or any part of such holder's debentures at a price equal to 100% of the principal amount thereof (the "**Offer Price**") plus accrued and unpaid interest up to, but excluding, the Change of Control Purchase 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 Change of Control Purchase Date, Superior will have the right to redeem all the remaining debentures issued under such Indenture on such date at the Offer Price, together with accrued and unpaid interest up to, but excluding, such date. Notice of such redemption must be given to the Debenture Trustee prior to the Change of Control Date and as soon as possible thereafter, by the Debenture Trustee, to the holders of the debentures not tendered for purchase.

Furthermore, and with respect to the 7.5% Debentures, 5.75% Debentures (2010) and 6.0% Debentures, if a Change of Control occurs in which 10% or more of the consideration for the voting shares in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange, then during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, holders of Debentures will be entitled to convert their Debentures at a discounted conversion price determined in accordance with the terms of the Second Indenture.

The Indentures provides that if an offer is made for all of the outstanding Debentures issued under the 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 (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 same terms as the Offeror acquired the first 90% of the Debentures.

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 holders of Debentures, resolutions passed at meetings of holders of Debentures issued under the Indentures by the holders of not less than 66 2/3% of the principal amount of the Debentures issued under the 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 such Indenture. In certain cases, the modification will require the prior approval of the TSX or such other exchange on which the Debentures are then listed.

RATINGS

Credit Ratings

Credit ratings are intended to provide banks and capital market participants with a framework for comparing the credit quality of securities. Disruptions in the banking and capital markets not specifically related to Superior LP may affect its 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. Outlooks fall into one of four categories: positive, negative, stable, or developing and should not be seen as a precursor to a rating change or future action. Superior LP provides the Rating Agencies with confidential, in-depth information in support of the rating process. Credit ratings are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. Superior LP's credit ratings at the date of this AIF were as follows:

Dominion Bond Rating Services Limited ("DBRS")

Senior Secured Notes BBB(low) Negative Trend

Senior Unsecured Debentures BB(high) Negative Trend

Standard & Poor's ("S&P")

Corporate Credit Rating BB Stable

Senior Secured Notes BBB (–)

Senior Unsecured Debentures BB (–)

DBRS Ratings

DBRS' credit ratings for long-term debt instruments range from AAA to D. A rating of BB is defined to be speculative and non-investment grade, where the degree of protection afforded interest and principal is uncertain, particularly during periods of economic recession. Entities in the BB range typically have limited access to capital markets and additional liquidity support. In many cases, deficiencies in critical mass, diversification, and competitive strength are additional negative considerations. A rating of B is defined to be highly speculative, and there is a reasonably high level of uncertainty as to the ability of the entity to pay interest and principal on a continuing basis in the future, especially in periods of economic recession or industry adversity. Long-term debt rated BBB is of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

DBRS uses the "high" and "low" grades to indicate the relative standing of a credit within a particular rating category. The lack of one of these designations indicates a rating that is essentially in the middle of the category.

DBRS also uses "rating trends" to provide guidance regarding the outlook for the rating, with rating trends falling into one of three categories – "Positive", "Stable" and "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed.

S&P Ratings

S&P's credit ratings for long-term debt instruments range from AAA to D. A rating of BB is defined as less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. A rating of B is defined as more vulnerable to non-payment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

A plus (+) or minus (-) on an S&P credit rating is used to show the relative standing of an issue within the major rating categories.

LONG-TERM DEBT

Credit Facility

On December 31, 2008 and in connection with the Conversion, Superior and its subsidiaries including Superior Plus LP and Superior Plus US Holdings Inc. as borrowers (the "**Borrowers**") along with ERCO Worldwide Inc., The Winroc Corporation (Arizona), The Winroc Corporation (Midwest), The Winroc Corporation (Nevada), The Winroc Corporation (Utah), Allroc Building Products (U.S.A.) Limited and Superior International Inc., as guarantors ("**Guarantors**"), entered into an amended and restated credit agreement ("**Amended and Restated Credit Agreement**") with eleven financial institutions as lenders (and such additional lenders as may be added from time to time) ("**Lenders**") providing for, among other things, a revolving term credit facility in the aggregate amount of $595 million (the "**Credit Facility**").

Pursuant to an amending agreement dated May 19, 2009 among the Borrowers, the Guarantors and the Lenders, the Credit Facility was amended to add an additional lender to the consortium of lenders, extend the maturity date from June 28, 2010 to June 28, 2011 and reduce the size of the facility from $595 million to $570 million. The Credit Facility was further amended on August 26, 2009 to address certain amendments of a "house-keeping" nature.

On January 27, 2010, Superior and its subsidiaries, Superior LP and Superior Plus U.S. Holdings, completed an expansion of the Credit Facility from $570 million to $600 million. The Credit Facility was subsequently reduced to $450 million on June 25, 2010. In addition, certain debt definitions used in the calculation of Superior's financial covenant ratios in the Credit Facility were amended, together with corresponding amendments to the related financial covenant ratios. Under the amended Credit Facility, Superior must maintain a Consolidated Secured Debt (which excludes the Senior Debentures issued by Superior LP but includes obligations owing under the accounts receivable securitization) to Compliance EBITDA ratio of not more than 3.0 to 1.0 and a Consolidated Debt, excluding convertible unsecured subordinated debentures, to Compliance EBITDA coverage ratio of no more than 5.0 to 1.0. Additionally, distributions (including payments to Debenture holders and to Superior and its shareholders) cannot exceed Compliance EBITDA less cash income taxes, plus $35.0 million on a trailing twelve month rolling basis. However, Superior, as a result of acquisitions is permitted to increase its Consolidated Secured Debt to Compliance EBITDA ratio to 3.5 times for a period of 90 days. For compliance purposes, convertible unsecured subordinated debentures are excluded from the determination of financial covenant ratios. Effective June 25, 2010, the Credit Facility was reduced to $450 million and the maturity date was extended to June 28, 2013. In addition, Superior cannot make any distributions or pay dividends to its shareholders if a default or event of default exists under the Amended and Restated Credit Agreement or would occur as a result thereof.

At December 31, 2010, the Consolidated Secured Debt to Compliance EBITDA ratio when calculated in accordance with Superior's Credit Facility was 2.4 times to 1.0 (December 31, 2009 – 2.2 times) and the Consolidated Debt to Compliance EBITDA ratio when calculated in accordance with Superior's Credit Facility was 3.1 times to 1.0 (December 31, 2009 – 2.8 times). These ratios are within the requirements contained in Superior's debt covenants under the Credit Facility and the U.S. Notes, which restrict its ability to incur additional long-term debt and make payment of dividends to Superior and its shareholders.

U.S. Notes

On October 29, 2003, Superior Plus Inc. issued, by way of private placement pursuant to an agreement between Superior (as successor to Superior Plus Inc.) and certain U.S. private placement investors, primarily consisting of U.S. insurance companies (the "**U.S. Note Agreement**"), an aggregate of

US$160.0 million Senior Secured Notes (the "**U.S. Notes**"), of which US$10.0 million mature on October 29, 2013 (the "**Series A Notes**") with the remainder maturing on October 29, 2015 (the "**Series B Notes**"). The Series A Notes have annual principal repayments commencing October 29, 2009 with the Series B Notes having equal annual repayments commencing October 29, 2011. The U.S. Notes bear interest at fixed rates and floating rates. Pursuant to the terms of the U.S. Notes, repayment of principal began in 2009.

On March 30, 2010, certain financial covenant ratios of the U.S. Note Agreement were amended to make them consistent with the financial covenant ratios under its amended Credit Facility other than the exclusion of any obligations owing under from the accounts receivable securitization program from the calculation of Consolidated Secured Debt for purposes of the Consolidated Secured Debt to Compliance EBITDA ratio calculation. Accordingly, under the amended U.S. Note Agreement, Superior is not permitted to have a Consolidated Secured Debt (which excludes obligations owing under the accounts receivable securitization) to Compliance EBITDA ratio of more than 3.0 to 1.0 and a Consolidated Debt to Compliance EBITDA ratio of more than 5.0 to 1.0.

In addition, Superior LP cannot make any distributions to Superior or its shareholders if i) a default or event of default exists under the U.S. Note Agreement or would occur as a result thereof, or ii) if the ratio of Consolidated Secured Debt to Consolidated EBITDA for the immediately preceding four consecutive fiscal period exceeded 3 to 1.

