TSX: SPB

February 14, 2013

Superior Plus Corp. Announces 2012 Annual and Fourth Quarter Results

Highlights

- For the year ended December 31, 2012, Superior generated adjusted operating cash flow (AOCF) per share of $1.73, a 5% increase over the prior year of $1.65 per share and consistent with the previously provided financial outlook for 2012 of $1.45 to $1.80 per share.
- Superior is confirming its 2013 financial outlook of AOCF per share of $1.65 to $1.95. See "2013 Financial Outlook" for additional details.
- The December 31, 2012 annual results include $10.7 million in one-time costs due to operational restructuring at Superior's Construction Products Distribution business of $6.5 million and $4.2 million at Superior's Energy Services business.
- On February 11, 2013, Superior received a proposal letter from Canada Revenue Agency ("CRA") which confirms the CRA's intent to challenge the tax consequences of Superior's corporate conversion transaction which occurred on December 31, 2008. The receipt of the proposal letter is consistent with Superior's expectations and previous disclosures on this matter. See "CRA Income Tax Update" for additional details.
- For the quarter ended December 31, 2012, Superior generated AOCF per share of $0.56 which includes $0.02 per share in one-time restructuring costs, compared to $0.58 per share in the comparative period. Superior's results were consistent with the prior year quarter, as improved results at the Construction Products Distribution business and lower interest costs, were offset by reduced results from the Specialty Chemicals business and the Energy Services business.
- Energy Services results for the quarter were impacted by a reduced contribution from the fixed-price energy business, which more than offset the impact of improved margins in the Canadian propane and U.S. refined fuels businesses.
- Specialty Chemicals results for the quarter were lower than the prior year quarter due in part to a $3.7 million one-time insurance settlement included in the prior year quarter results. Excluding the prior year insurance settlement, results were impacted by reduced chloralkali gross profits due to reduced sales volumes and reduced selling prices, particularly for chlorine. Reduced chloralkali gross profits were, offset in part, by improved sodium chlorate gross profits as a result of improved sales volumes.
- The Construction Products Distribution business results for the quarter benefitted from improved sales volumes, offset by weaker gross margins and restructuring costs of $2.3 million recognized in the fourth quarter related to announced branch closures ($6.5 million in restructuring costs incurred year-to-date).
- Superior continues to make excellent progress on its debt reduction and anticipates that its total debt to EBITDA ratio as at December 31, 2013 will be 3.8X to 4.2X. Superior has increased the high-end of this range to 4.2X from the prior range of 4.0X provided at the third quarter of 2012 due to higher anticipated working capital levels and the anticipated payment to the Canada Revenue Agency ("CRA"). See "CRA Income Tax Update" for additional details on the anticipated payment to CRA. Superior's targeted total debt to EBITDA remains unchanged at 3.5X to 4.0X. See "Debt Management Update" for additional details on the forecasted December 31, 2013 total debt to EBITDA ratio.

- Superior's total debt to EBITDA ratio improved to 4.4X as at December 31, 2012, compared to 5.1X at December 31, 2011. Superior's December 31, 2012 total debt to EBITDA ratio was at the high-end of the forecasted range of 4.2X to 4.4X due to a larger than anticipated increase in seasonal working capital requirements within its Energy Services business.
- On January 3, 2013, Superior early redeemed $50.0 million of its 5.85%, October 31, 2015 convertible debentures. The early redemption allows for Superior to benefit from lower average interest rates in addition to actively managing its balance sheet maturities.

Fourth Quarter Financial Summary

	Three months ended December 31,		Year ended December 31,	
(millions of dollars except per share amounts)	**2012**	2011	**2012**	2011
Revenue	**934.0**	1,043.4	**3,624.3**	3,925.6
Gross profit	**228.2**	234.6	**846.3**	827.5
EBITDA from operations [1]	**83.0**	87.9	**282.5**	273.0
Interest	**(16.6)**	(19.4)	**(71.7)**	(79.2)
Cash income tax expense	**(0.3)**	(1.4)	**(1.1)**	(1.5)
Corporate costs	**(3.5)**	(3.3)	**(16.2)**	(11.9)
Adjusted operating cash flow [1]	**62.6**	63.8	**193.5**	180.4
Adjusted operating cash flow per share, basic and diluted [1][2][3]	**$0.56**	$0.58	**$1.73**	$1.65
Dividends paid per share	**$0.15**	$0.20	**$0.60**	$1.17

(1) EBITDA from operations and adjusted operating cash flow are key performance measures used by management to evaluate the performance of Superior. These measures are defined under "Non-IFRS Financial Measures" in Superior's 2012 Fourth Quarter Financial Discussion and Analysis.