Senior Unsecured Debentures

Pursuant to an indenture among Superior, Superior LP and Computershare (the "**Senior Debt Indenture**") dated October 27, 2009, Superior LP issued an aggregate of $150 million senior unsecured debentures ("**Senior Debentures**") with a final maturity date of October 27, 2016. The Senior Debentures bear interest at a rate of 8.25% per annum payable semi-annually in arrears on April 27 and October 27 of each year, commencing on April 27, 2010.

Under the terms of the Senior Debentures, Superior LP cannot make distributions to Superior or its shareholders if (i) a default or event of default exists under the Senior Debt Indenture or would occur as a result thereof, or (ii) if after giving effect thereto Superior LP, the General Partner or any Designated Subsidiary (as defined in the Senior Debt Indenture) could not, on a pro forma basis, incur at least $1.00 of additional Debt (other than Permitted Debt as defined in the Senior Debt Indenture) without the Consolidated Debt to Consolidated EBITDA ratio under the Senior Debt Indenture exceeding 5 to 1. In addition, Superior LP cannot make distributions to Superior or its shareholders in any fiscal quarter if after making such payment the aggregate amount of Restricted Payments (as defined in the Senior Debt Indenture) made for that fiscal quarter and the three previous fiscal quarters would exceed an amount equal to Adjusted Operating Cash Flow for such four fiscal quarters plus $35.0 million.

Accounts Receivable Securitization Program

Superior sells, with limited recourse, certain trade accounts receivable on a revolving basis to an conduit entity sponsored by a Canadian chartered bank pursuant to a Receivables Purchase and Sale Agreement among Superior, Merit Trust and TD Securities Inc. dated June 29, 2001 as amended most recently effective July 2, 2010 (the "**Receivables Agreement**"). The accounts receivable are sold to the conduit at a discount to face value based on prevailing money market rates. Superior has retained the servicing responsibility for the accounts receivable sold and has therefore recognized a servicing liability. The level of accounts receivable sold under the program fluctuates seasonally with the level of accounts receivable. As at December 31, 2010, proceeds of $90.1 million had been received. The existing accounts receivable securitization program matures on June 29, 2011, but may be extended by agreement.

In April, 2010, Superior commenced the implementation of a new system to track and bill accounts receivable for certain operating divisions. As a result of technical difficulties arising from the implementation of the new system, a temporary delay occurred in the collection of certain accounts receivable. This temporary delay in turn has caused certain collection performance standards under the Receivables Agreement to not be met as at September 30, 2010, and thereafter, given the rolling average nature of the calculations involved. Superior has received waivers related to collection performance standards from the accounts receivable securitization purchasers and expects the issues to be resolved in due course. Superior's liquidity is not expected to be impacted by the collections issue and credit capacity is considered sufficient to meet net working capital and expected capital expenditure funding requirements.

DIVIDENDS/CASH DISTRIBUTIONS

Dividend/Distribution Policies

The board of directors of Superior has the discretion to determine if and when dividends are declared and the amount that is paid to Shareholders through any such dividends of Superior. As a CBCA corporation, the dividend policy must comply with the requirements of the CBCA, including the satisfaction of the liquidity test contained therein.

The members of the board of directors adopted a dividend policy to provide sustainable dividends to Shareholders to the extent that it is appropriate considering cash flow from operations, financial condition, financial leverage, working capital requirements and investment opportunities. Dividends are expected to continue to be paid monthly to Shareholders of record on the last business day of each calendar month with actual payment to be made to such Shareholders on or about the 15th day of the following month, subject to any contractual restrictions on such dividends including any agreements entered into with lenders of Superior or its affiliates. The board of directors of Superior can modify the dividend policy from time to time in its discretion.

On February 17, 2011, Superior announced that it has revised its monthly dividend to $0.10 per Common Share or $1.20 per Common Share on an annualized basis from the prior monthly level of $0.135 per Common Share or $1.62 per Common Share on an annualized basis, effective with Superior's March 2011 dividend. Superior continues to carefully monitor the results of its businesses to ensure that the existing dividend is consistent with the outlook for sustainable cash flow generated by Superior's businesses considering the financial strength of Superior's balance sheet and capital requirements.

The directors of the General Partner of Superior LP have the discretion, subject to the limits prescribed in the Partnership Agreement, to determine the amount and the frequency of Superior LP's distributions to Superior. The directors of the General Partner have implemented a distribution policy that enables Superior to maintain its dividend policy from time to time, subject to any contractual restrictions on such distributions including any agreements entered into with lenders of Superior LP or its affiliates. However, the board of directors of the General Partner can modify the current distribution policy from time to time in its discretion. Superior will designate all dividends to be "eligible dividends" for purposes of the Tax Act such that Superior Shareholders who are individuals will benefit from the enhanced gross-up and dividend tax credit mechanism under the Tax Act.

Cash Dividends

The following table sets forth the amount of dividends Superior has paid on the Common Shares for the two most recently completed financial years and cash distributions the Fund paid on the trust units for the previous financial year.

Record Date	Payment Date	Dividend/ Distribution Per Common Share/Trust Unit ($)	Annual Distribution
December 31, 2010	January 14, 2011	0.135	**2010: $1.62**
November 30, 2010	December 15, 2010	0.135	
October 31, 2010	November 15, 2010	0.135	
September 30, 2010	October 15, 2010	0.135	
August 31, 2010	September 15, 2010	0.135	
July 31, 2010	August 14, 2010	0.135	
June 30, 2010	July 15, 2010	0.135	
May 31, 2010	June 15, 2010	0.135	
April 30, 2010	May 15, 2010	0.135	
March 31, 2010	April 15, 2010	0.135	
February 28, 2010	March 13, 2010	0.135	
January 31, 2010	February 16, 2010	0.135	
December 31, 2009	January 15, 2010	0.135	**2009: $1.62**
November 30, 2009	December 15, 2009	0.135	
October 31, 2009	November 13, 2009	0.135	
September 30, 2009	October 15, 2009	0.135	
August 31, 2009	September 15, 2009	0.135	
July 31, 2009	August 15, 2009	0.135	
June 30, 2009	July 15, 2009	0.135	
May 31, 2009	June 13, 2009	0.135	
April 30, 2009	May 15, 2009	0.135	
March 31, 2009	April 15, 2009	0.135	
February 28, 2009	March 15, 2009	0.135	
January 31, 2009	February 15, 2009	0.135	
December 31, 2008	January 15, 2009(1)	0.135	**2008: $1.61**
November 30, 2008	December 15, 2008	0.135	
October 31, 2008	November 14, 2008	0.135	
September 30, 2008	October 15, 2008	0.135	
August 31, 2008	September 15, 2008	0.135	
July 31, 2008	August 15, 2008	0.135	
June 30, 2008	July 15, 2008	0.135	
May 31, 2008	June 13, 2008	0.135	
April 30, 2008	May 15, 2008	0.135	
March 31, 2008	April 15, 2008	0.135	
February 29, 2008	March 14, 2008	0.13	
January 31, 2008	February 15, 2008	0.13	

Note:

(1) As a result of the Conversion, the December 31, 2008 distribution, normally payable on January 15, 2009, was paid on December 31, 2008.

Dividend Reinvestment Program

In January 2007, the Fund implemented a DRIP that allowed participants to have their monthly cash distributions reinvested in additional Units of the Fund. The DRIP was terminated on December 19, 2008 in connection with the Conversion.

In May 2010, Superior restarted the DRIP, allowing participants to have their monthly cash dividends reinvested in additional Common Shares at an effective discount of 5% of the average market price of the Common Shares over the five day trading period ending on the business day immediately prior to the dividend payment date.

MARKET FOR SECURITIES

Superior's Common Shares and Debentures trade on the Toronto Stock Exchange (the "TSX") under the following symbols:

Trading Symbol	Security
SPB	Common Shares
SPB.db.b	5.75% Debentures
SPB.db.c	5.85% Debentures
SPB.db.d	7.5 % Debentures
SPB.db.e	5.75% Debentures (2010)
SPB.db.f	6.0 % Debentures

The following table summarizes the trading activity of Superior's securities on the TSX for the year ended December 31, 2010:

Common Shares : SPB	High	Low	Volume
January	14.99	13.44	7,740,253
February	14.10	13.34	5,959,227
March	14.38	13.65	6,839,738
April	14.50	13.72	5,319,677
May	13.94	11.00	8,199,859
June	13.65	12.52	3,056,773
July	13.82	12.60	2,839,329
August	13.49	11.12	8,250,445
September	12.22	11.71	4,602,390
October	12.34	11.81	4,472,631
November	12.12	10.37	9,374,433
December	11.29	10.54	6,017,863
2010	14.99	10.37	72,672,618

5.75% Debentures: SPB.db.b	High	Low	Volume
January	103.25	100.00	22,760
February	103.00	100.00	18,170
March	104.00	101.00	19,645
April	104.00	101.50	13,670
May	102.65	99.26	14,210
June	102.25	100.00	10,950
July	107.00	101.00	14,210
August	102.75	100.25	60,940
September	101.30	100.26	99,050
October	101.40	100.63	25,610
November	101.39	100.05	25,260
December	101.30	99.00	31,590
2010	107.00	99.00	356,065

5.85% Debentures: SPB.db.c	High	Low	Volume
January	99.50	98.50	62,115
February	102.50	99.50	50,900
March	102.50	100.50	14,955
April	101.50	100.30	6,980
May	101.99	98.55	7,910
June	101.75	100.00	10,880
July	103.00	100.75	8,040
August	103.25	100.03	12,750
September	102.50	100.91	7,590
October	102.75	101.00	7,420
November	102.68	100.00	7,510
December	100.40	95.50	5,780
2010	103.25	95.50	202,830

7.5% Debentures: SPB.db.d	High	Low	Volume
January	115.02	108.00	28,800
February	111.99	108.50	40,810
March	111.51	108.50	22,780
April	112.00	109.90	18,950
May	110.00	105.00	10,780
June	111.99	107.00	7,260
July	111.00	107.00	12,660
August	110.98	101.00	39,980
September	107.00	105.00	27,930
October	107.50	106.30	21,900
November	107.50	101.00	82,080
December	104.07	102.35	62,620
2010	115.02	101.00	376,550

5.75% Debentures (2010): SPB.db.e	High	Low	Volume
March	99.99	99.50	99,465
April	99.88	97.00	33,410
May	99.00	95.00	19,645
June	98.00	95.00	17,990
July	99.30	96.50	23,040
August	99.50	96.50	37,650
September	99.50	97.00	32,620
October	99.75	97.82	32,380
November	99.50	94.00	34,015
December	96.00	91.50	27,910
2010	99.99	91.50	358,125

6.0% Debentures: SPB.db.f	High	Low	Volume
December	99.25	96.25	7,790
2010	99.25	96.25	7,790

ESCROWED SECURITIES

In connection with the acquisition of SPI and as security for the indemnification obligations of the Equityholders (as defined in the Merger Agreement (as defined herein)), certain Common Shares of Superior issued as partial consideration for the acquisition of SPI are subject to an escrow agreement entered into as of September 24, 2009 (the "**Closing Date**") among Superior, Evercore Capital Partners, L.P. in its capacity as the Holder Representative under the Merger Agreement and the Bank of New York Mellon (the "**Escrow Agent**") as Escrow Agent (the "**Escrow Agreement**"). As at the date hereof, the following Common Shares of Superior are held by the Escrow Agent and are subject to the terms of the Escrow Agreement:

Designation of Class	Number of Securities held in Escrow	Percentage of Class
Common shares	237,124(1)	0.22%

Note:

(1) The Common Shares that are subject to the provisions of the Escrow Agreement are to be released to the Equityholders as follows: (i) on the business day following the eighteen month anniversary of the Closing Date, the Escrow Agent shall release from the Escrow Account an amount of funds and Common Shares of Superior so that after such release the amount of the Escrow Account is equal to an aggregate value of at least $2,000,000 plus any Losses (as defined in the Merger Agreement) claimed in good faith by Superior on such date (pursuant to and in accordance with the terms of the Merger Agreement and the Escrow Agreement) and (ii) on the business day following the third anniversary of the Closing Date, the Escrow Agent shall release all remaining funds and Common Shares of Superior that are not subject to Losses claimed in good faith by Superior on such date, in which case an amount of cash and Common Shares of Superior with an aggregate value equal to the Losses shall be held until the resolution of any and all such claims (all in accordance with the terms of the Merger Agreement and the Escrow Agreement).

DIRECTORS AND OFFICERS OF SUPERIOR

The names, municipalities of residence, and principal occupations for the five most recently completed financial years and committee membership of the directors of Superior as of the date of this AIF are set out below. Each current director was appointed to serve until the next annual meeting or until a successor is elected or appointed.

As at February 22, 2011, the directors and executive officers of the Corporation as a group owned, directly or indirectly 2,684,732 Common Shares of Superior, representing approximately 2.5% of Superior's outstanding Common Shares. The number of common shares of the Corporation that each director beneficially owns, directly or indirectly, or exercises control or direction over, as at February 22, 2011, is included in the following table. The information as to the ownership or control or direction of Common Shares, not being within the knowledge of the Corporation, has been furnished by the directors individually.

Name, Province and Country of Residence	Director Since	Number of Common Shares	Principal Occupation
Catherine M. (Kay) Best (1) Alberta, Canada	2007	7,000	Corporate Director and Consultant. Ms. Best was Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region from 2000 – 2008, and Executive Vice-President and Chief Financial Officer of Alberta Health Services until March 2009.
Grant D. Billing (5) (6) Alberta, Canada	1994	2,002,636	Chairman and Chief Executive Officer of Superior.
Robert J. Engbloom, Q.C. (2) Alberta, Canada	1996	17,352	Partner, Macleod Dixon LLP (law firm).
Randall J. Findlay (2)(4) Alberta, Canada	2007	20,000	Corporate Director. From 2001 until 2006, Mr. Findlay was President of Provident Energy Ltd. (a diversified energy business).
Norman R. Gish(3) (5) (7) (8) Alberta, Canada	2003	39,640	Corporate Director and independent businessman.
Peter A.W. Green (1) (2) (9) Ontario, Canada	1996	20,466	Chairman of The Frog Hollow Group Inc. (international business advisors).
James S.A. MacDonald (3) (6)(10) Ontario, Canada	2000 (10) (also, May 28/98 - Dec 11/98)	149,676	Non-executive Chairman of Cormark Securities Inc. and a Corporate Director. Prior thereto, Chairman and Managing Partner of Enterprise Capital Management Inc. ("**ECMI**") (investment management company).
Walentin (Val) Mirosh (3)(5) Alberta, Canada	2007	3,000	Corporate Director and President of Mircan Resources Ltd. (private investment and consulting company). Prior to December 2009, Vice President and Special Advisor to the President and Chief Operating Officer of NOVA Chemicals Corp.
David P. Smith (1) Ontario, Canada	1998	21,048	Corporate Director. Prior thereto, Managing Partner of ECMI.
Peter Valentine (1)(6) Alberta, Canada	2004	4,257	Corporate director and consultant.

Notes:

(1) Member of Audit Committee.

(2) Member of Governance and Nominating Committee.

(3) Member of Compensation Committee.

(4) Mr. Findlay was a director of Wellpoint Systems Inc. ("**Wellpoint**") from June 2008 to January 31, 2011. Wellpoint was placed into receivership by two of its lenders on January 31, 2011. Wellpoint is a TSX-V company, supplying software to the energy industry in Canada, the U.S. and internationally.

(5) Messrs. Billing, Gish and Mirosh also own $3,030,000, $100,000 and $45,000 principal amount of convertible Debentures of Superior, respectively.

(6) Messrs. Billing, MacDonald and Valentine also own $1,000,000, $250,000 and $150,000 principal amount of Senior Debentures, respectively.

(7) Mr. Gish served as a trustee of the Fund from September 2000 to October 2003 and as Chairman of ICG Propane Inc. ("**ICG**") from December 1998 to September 2000, at which time ICG was amalgamated with Superior.

(8) Mr. Gish was until August 20, 2009 a director of 4504020 Canada Inc. (formerly Railpower Technologies Corp. ("**Railpower**")), a reporting issuer in all provinces and territories of Canada that filed for court protection under the *Companies' Creditors Arrangement Act (Canada)* in Canada and under Chapter 15 of the *U.S. Bankruptcy Code* with the United

States Bankruptcy Court for the Western District of Pennsylvania on February 4, 2009 and February 6, 2009, respectively. On May 29, 2009, Railpower has concluded the sale of all of its assets, except cash on hand and on deposit in financial institutions, the land and property located in St-Jean-sur-Richelieu (Québec) and two road switching locomotives, to R.J. Corman Railroad Group, LLC, a Kentucky limited liability company. The largest creditor, Ontario Teacher's Pension Plan, subsequently filed a Petition in Bankruptcy against Railpower which was granted on March 8, 2010.