(2) The weighted average number of shares outstanding for the three months ended December 31, 2012 is 112.6 million (2011 – 110.4 million) and for the year ended December 31, 2012 is 111.9 million (2011 – 109.2 million).

(3) For the three months and year ended December 31, 2012 and 2011, there were no dilutive instruments.

Segmented Information

	Three months ended December 31,		Year ended December 31,	
(millions of dollars)	**2012**	2011	**2012**	2011
EBITDA from operations:				
Energy Services	**46.1**	46.5	**134.2**	133.6
Specialty Chemicals	**29.1**	34.5	**127.5**	115.2
Construction Products Distribution	**7.8**	6.9	**20.8**	24.2
	83.0	87.9	**282.5**	273.0

Energy Services

- Energy Services EBITDA from operations for the fourth quarter was $46.1 million compared to $46.5 million in the prior year quarter. Results were impacted by modestly higher contributions from all the businesses except for the fixed-price energy services business.
- The Canadian propane business generated gross profit of $68.1 million in the fourth quarter compared to $62.3 million in the prior year quarter due to improved average sales margins and sales volumes.
- Canadian propane average sales margins were 17.8 cents per litre in the fourth quarter compared to 16.9 cents per litre in the prior year quarter. The increase in the average sales margin was due to improved pricing on industrial and commercial contracts, benefits associated with a reduction in the wholesale cost of propane, and improvements to overall pricing management. These improvements were partially offset by a higher proportion of lower margin industrial volumes.
- Canadian propane distribution sales volumes were 15 million litres or 4% higher than the prior year quarter due to improved sales volumes in all lines of business except for agricultural. Sales volumes, specifically residential and commercial sale volumes, benefited from colder average temperatures across Canada throughout the fourth quarter.
- Average weather across Canada, as measured by degree days, for the fourth quarter was 11% colder than the prior year and 4% colder than the 5-year average.
- The U.S. refined fuels business generated gross profits of $37.3 million in the fourth quarter compared to $37.9 million in the prior year quarter. Gross profits were modestly lower than the prior year period due primarily to a reduced contribution from the heating oil segment which was offset in part by growth in the propane segment.
- U.S. refined fuels average sales margins were 8.7 cents per litre in the quarter, compared to 8.6 cents per litre in the prior year quarter. Sales margins were positively impacted by the reduced cost for wholesale propane and a higher contribution from residential propane sales volumes, offset by a higher proportion of lower margin automotive volumes and higher distillate supply costs.
- Sales volumes within the U.S. refined fuels business were 3% lower than the prior year. Sales volumes of residential heating oil relative to the prior year quarter were impacted by higher in-tank customer volumes due to unseasonably warm weather experienced in the first three quarters of 2012 which impacted the timing and size of residential customer tank fills for the quarter.
- Average weather for the U.S. refined fuel business, as measured by degree days, for the fourth quarter was 9% colder than the prior year but 6% warmer than the 5-year average. The impact of colder weather relative to the prior year quarter was more than offset by the impact of higher in-tank volumes as noted above.
- The fixed-price energy services business generated gross profits of $6.3 million compared to $10.3 million in the prior year quarter as reduced natural gas profits more than offset improved electricity gross profits. Lower natural gas gross profits were due to a reduction in sales volumes as a result of a reduced contribution from the residential segment which has been in decline due to a change in strategy in prior years to exit that market and focus on small commercial and industrial accounts. Improved electricity gross profits compared to the prior year quarter were due to the aggregation of new customers in the U.S. market.
- The supply portfolio management business generated gross profits of $6.5 million in the fourth quarter compared to $6.4 million in the comparative period, as market based trading conditions were consistent with the prior year.
- Operating expenses were $83.5 million in the fourth quarter compared to $83.3 million in the prior year quarter. Operating expenses were impacted by higher sales volumes in the Canadian propane business, offset by cost reduction initiatives implemented earlier in the year.
- Superior expects business conditions in 2013 for its Energy Services business will be similar to 2012. EBITDA from operations is anticipated to be higher in 2013 than in 2012 due in part to the assumption that weather will be consistent with the 5-year average in 2013. Superior’s 2012 results

were negatively impacted by warm weather, as average weather in the first quarter of 2012, as measured by degree days, across Canada and the Northeastern U.S. was at record or near record levels. Additionally, Superior expects to realize ongoing improvements in its financial results as a result of its business initiative activities which will more than offset a reduction in the contribution from the fixed-price energy services business due to exiting the Canadian residential market in prior years.