(9) 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 briefly became the Chairman and C.E.O. of Norigen Inc. which went into receivership in August, 2001.

(10) Mr. MacDonald was the Director of 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.

(11) The Corporation does not have an Executive Committee.

Executive Officers of Superior who are not Directors

Name and Municipality of Residence	Principal Occupation
Wayne M. Bingham Calgary, Canada	Executive Vice-President and Chief Financial Officer of Superior and its predecessor since November 1, 2006. Also Executive Vice-President and Chief Financial Officer of Finning International Inc., (a heavy equipment distribution business) from May 1, 2003 to January 31, 2006 and, Executive Vice-President and Chief Financial Officer of Ontario Power Generation from April, 1999 to April, 2003.
Eric McFadden Canmore, Canada	Executive Vice-President, Business Development of Superior and its predecessor since October 2008. Prior thereto, Mr. McFadden managed a windpower business from 2004 to 2007. From 1990 to 2004, he held various roles at Scotia Capital where his last position was Managing Director and Co-Head Investment Banking in Calgary.
Doug Elliott Calgary, Alberta	President of Superior Propane since January 1, 2011 and various positions with Superior and its predecessor since November, 2006. Prior thereto, Mr. Elliott held a number of leadership positions in sales and marketing, commercial supply and enterprise development with Labatt Breweries (a consumer packaged goods company) since 1995.
Greg McCamus Branchton, Ontario	President of SEM since September 2005 and President of U.S. Refined Fuels business since November 2009. Prior thereto (from 2001 to 2005), he was President of Sprint Canada Business Solutions (a telecommunications company) and prior thereto held various executive positions within the deregulated telecom industry.
Paul Timmons Mississauga, Ontario	President of Specialty Chemicals (ERCO Worldwide) and predecessor entities.
Dave Tims Calgary, Alberta	Senior Vice-President, Commodity Portfolio Management since November 4, 2009. Prior thereto, from May 2009 to October 2009, Mr. Tims was Vice-President of Moneta Energy Services Ltd., (a natural gas storage development and trading company). From September 2007 to May 2009, he was President and CEO of Era Gas Storage Inc. (an Alberta natural gas storage development company) prior to its sale to Moneta. From April 2005 to September 2007, Mr. Tims was President of Energylogix, Inc. (a company that developed structured energy investment and risk management products). From 1997 to 2004, Mr. Tims held various roles at BMO Nesbitt Burns where his last position was Managing Director, Capital Markets.
Paul Vanderberg Calgary, Alberta	President of Construction Products Distribution and predecessor entities.

AUDIT COMMITTEE

Independence of Boards and Committee Members

Director independence is determined by the Board based on the definition of independence in National Instrument 52-110 - "Audit Committees" (the "**Audit Committee Rule**"), which is incorporated by reference in National Instrument 58-101 – "Disclosure of Corporate Governance Practices" and National Policy 58-201 - "Corporate Governance Guidelines".

Composition and Qualifications

The Audit Committee of the board of directors of Superior consists of four directors, Mr. Smith (Chair), Ms. Best, and Messrs. Green and Valentine all of whom are "financially literate", and "independent" within the meaning of the Audit Committee Rule. In considering criteria for the determination of financial literacy, the board of directors looks at the ability to read and understand a balance sheet, an income statement and a statement of cash flow of a public entity. Mr. Smith is a chartered financial analyst with almost 30 years experience in the investment banking, investment research and management industry. His experience includes investment research, mergers and acquisitions, project finance, privatization and corporate finance. Mr. Smith is a corporate director and was a managing director and founding partner of Enterprise Capital Management Inc. Ms. Best is a chartered accountant with over 30 years experience. Ms. Best is a corporate director and consultant. Previously, she served as Executive Vice-President, Risk Management and Chief Financial Officer for the Calgary and Alberta Health Region where she is responsible for all finance functions, including financial operations, budgeting, forecasting and planning, business support for operating and corporate portfolios, performance reporting, business planning and treasury management. Ms. Best was a chartered accountant at Ernst & Young for nineteen years, the last ten years as Corporate Audit Partner. Mr. Green is a chartered accountant and international business advisor with over 30 years of experience in senior executive roles, including 25 years as Chief Executive Officer or Chief Operating Officer of international companies. Mr. Valentine is a consultant and corporate director. Mr. Valentine is a chartered accountant, served as Auditor General of Alberta from 1995 to 2002 and held various senior accounting, audit and advisory positions with KPMG over a 38-year period. He served as a member of the Accounting Standards Committee and the Public Sector Accounting Standards Board of the Canadian Institute of Chartered Accountants. Mr. Valentine also served as senior advisor to the CEO, Calgary Health Region and senior advisor to the Dean of Medicine, University of Calgary until 2007.

Responsibilities and Terms of Reference

The Audit Committee reviews with management and the external auditors, and recommends to the board of directors for approval, the annual and interim financial statements of Superior, the reports of the external auditors thereon and related financial reporting, including management's discussion and analysis and financial press releases. The Audit Committee reviews and oversees, in conjunction with the external auditors and management, audit plans and procedures and meets with the auditors independent of management at each quarterly meeting. The Audit Committee is responsible for reviewing auditor independence, approving all non-audit services, reviewing and making recommendations to the board of directors on internal control procedures and management information systems. In addition, the committee is responsible for assessing and reporting to the board of directors on financial risk management positions and monitoring the processes and compliance with respect to National Instrument 52-109 "Certification of Disclosure in Issuer's Annual and Interim Filings" requirements. The complete text of the mandate of the Audit Committee is available on SEDAR at *www. sedar.com* and on Superior's website at *www.superiorplus.com* and is incorporated by reference in this AIF.

Audit Fees

Fees payable to Deloitte & Touche, Superior's auditors, for the years ended December 31, 2009 and December 31, 2010 are detailed in the following table:

	Year Ended December 31, 2009 ($)	Year Ended December 31, 2010 ($)
Audit fees	787,868	1,128,509
Audit-related fees	371,140	530,585
All other fees	327,379	698,562
	1,486,387	2,357,656

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

All permissible categories of non-audit services require approval from the Audit Committee. "All other fees" reported in the above table in respect of 2009 consists of fees paid to Deloitte & Touche LLP in connection with benchmark studies with respect to best risk practices, due diligence with respect to prospectus and tax matters, and IFRS training sessions. "All other fees" reported in the above table in respect of 2010 consists of fees paid to Deloitte & Touche LLP in connection with IFRS reviews and due diligence with respect to prospectus and tax matters.

RISK FACTORS

General

Cash Dividends to Shareholders are Dependent on the Performance of Superior LP

Superior is entirely dependent upon the operations and assets of Superior LP. Superior's ability to make dividend payments to Shareholders is dependent upon the ability of Superior LP to make distributions on its outstanding limited partnership units as well as the operations and business of Superior LP.

There is no assurance regarding the amounts of cash to be distributed by Superior LP or generated by Superior LP, and therefore, funds available for dividends to Shareholders. The actual amount distributed in respect of the limited partnership units will depend on a variety of factors, including without limitation, the performance of Superior LP's operating businesses, the effect of acquisitions or dispositions on Superior LP, and other factors that may be beyond the control of Superior LP or the Corporation. In the event significant sustaining capital expenditures are required by Superior LP or the profitability of Superior LP declines, there would be a decrease in the amount of cash available for dividends to Shareholders and such decrease could be material.

Superior's dividend policy and the distribution policy of Superior LP is subject to change at the discretion of the board of directors of Superior or the board of directors of the General Partner, as applicable. Superior's dividend policy and the distribution policy of Superior LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law. See "Dividends/Cash Distributions" and "Long Term Debt".

Access to Capital

The credit facilities and U.S. Notes of Superior LP contain covenants that require Superior LP to meet certain financial tests and that restrict, among other things, the ability of Superior LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior LP from returning capital or making distributions on the limited partnership units. See "Long Term Debt" for a description of the requirements contained in Superior's debt covenants.

The payout by Superior LP of substantially all of its available cash flow means that capital expenditures to fund growth opportunities can only be made in the event that other sources of financing are available. Lack of access to such additional financing could limit the future growth of the business of Superior LP and, over time, have a material adverse effect on the amount of cash available for dividends to Shareholders.

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

Interest Rates

Superior maintains a substantial floating interest rate exposure through a combination of floating interest rate borrowings and the use of derivative instruments. Demand levels for a significant portion of Energy Services' sales and substantially all of Specialty Chemicals and Construction Products Distribution's sales are affected by general economic trends. Generally speaking, when the economy is strong, interest rates increase as does sales demand from Superior's customers, thereby increasing Superior's ability to pay higher interest costs and vice versa. In this way, there is a common relationship between economic activity levels, interest rates and Superior's ability to pay higher or lower rates. However, increased interest rates can affect Superior's borrowing costs, which may have an adverse effect on Superior.

Changes in Legislation and Expected Tax Profile

There can be no assurances that income tax laws in the numerous jurisdictions in which Superior operates will not be changed, interpreted or administered in a manner which adversely affects Superior and its Shareholders. In addition, there can be no assurance that the Canada Revenue Agency (or a provincial tax agency), U.S. Internal Revenue Service (or a state or local tax agency), or the Chilean Internal Revenue Service (collectively the "**Tax Agencies**") will agree with how Superior calculates its income for tax purposes or that the various Tax Agencies will not change their administrative practices to the detriment of Superior or its Shareholders.

Without limiting the generality of the foregoing, since the beginning of 2010, the Canada Revenue Agency has requested and reviewed information from Superior relating to the Arrangement and the Conversion transaction. While Superior is confident in the appropriateness of its tax filing position and the expected tax consequences of the Arrangement and the Conversion transaction, there remains a possibility that, if the Canada Revenue Agency elects to challenge Superior's tax filing and such challenge is successful, it could potentially affect the availability or quantum of the tax basis or other tax accounts of Superior. Although it is difficult to quantify the potential impact of any such outcome, it could be materially adverse to Superior.

Forward-Looking Information May Prove Inaccurate

Numerous statements containing forward-looking information are found in this AIF, documents incorporated by reference in this AIF and other documents forming part of Superior's public disclosure record. Such statements and information are subject to risks and uncertainties and involve certain assumptions, some, but not all, of which are discussed elsewhere in this document. The occurrence or non-occurrence, as the case may be, of any of the events described in such risks could cause actual results to differ materially from those expressed in the forward-looking information.

Foreign Exchange Risk
A portion of Superior's net cash flows are denominated in U.S. dollars. Accordingly, fluctuations in the Canadian/United States dollar exchange rate can impact profitability. Superior attempts to mitigate the short-term impact of this risk by hedging.

Capital Investment
The timing and amount of capital expenditures incurred by Superior LP or by its subsidiaries will directly affect the amount of cash available to Superior for dividends to Shareholders. Dividends may be reduced, or even eliminated, at times when significant capital expenditures are incurred or other unusual expenditures are made.

Operating Risks and Insurance Coverage
Superior LP's operations are subject to the risks associated with the operations of each of its businesses some of which are outlined below. Superior LP is and will continue to be involved in various legal proceedings and litigation that arises in the normal course of its business. Superior LP 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 LP from all material expenses related to potential future claims related to the operations of its businesses or that such levels of insurance will be available in the future at economical prices. Also there can be no assurance that Superior's insurance providers will have the ability to satisfy all future claims in accordance with our policies.

Superior LP May Not Be Successful in Making Acquisitions
Superior LP and its predecessors have historically expanded their business through organic growth and acquisitions. Superior LP intends to consider and evaluate opportunities for growth acquisitions. There can be no assurance that Superior LP will find attractive acquisition candidates in the future, or that Superior LP will be able to acquire such candidates on economically acceptable terms.

Collections from Customers
Superior's operating segments are dependent in part on the viability of its customers for collections of trade accounts receivable and notes receivable. Superior cannot assure that its customers will not experience financial difficulties in the future or that it will be able to collect all of its trade accounts receivable or notes receivable.

Third Party Credit and Commitment Risk and Reliance on Key Customers
Superior contracts with numerous third parties, some of which represent a significant source of revenue and other which are important suppliers to Superior. In particular, BP Canada Resources Company, Shell Canada Limited, Imperial Oil Limited, Spectra Energy Limited, Keyera Energy Partnership, Provident Energy Trust, Ultramar Ltd., Bruce Power L.P., by its general partner, Bruce Power Inc., Marcquarie Cook Energy Canada Ltd., Sunoco Energy Products Inc., TransCanada Energy Ltd., PotashCorp., CMPC Celulosa S.A., Armstrong World Industries, and CGC Inc., a USG company. As a result, if such third parties fail to fulfill their commitments or meet their contractual obligations to Superior, despite the fact that Superior takes steps to mitigate these risks, such failures could have a material adverse effect on the business, financial condition or operations of Superior.

Recent Acquisitions
Pursuant to the terms of the agreements providing for the purchase of SPI, SRH, GES and GHI, Superior was provided with certain representations, warranties and indemnities from the respective vendors subject to certain applicable limitations and thresholds and conducted due diligence prior to

completion of such acquisitions. However, if such representations and warranties are inaccurate or limited in applicability or if any liabilities that are discovered exceed such limits or are not covered by the representations, warranties or indemnities, or the applicable vendors default in their obligations or if certain liabilities are not identified in such agreements, Superior could become liable for any such liabilities which may have an adverse effect on Superior. In addition, there may be liabilities or risks that were not discovered in such due diligence investigations which could have an adverse effect on Superior.

Ballard Operational Risks

The Fund has, through the contractual provisions in the agreements implementing the Conversion, including the Indemnity Agreement, and through securing certain insurance coverage, attempted to ensure that the liabilities and obligations relating to the business of Ballard are transferred to and assumed by New Ballard, that Superior is released from any such obligations and, even where such transfer or release is not effective or is not obtained, Superior is indemnified by New Ballard for all such obligations. However, in the event New Ballard fails or is unable to meet such contractual obligations to Superior, Superior could be exposed to liabilities and risks associated with the operations of Ballard which include, without limitation, risks relating to claims with respect to intellectual property matters, product liability or environmental damages.

Limited Liability

Superior holds a 99.9% limited partnership interest in Superior LP. As a limited partner of a limited partnership existing under the laws of the Province of Ontario, Superior's liability for indebtedness, claims and other liabilities of Superior LP is limited to its investment in such partnership. However, there are certain circumstances in which Superior could lose its limited liability in connection with its investment in Superior LP. For example, if Superior were to directly assume active management of Superior LP, its limited liability would be jeopardized.

Additional Shares

If the board of directors of the Corporation decides to issue additional Common Shares, preferred shares or securities convertible into Common Shares, existing Shareholders may suffer significant dilution.

Litigation and Fines

Superior is currently involved in certain legal proceedings and although management of Superior does not believe that an adverse decision in any such proceedings would have a material adverse effect on the financial condition of Superior, the outcome of litigation cannot be predicted with certainty. A significant judgment against Superior, or the imposition of a significant fine or penalty, as a result of a finding that Superior has failed to comply with laws or regulations could have an adverse effect on Superior.

Dependence on Personnel

Superior's success has been largely dependent on the skills and expertise of its employees. The failure to attract and retain a sufficient number of qualified professionals and support staff could also have an adverse effect on Superior's profitability. Such shortages may result in the inability of Superior to accept new customers or to meet existing customer obligations. It would also be expected to result in an escalation of compensation levels its employees which Superior may not be successful in offsetting. The continued success of Superior will be dependent upon its ability to retain the services of such personnel, as well as experienced management, and recruit and retain other key employees for its business.

Energy Services

Superior Propane, U.S. Refined Fuels and SGL

Competition

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, 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 10% to 15% 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.

Although Superior Propane is the largest provider of propane in Canada, it faces intense competition in each region of the country where it carries on business from a variety of competitors. In addition to competition from other energy sources, Superior Propane competes with approximately 200 other retail marketers. Propane retailing is a local, relationship-based business, in which propane competes for market share based on price and level of service. The industry is mature, with limited growth potential and barriers to entry are relatively low. Superior Propane's ability to remain an industry leader depends on its ability to provide reliable service at competitive selling prices. There can be no assurance that Superior Propane will be able to compete successfully against its current or future competitors or that competition will not have a material adverse effect on Superior's results of operations and financial condition, and on the amount of cash available for dividends to Shareholders.

Competition in USRF's business markets generally occurs on a local basis between large full service, multi-state marketers and smaller local independent marketers. Although the industry has seen a continued trend of consolidation over the past several years, the top ten multi-state marketers still contribute only one-third of total retail sales in the United States. Marketers primarily compete based upon price and service and tend to operate in close proximity to customers, typically within a 35-mile marketing radius from a central depot, to lower delivery costs and provide prompt service.