Specialty Chemicals

- EBITDA from operations for the fourth quarter was $29.1 million compared to $34.5 million in the prior year quarter. Results in the prior year benefited from a $3.7 million one-time insurance settlement as a result of a temporary production outage at its Buckingham, Quebec facility.
- Sodium chlorate gross profits, excluding the impact of the insurance settlement noted above, were higher than the prior year quarter due to higher sales volumes and lower average electricity costs. Average selling prices were consistent with the prior year quarter.
- Sodium chlorate sales volumes were 10% higher than the prior year quarter as a result of improved demand from North American and international customers. The market for sodium chlorate continues to be balanced due to a stable market for pulp.
- Chloralkali gross profits were lower than the prior year due to reduced sales volumes and lower average selling prices. Sales volumes in the fourth quarter were impacted by temporary production curtailments related to the completion of a mandatory bromine upgrade project at the Port Edwards, Wisconsin facility and a weak market for chlorine which resulted in reduced sales volumes for caustic products. The reduction in average selling prices for chloralkali products was due primarily to a weak pricing environment for chlorine due to reduced demand as noted above.
- Operating expenses were $1.4 million higher than the prior year due to increased employee costs and general inflationary increases.
- As previously announced, Superior has approved an expansion of its hydrochloric acid production capacity at its Port Edwards, Wisconsin and Saskatoon, Saskatchewan facilities. Upon completion of both projects, Superior will have doubled its total hydrochloric acid production capacity to 360,000 wet metric tonnes. The expansion of the production capacity will allow Superior to optimize overall returns at both facilities by converting a larger portion of its chlorine into higher value hydrochloric acid. The Port Edwards project is anticipated to cost $18 million with commercial production expected in the second quarter of 2014, the Saskatoon project is anticipated to cost $25 million with commercial production expected in the fourth quarter of 2014. To date, cumulative costs of $1.4 million have been incurred with respect to both projects.
- Superior expects business conditions in 2013 for its Specialty Chemicals business will be similar to 2012. EBITDA from operations, excluding the impact of the $12.5 million one-time payment from TransCanada received in the third quarter of 2012, is anticipated to be modestly higher in 2013 due to improved performance of the chloralkali product segment as a result of higher gross profits from hydrochloric acid and modestly higher selling prices for caustic soda, which will more than offset reduced pricing for chlorine. Superior continues to see a stable market for sodium chlorate as a result of the current market for pulp. Superior also expects a stable market for chloralkali sales volumes and pricing as North American supply demand fundamentals continue to be balanced. The market for chloralkali continues to be supported by low natural gas prices.

Construction Products Distribution

- EBITDA from operations for the fourth quarter was $7.8 million, including one-time restructuring costs of $2.3 million, compared to $6.9 million in the prior year quarter. Excluding the impact of the restructuring costs noted above, results in the fourth quarter were higher than the prior year quarter due to lower operating costs.