Among USRF's largest competitors, pricing tends to be competitive and generally based upon a reasonable markup of overall cost of fuel, delivery, and service. USRF is well positioned to compete with these corporations given its volume, terminal and bulk storage facilities, and attractive customer density footprint. USRF is also well positioned to compete with its other smaller regional and local suppliers, who generally have fewer than 3,000 residential customers and do not have sufficient volume or infrastructure to achieve the cost efficiencies that USRF is able to achieve.

Competition also arises from suppliers of alternative sources of energy, such as natural gas. The rate of conversion from the use of home heating oil is primarily affected by the viability of natural gas, fuel prices, and the cost of replacing the home's existing oil-fired heating system.

Volume Variability, Weather Conditions and Economic Demand

Historically, overall propane demand from non-automotive end-use applications has been stable. However, weather and general economic conditions affect propane market volumes. Weather influences the demand for propane primarily for space heating uses and also for agricultural applications, such as crop drying. Approximately 85% of Superior Propane's annual cash flow is typically generated in the October to March winter heating season. Superior Propane accumulates propane inventory during the summer months for delivery to its fixed-price customers during the winter heating season.

Harsh weather can create conditions that impede the transportation and delivery of propane and increase Superior Propane's operating costs and may reduce customers' demand for propane, any of which may have an adverse effect on Superior.

Due to the nature of SGL's supply arrangements, storage contracts and available hedging strategies, in periods of declining prices and low demand, SGL may be faced with a mismatch in the timing of inventory sales and prevailing market prices.

For USRF's demand from end-use heating applications is predictable. However, weather and general economic conditions affect distillates market volumes. Weather influences the demand for distillates primarily for heating; equally volumetric demand declines due to economic conditions as customers trend towards conservation and supplement heating with alternative sources such as wood pellets.

Demand, Supply and Pricing

Propane represents less than 2% of the overall Canadian energy market and is used in a wide range of applications, including residential, commercial, industrial, agricultural and automotive uses. Demand for traditional propane end-use applications is increasing marginally with general economic growth. However, increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand. Automotive propane demand is presently declining at a rate of approximately 10% to 15% 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. Reversal of this market trend will require increased support of governments and original equipment vehicle manufacturers. Based on the most recently available industry data, it is estimated that on an annual basis, approximately 10 billion litres of propane are produced in Canada of which approximately five billion litres are consumed domestically. The remainder is exported to the United States. Superior Propane's supply is currently purchased from approximately 20 propane producers and suppliers in Canada. If Superior Propane was not able to obtain the required supply from such producers, it could have an adverse effect on its business. The retail propane business is a "margin-based" business where the level of profitability is largely dependent on the difference between retail sales prices and wholesale product costs. Changes in propane supply costs are normally passed through to customers, but timing lags may result in positive or negative gross margin fluctuations.

Approximately seven million households or roughly 32% use distillate fuel oil as their main space heating fuel located in the north-eastern United States. Also known as number 2 high-sulfur fuel oil, heating oil is a low viscosity, flammable, liquid petroleum product produced at crude oil refineries as a part of the distillate fuel oil product family. Residential space heating is the primary use for heating oil, making the demand highly seasonal. Based on the latest available data, residential customers in the north-eastern United States consumed over 3.9 billion gallons of heating oil.

The north-eastern United States has traditionally relied on heating oil as a household fuel source, but demand has gradually declined over the past 20 years as propane and natural gas fuels have become more readily available. While heating oil no longer maintains an appreciable share of new home construction, turnover on existing homes is slow due to the cost requirements to switch. Therefore, heating oil demand remains steady in the north-eastern United States. USRF is a "margin-based" business where the level of profitability is largely dependent on the difference between retail sales prices and wholesale product costs. Changes in supply costs are normally passed through to customers, but timing lags may result in positive or negative gross margin fluctuations.

SGL sources its fixed-price term propane sales commitments by entering into various physical propane purchase and sale contracts for similar terms and volumes to create an effective fixed-price cost of supply. SGL transacts with approximately 20 propane counterparties. There can be no assurance that any of these counterparties will not default on any of its obligations to SGL requiring SGL to find another source to meet its supply commitment and, any such default, could have a material adverse effect on Superior. However, the financial condition of each counterparty is evaluated and credit limits are established in an effort to minimize SGL's exposure to this risk.

System Upgrade

During the second quarter of 2010, Superior's Canadian propane distribution business upgraded its JD Edwards enterprise system to the most recent version in order to enhance efficiencies and core business functions. As a result of the upgrade, Superior experienced complications with processing certain sales transactions and producing accurate invoices which delayed customer collections and increased net working capital. As at December 31, 2010, net working capital was approximately $100 million higher than the prior year due to the system upgrade complications. Throughout the third and fourth quarter of 2010, Superior has continued to resolve implementation implications and has substantially increased customer collection efforts in order to reduce working capital. As at December 31, 2010, Superior has resolved the majority of the system implementation complications and expects net working capital to return to historical levels in the second half of 2011.

Health, Safety and Environment

Slight quantities of propane may be released during transfer operations. The storage and transfer of propane has limited impact on soil or water given that a release of propane will disperse into the atmosphere. To mitigate risks, Superior Propane has established a comprehensive program directed at environmental, health and safety protection. This program consists of an environmental policy, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

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.

In response to the August 2008 Sunrise Propane accident, the Ontario government's independent regulator of fuels, the Technical Standards and Safety Authority ("TSSA"), has implemented increased regulations for fuel storage locations to comply with the new regulations to allow the business to renew its Ontario Transfer Facility license. The new regulations require businesses to conduct a health and safety risk assessment and depending on the results of the assessment, the business must remediate the risks to an acceptable level. If the risks cannot be mitigated to an acceptable level then the business must close and relocate the storage location. Superior Propane is currently conducting the risk assessments and assessing the results as it's earliest license renewals are due at the end of May 2011. It is unknown at this time what the actual costs to comply with these enhanced regulations will be but it is currently expected to be approximately $1.0 - $2.0 million.

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

USRF safety practices and regulatory compliance are an important part of its business. This is being managed through a centralized safety and environment management system. The storage and delivery of refined fuels posses the potential for spills which impact the soils and water of storage facilities and customer properties. All tank storage areas and loading/unloading points have secondary containment to prevent spills from reaching soil or ground water. Customer locations are inspected by drivers and technicians during visits to identify potential release hazards and necessary corrections are performed before product is delivered. Releases that impact soil or groundwater are reported to the appropriate government agencies and clean up operations are conducted by internal and third party technicians. USRF's commodities create Greenhouse gases. The regulatory landscape related to Greenhouse gases could change based on ongoing discussions in various political and environmental forums.

Employee and Labour Relations

As of December 31, 2010, Superior Propane had 1,330 full-time, 25 part-time and 194 temporary, casual, and seasonal employees. Approximately 311 or 19% of its employees are unionized through three provincial or regional certifications in British Columbia, Yukon and Quebec with expiry dates ranging from December 31, 2010 to April 30, 2011. Collective bargaining is currently ongoing with the agreements that expired on December 31, 2010 and it is expected negotiations will commence in the March timeframe for the agreement ending April 30, 2011. While labour disruptions are not expected, there is always risk associated with the re-negotiation process that could have an adverse impact to Superior.

As of December 31, 2010, the USRF had 1,133 fulltime, 61 part-time and two temporary employees. Approximately 44 of its employees are unionized. Two of the union agreements expired in 2010 and are being negotiated, while the third expires in May 2013. Collective bargaining agreements are renegotiated in the normal course of business. If Superior is unable to renegotiate such collective bargaining agreements, it could result in an adverse affect on Superior.

Fixed-Price Offerings

Superior Propane offers its customers various fixed-price propane programs. In order to mitigate the price risk from offering these services, Superior Propane uses its physical inventory position, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high propane price volatility the fixed price programs create exposure to over or under supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if propane prices decline significantly subsequent to customers signing up for a fixed price program there is a risk that customers will default on their commitments. See Note 19(ii) to the Financial Statements for fixed-price propane purchase and sale commitment amounts. To the extent that Superior Propane has an exposure related to US dollars, the exposure is mitigated through foreign currency hedge contracts. See "Foreign Currency Hedging" and Note 13 to the Financial Statements.

USRF offers its customers some limited fixed-price and capped-price programs. In order to mitigate the price risk from offering these services, USRF uses call options, physical positions, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high commodity prices volatility in the fixed price programs create exposure to over or under supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if commodity prices decline significantly subsequent to customers signing up for a fixed price program there is a risk that customers will default on their commitments. See Note 19(ii) to the Financial Statements for refined fuel purchase and sale commitment amounts. Fixed Price Offerings make up under 5% of the USRF's flowing volumes.