- Gross profit was consistent with the prior year quarter as improved sales volumes more than offset weaker sales margins. Gypsum sales volumes were higher than the prior year quarter due to improved U.S. demand and the introduction of the full interiors product line into select U.S. markets that were previously acoustical ceiling focused. Canadian gypsum sales volumes were modestly lower than the prior year due to the closing of a number of branches as part of restructuring activities completed throughout 2012. Gypsum sales margins were impacted by sales mix due to the introduction of lower margin products, difficulties in passing through manufacturer price increases and ongoing general competitive pressures.
- Commercial and industrial insulation (C&I) sales volumes benefitted from improved project driven demand in addition to sales volumes associated with increased sales and marketing efforts throughout 2012. C&I gross margins were lower than the prior year due principally to sales mix and reduced product rebates.
- Operating expenses, including $2.3 million in one-time restructuring costs ($6.5 million year-to-date), were $1.0 million lower than the prior year. The decrease in operating expenses, excluding the impact of restructuring costs, is due to operational restructuring completed throughout 2012, which was offset in part, by costs associated with higher sales volumes and inflationary increases on wages and other operating costs. Operating expenses as a percentage of sales, excluding restructuring costs, were lower than the prior year quarter.
- The Construction Products Distribution business recognized $6.5 million in restructuring costs in 2012 associated with the closure or reorganization of 15 branches in 2012. The Construction Products Distribution business will continue to actively review all aspect of its operations to optimize its costs structure and improve gross margins. Significant restructuring activities or costs are not anticipated in 2013.
- Superior expects business conditions in 2013 for its Construction Products Distribution business to be similar to 2012 with slightly improving conditions in the U.S. and lower residential construction in Canada. EBITDA from operations is anticipated to be higher in 2013 than 2012 due in part to the absence of restructuring costs incurred in 2012. In addition, results will benefit from the ongoing business initiative activities. Superior continues to see difficult market conditions in both the residential and commercial segments in Canada and the U.S. Superior does not anticipate significant improvements in the end-use markets in the near term.

Corporate Related

- Total interest expense for the fourth quarter was $16.6 million compared to $19.4 million in the prior year quarter. Interest expense was lower than the prior year quarter as a result of lower average debt levels due to Superior's ongoing focus to reduce its total debt levels.
- Corporate costs were $3.5 million in the fourth quarter which was consistent with the prior year period.
- Superior's dividend re-investment program (DRIP) generated proceeds of $3.6 million during the fourth quarter ($14.2 million year-to-date). Proceeds from the DRIP will be used to reduce existing debt levels. The DRIP provides Superior's shareholders with the opportunity to reinvest their cash dividends in the future growth of the business at a 5% discount to the market price of Superior's common shares.
- Superior's total debt (including convertible debentures) to Compliance EBITDA improved to 4.4X as at December 31, 2012, compared to 5.1X as at December 31, 2011. Superior continues to make progress on reducing its total leverage by focusing on debt reduction, including reducing working capital requirements and improving business operations. See "Debt Management Update" for details on Superior's anticipated December 31, 2013 total debt to EBITDA ratio.
- On January 3, 2013, Superior early redeemed $50.0 million of its 5.85%, October 31, 2015 convertible debentures. The early redemption allows for Superior to benefit from lower average

interest rates in addition to actively managing its balance sheet maturities. Superior has no material balance sheet maturities which require refinancing in 2013.

CRA Income Tax Update

On February 11, 2013, Superior received a proposal letter from Canada Revenue Agency ("CRA") which confirms the CRA's intent to challenge the tax consequences of Superior's corporate conversion transaction which occurred on December 31, 2008. The CRA has indicated in their proposal letter that they intend to challenge the transaction on the basis of the acquisition of control rules, in addition to the general anti-avoidance rules of the *Income Tax Act* (Canada). As previously disclosed on September 20, 2012, Superior anticipated receiving a proposal letter from CRA in due course. Superior has 30 days to respond to the letter. Superior's understanding is that the CRA will then proceed with a Notice of Reassessment for Superior's 2009, 2010 and 2011 taxation years. Superior is required to pay 50% of the resultant tax liability; Superior anticipates that the 50% payment required would be approximately $10 million for 2009 through 2011 and approximately $5 million for Superior's 2012 taxation year once that information is filed with CRA and then ultimately reassessed. Superior has 90 days from the Notice of Reassessment to prepare and file a Notice of Objection which would be reviewed by the CRA's appeals division. If the CRA is not in agreement with Superior's Notice of Objection, Superior has the option to file its case with the Tax Court of Canada. Superior anticipates that legal proceedings through the various tax courts would take between 2 to 4 years.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such position. Superior strongly believes that the acquisition of control or the general anti-avoidance rules do not apply to the Conversion and intends to file its future tax returns on a basis consistent with its view of the outcome of the Conversion. See press release "Superior Plus Corp. Provides Update on Review of Conversion Transaction and Settlement Related to Power Purchase Agreement with TransCanada" dated September 20, 2012, for additional details on this matter including the potential financial implications of a reassessment.