SGL primarily purchases and sells propane, as well as butane and other refined fuel products to meet its estimated commitments to its wholesale customers based upon, among other things, the historical consumption of propane of its customers. Depending on a number of factors, including weather, pricing, customer attrition and economic conditions, customer consumption may vary from the volume purchased. This variance may require SGL to purchase or sell its products at market prices which may have a material adverse effect on the financial results of Superior. To mitigate potential balancing risk, SGL closely monitors its balancing position and leases storage facilities to secure supply for its customers, in an effort to minimize imbalances.

Regulatory Environment and Legislative Change

USRF is subject to extensive federal, state and local laws and regulations, including those relating to the protection of the environment, waste management, discharge of hazardous materials and the characteristics and composition of refined products. Certain of these laws and regulations may also require assessment or remediation efforts at USRF's facilities and at third party sites. Environmental laws applicable to USRF are subject to frequent change and often become more stringent over time. Compliance with current and future environmental laws and regulations may require significant expenditures, increasing the overall cost of operating the business. Failure to comply with these laws and regulations could also result in substantial fines or penalties against Superior or orders that could limit its operations and have an adverse effect on Superior.

USRF is based and operates in the United States and Canada and, as a result, such operations could be affected by changes to laws, rules or policies which may either be more favourable to competing energy sources or increased costs or otherwise negatively affect the operations of USRF in comparison to such competing energy sources. Any such changes could have an adverse effect on Superior.

Superior Energy Management

Competition

The energy retailing business is competitive and many of SEM's competitors have greater financial and other resources than SEM. It is possible that new entrants may enter the market and compete directly for the customer base that SEM targets, slowing or reducing its market share. Such competition may have an adverse effect on the results of this business.

Fixed-Price Offering

Gas Fixed-Price Offerings. SEM 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, customer attrition and poor economic conditions affecting commercial customers' production levels, customer natural gas consumption may vary from the volume purchased. This variance must be reconciled and settled at least annually and may require SEM to purchase or sell natural gas at market prices which may have an adverse impact on the results of this business. To mitigate potential balancing risk, SEM closely monitors its balancing position and takes measures such as adjusting gas deliveries and transferring gas between pools of customers, so that imbalances are minimized. In addition, SEM maintains a reserve for potential balancing costs. The reserve is reviewed on a monthly basis to ensure that it is sufficient to absorb any losses that might arise from balancing.

Power Fixed-Price Offerings. SEM matches its customers estimated electricity requirements by entering into electricity swaps in advance of acquiring customers. Depending on several factors, including weather, customer's energy consumption may vary from the volumes purchased by SEM. SEM is able to invoice existing commercial electricity customers for balancing charges when the amount of energy used is greater than or less than the tolerance levels set initially. In certain circumstances, there can be balancing issues for which SEM is responsible when customer aggregation forecasts are not realized.

Supply and Third Party Credit
SEM resources its fixed-price term natural gas sales commitments by entering into various physical natural gas and U.S. dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. SEM transacts with ten 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 SEM. However, the financial condition of each counterparty is evaluated and credit limits are established to minimize SEM'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 SEM's risk management policy.

Starting with 2008, the supply for new natural gas business in Canada billed through the utility was transacted with Macquarie, accordingly, failure by Macquarie to meet its obligations may have a material adverse effect on the results of SEM; however, SEM monitors this credit risk on a regular basis.

For the electricity business, SEM has entered into a long-term electricity supply agreement with Bruce Power, Ontario's largest independent electricity generator. Under the terms of the agreement, Bruce Power has agreed to supply electricity to SEM in order to fix prices for residential and small commercial customers for terms up to five years. While SEM has the ability to select alternative suppliers under certain circumstances, failure by Bruce Power to meet its obligations would have a material adverse effect on the results of SEM, however SEM monitors this credit risk on a regular basis.

Dependence on Sales Agents
SEM must retain qualified sales agents in order to properly execute its business strategy. The continued growth of SEM is reliant on the services of agents to sign up new customers. There can be no assurance that competitive conditions will allow these agents to achieve these customer additions. Lack of success in the marketing programs of SEM would limit future growth of cash flow.

Regulatory
SEM operates in the highly regulated energy industry in the provinces of Ontario and Quebec. Changes to existing legislation could impact this business's operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of SEM, 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 business.

In conjunction with this order, SEM is enabled to bill an additional transportation "line item" to some of its customers. In an effort to offset these additional costs SEM is passing through to customers some of these transportation costs directly to customers. SEM needs to balance these additional costs with customers concerns/queries regarding rate changes and have developed a communication plan in SEMs call centre.

The Ontario Energy Board issued an update to the revised Codes of Conduct supporting the Energy Consumer Protection Act. Although the industry had anticipated automatic renewal of natural gas accounts on a month-to-month basis, the OEB has confirmed that the automatic renewal of natural gas contracts will be allowed for a period of one year capped at the customer's existing rate. Only one automatic renewal will be allowed emphasizing the need to positively convert automatic renewals to other products before the customer is returned to the utility at the end of the renewal term. Renewal notifications will require a standard disclosure form and a price comparison between SEM's renewal price and the utility default rate.

Specialty Chemicals

Competition

ERCO Worldwide, one of four global sodium chlorate companies, competes with Eka, Kemira and Canexus on a worldwide basis. The business 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. Of the global producers, Kemira and Canexus do not provide chlorine dioxide generators or related technology. The business also competes with chloralkali producers, such as Dow Chemicals, Occidental Chemicals, Olin Corporation, Ashta Chemicals and PPG Industries as well as Canexus in North Vancouver.

In addition, the end-use markets for ERCO Worldwide's products are correlated to the general economic environment and the competitiveness of its customers which is outside of its control. North American bleached pulp producers are experiencing global competitive pressure as a result of increased fibre and energy costs and the impact of exchange rates which may result in reduced demand for sodium chlorate in North America. In addition, North American demand for chlorine and chlorine related products may be impacted by the general economic environment, which can directly impact the pricing for chloralkali products. During recessionary times pricing for alkali products (NaOH) is elevated as the slowdown usually decreases demand for Cl2 causing a tight alkali market.

Intellectual Property

ERCO Worldwide's chlorine dioxide generators and the related technology are protected by approximately 167 patents and patent applications (152 patents have been granted and 15 applications are pending). Over time, patents expire and, as ERCO Worldwide employs new technology, new patent applications are made and in certain cases new patents are obtained protecting such technology. However, in the case of expired patents or applications that are not granted, ERCO Worldwide would no longer have the exclusive right to use the subject of the patent, and as a result, such technology may be available to be utilized by a competitor which could have an adverse effect on Superior.

Supply Arrangements

ERCO Worldwide uses four primary raw materials to produce its chemical products: electricity, salt, potash and water. Electricity comprises 70% to 85% of variable production costs for sodium chlorate. 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. These contracts generally provide ERCO Worldwide with some portion of firm power supply and a portion that may be interrupted by the producer based on the terms of the various agreements. The business can reduce its power consumption quickly and 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. In jurisdictions where electrical costs are deregulated, fixed-price term supply contracts are entered into in order to manage production costs. Approximately 10% of ERCO Worldwide's annual power requirements are located in deregulated electricity jurisdictions, of which 100% has been sourced through fixed-price electrical contracts, for remaining terms up to nine years. Electricity for ERCO Worldwide's Chilean facility is supplied from CMPC and is supplied as part of ERCO's long-term sodium chlorate supply agreement with CMPC. See Note 19(iii) to the Financial Statements for a summary of ERCO's fixed-price electricity commitments.

ERCO Worldwide purchases salt from third-party suppliers at each of its plants with the exception of the Hargrave and Saskatoon facilities, which are self-supplied through long-term salt reserves that are solution-mined on site. Salt purchase contracts are typically fixed-price contracts with terms of one year or greater, often with automatic renewals. Salt costs typically comprise about 10% of variable production costs of sodium chlorate.

KCL is a major raw material used in the production of KOH at ERCO Worldwide's Port Edwards Wisconsin facility. Substantially all of ERCO Worldwide's KCL is received from PCS. PCS operates two KCL mines that are able to provide the product specifications required by ERCO. ERCO Worldwide currently has a limited ability to source KCL from additional suppliers. In the event of a KCL supply interruption, ERCO's Port Edwards facility is able to switch production to the sodium molecule from the potassium molecule. The ability to switch between sodium and potassium significantly reduces the risks associated with a single point of supply for KCL.

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 business 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.

Foreign Currency Exchange

ERCO Worldwide's exposure to fluctuations in the United States dollar and Canadian dollar foreign currency exchange rates is expected to be approximately $140 million to $150 million in 2011, and consists of US denominated net revenue from Canadian operations and the net cash flow generated from operations in the United States and Chile. ERCO Worldwide manages its exposure to fluctuations between the United States and Canadian dollar by entering into hedge contracts with external third parties and internally with other Superior businesses. Approximately 68% and 54% of ERCO Worldwide's estimated United States dollar exposure for 2011 and 2012 have been hedged.

Health, Safety and Environment

ERCO Worldwide's operations involve the handling, production, transportation, treatment and disposal of materials that are regulated by environmental, safety, and transportation laws and regulations. ERCO Worldwide is a founding member of Responsible Care®, an initiative of the Chemistry Industry Association of Canada, the American Chemistry Council, and ASIQUIM (in Chile). Responsible Care® is the chemistry industry's commitment to sustainability - the betterment of society, the environment and the economy. ERCO has been verified against the Responsible Care® ethic and codes of practice for a fifth time, which represents over 16 years of externally verified compliance to the codes. ERCO Worldwide continually strives to achieve an environmental and safety record that is "best-in-class" in the chemistry industry. ERCO has received many awards for its safety and environmental performance. In addition, the conversion to membrane technology at the Port Edwards chloralkali facility has eliminated future legacy and liability risks associated with mercury use and emissions at the facility.

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.

Employee and Labour Relations

As at December 31, 2010, ERCO Worldwide had 516 full-time employees of which 129 were unionized. The three plants in Vancouver, Saskatoon and Buckingham are subject to collective bargaining agreements. Vancouver's agreement was renegotiated in 2009 and expires on November 30, 2012. The Saskatoon and one of the two Buckingham agreements was renegotiated in 2010. The second Buckingham agreement expires in 2011. Collective bargaining agreements are renegotiated in the normal course of business. If Superior is unable to renegotiate such collective bargaining agreements, it could result in an adverse affect on Superior.

Construction Products Distribution

Activity in the CPD business is subject to changes in the level of general economic activity and in particular to the level of activity in residential and non-residential construction subsectors. New construction in residential markets is subject to such factors as household income, employment levels, customer confidence, population changes and the supply of residential units in any local area. Residential renovation is not as sensitive to these factors and can provide some balance in the demand for residential construction product distribution.

Non-residential activity can be subdivided into commercial, industrial and institutional. New construction activity in these sectors is subject to many of the same general economic factors as for residential activity. In the industrial and institutional subsectors, government and regulatory programs can also have a significant impact on the outlook for product distribution, particularly as related to our insulation businesses. As a result, changes to the level of general economic activity or any of the above mentioned factors that affect the amount of construction or renovations in residential and non-residential markets can have an adverse affect on the CPD business and Superior.

Competition

The North American GSD business is estimated to generate annual sales revenues of more than $15 billion. Specialty distributors, such as CPD, service the builder/contractor market, traditionally representing 50% to 60% of total industry revenues. The remainder of industry revenues is earned through big-box home centres and independent lumber yards, which service the "do-it-yourself" market, as well as direct sales to modular home manufacturers.

The GSD sector is fragmented with the top 6 competitors representing an estimated one-third of overall North American industry revenues. The specialty 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, but the multi-location distribution network, strong market position, purchasing scale, product line breadth and product and customer knowledge, all provide the business with a competitive advantage over smaller competitors.

The C&I market is estimated at US$1.6 to US$1.7 billion in 2010. It is estimated that slightly more than 80% of manufacturers' sales to end-users are through distributors, with the balance sold directly to contractors.

Demand, Supply and Pricing

The CPD business is a "margin-based" business where the level of profitability is dependent on the difference earned between selling prices and wholesale product cost, as well as management of operating expenses and managing working capital turnover. Changes in product costs are normally passed through to customers, but timing lags may result in both positive and negative fluctuations of gross margins.

During periods of reduced overall demand for the CPD's products and services, market prices can become depressed as manufacturing suppliers seek to increase capacity utilization, and specialty distribution competitors seek to protect business levels and cover fixed costs through price competition.

The business carries a comprehensive product line comprised of approximately 60,000 stock-keeping units. Its six principal product lines include products that are sourced from over 800 suppliers. The business is not reliant on any one supplier to source product within its principal product lines. The division purchases its products pursuant to various purchasing programs and does not enter into long-term purchase contracts.

Demand for walls and ceilings building 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. 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. Sales are modestly seasonal with approximately 52% generated during the second and third quarters.

The C&I market is driven largely by C&I construction spending and economic growth. Sectors within the C&I market that are particularly influential to demand include commercial construction and renovation, construction or expansion of industrial process facilities, such as oil refineries and petrochemical plants, as well as institutional facilities (eg. government, healthcare and schools).

Health, Safety and Environment

The distribution of walls and ceilings and C&I products involves risks, including the failure or substandard performance of equipment, human error, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. Operations are also subject to various hazards incidental to the handling, processing, storage and transportation of certain hazardous materials, including industrial chemicals. These hazards can result in personal injury including fatalities, damage to and destruction of property and equipment and environmental damage. There can be no assurance that as a result of past or future operations, there will not be claims of injury by employees or members of the public due to exposure, or alleged exposure, to these materials. There can be no assurance as to the actual amount of these liabilities or the timing of them, if any. The business maintains safe working practices through proper procedures and direction and utilization of equipment such as forklifts, boom trucks, fabrication equipment and carts/dollies. The business handles and stores a variety of construction materials and maintains appropriate material handling compliance programs in accordance with local, state/provincial and federal regulations.

Employee and Labour Relations

As at December 31, 2010, the business had 1,451 employees of which 63 (4%) were unionized at 8 locations. Collective bargaining agreements expire in March 2011 and are renegotiated in the normal course of business. The contracts in Windsor and Minnesota are presently under negotiation. If Superior is unable to renegotiate such collective bargaining agreements, it could result in an adverse affect on Superior.

LEGAL PROCEEDINGS

Superior and Superior Plus LP are sometimes named as a defendant in litigation. The nature of these claims is usually related to settlement of normal operational or labor issues. The outcome of such claims against Superior are not determinable at this time, however they are not expected to have a materially adverse effect on Superior as a whole. Superior is not, and has not been at any time within the most recently completed financial year, a party to any legal proceedings, known or contemplated, where the damages involved, excluding interest and costs, exceed 10% of Superior's assets.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as discussed in this AIF, there are no material interests, direct or indirect, of directors, executive officers, senior officers, any direct or indirect Shareholder of Superior who beneficially owns, or who exercises control over, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect Superior.

TRANSFER AGENT AND REGISTRAR

Superior's transfer agent and registrar for all its publicly listed securities is Computershare Trust Company of Canada at its principal offices in the cities of Montreal, Toronto, Calgary and Vancouver in Canada.

EXPERTS

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

MATERIAL CONTRACTS

Superior did not enter into any material contracts during the most recently completed financial year or prior thereto, which are still material and in effect, other than contracts entered into in the ordinary course of business other than the following:

- Amended and Restated Limited Partnership Agreement dated December 31, 2008 between Superior Plus Corp. and Superior Plus Inc;
  Indemnity Agreement dated December 31, 2008 between Superior and New Ballard;
- Amended and Restated Credit Agreement dated as of June 30, 2010;
- the Indentures;
- Senior Debt Indenture;
- U.S. Note Agreement; and
- Receivables Agreement.

For details on these contracts, see "Corporate Structure – The General Partner", "General Development of Superior – Three Year History", and "Long-Term Debt".

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference in this AIF can be found on SEDAR under Superior's profile at *www.sedar.com*.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Superior's securities, securities authorized for issuance under equity compensation plans and interests of insiders in material transactions and audit committee information, where applicable, is contained in the Information Circular of Superior dated February 22, 2011 which relates to the Annual Meeting of Shareholders scheduled to be held on May 4, 2011. Also, additional financial information is included in the Consolidated Financial Statements and MD&A of Superior for the year ended December 31, 2010, which are included in Superior's 2010 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 Vice-President, Investor Relations and Treasurer, Jay Bachman of Superior LP at Suite 1400, 840 – 7 Avenue S.W., Calgary, Alberta, T2P 3G2.