2013 Financial Outlook

Superior expects 2013 AOCF per share of $1.65 to $1.95, consistent with the financial outlook provided at the third quarter of 2012. The increase in the mid-point of the 2013 financial outlook relative to the 2012 actual results is due to ongoing improvements in the businesses as a result of Superior's business initiative projects, average weather, as measured by degree days being consistent with the five year average, the absence of one-time restructuring costs which are offset in part by the absence of the one-time TransCanada payment received in third quarter 2012. Superior's 2013 financial outlook has been provided on the basis that Superior will continue to prepare and file its future tax returns on a basis consistent with its view of the outcome of the CRA's challenge of its corporate conversion transaction.

For additional details on the assumptions underlying the 2013 financial outlook, see Superior's 2012 Fourth Quarter Financial Discussion and Analysis.

Debt Management Update

Superior's anticipated debt repayment for 2013 and total debt to EBITDA leverage ratio as at December 31, 2013, based on Superior's 2013 financial outlook is detailed in the chart below.

Superior has increased the high-end of its forecasted December 31, 2013 total debt to EBITDA range to 4.2X from the prior range of 4.0X provided at the third quarter of 2012 due to higher anticipated working

capital levels and the anticipated payment to CRA. Superior's targeted total debt to EBITDA remains unchanged at 3.5X to 4.0X.

	(Dollar Per Share)	(Millions of Dollars)
2013 financial outlook AOCF per share – mid-point [(1)]	1.80	204.2
Maintenance capital expenditures, net	(0.27)	(30.2)
Capital lease obligation repayments	(0.14)	(15.5)
Cash flow available for dividends and debt repayment before growth capital	1.39	158.5
Expansion of Port Edward's and Saskatoon facilities	(0.25)	(28.2)
Other growth capital expenditures	(0.16)	(18.1)
Anticipated payments to CRA in relation to tax challenge [(2)]	(0.13)	(15.0)
Proceeds from dividend reinvestment program	0.12	13.6
Estimated 2013 free cash flow available for dividend and debt repayment	0.97	110.8
Dividends (annualized)	(0.60)	(68.1)
Total estimated debt repayment	0.37	42.7
Estimated total debt to EBTIDA as at December 31, 2013	3.8X – 4.2X	3.8X – 4.2X
Dividends (annualized)	0.60	68.1
Calculated payout ratio after all capital expenditures and payment to CRA	61%	61%

(1) See "Financial Outlook" in Superior's 2012 Fourth Quarter Financial Discussion and Analysis for additional details including assumptions, definitions and risk factors.

(2) See "CRA Income Tax Update" for additional details.

President's Message

I am pleased to report that 2012 was a year of significant accomplishments for Superior as we delivered improvements in our financial and operational performance. Superior recorded adjusted operating cash flow of $1.73 per share in 2012 compared to $1.65 per share in the prior year. In addition, Superior reduced its total leverage to 4.4x at December 31, 2012 from 5.1x at December 31, 2011. The business environment in 2012 continued to be challenging due in part to ongoing global economic uncertainty. Despite this environment, Superior's businesses continue to enjoy strong fundamentals and I am confident that our financial performance will continue to improve in 2013 and beyond.

During 2012 Superior executed a number of operational improvements which I view as key steps in improving not only our future financial performance but in meeting our goal of becoming a best-in-class operator in all our business segments. Areas where improvements were made in 2012 include:

- Upgrading the talent across the entire organization to ensure we have the right people to execute our business plans;
- Transitioning the Canadian Propane operations to a regional model from a centralized model;
- Addressing the information system requirements at our Canadian Propane operations which will result in the implementation of the ADD IT system throughout 2013 to facilitate ongoing improvements in customer service, forecasting, logistics and invoicing;

- Assessment of the Construction Products Distribution segment's branch network, which resulted in adoption of a hub-and-spoke model to service large regional markets, enabling the closure of 15 individual branches at a cost of $6.5 million; and
- Approval of $42 million in capital expenditure to double the hydrochloric acid production capabilities in our Specialty Chemicals business.

Destination 2015
As part of Superior's business transformation into a best-in-class organization we have implemented a number of business initiatives throughout our operations. This transformation is internally entitled *Destination 2015*. By developing a culture of continuous improvement, *Destination 2015* is intended to deliver ongoing improvements in operating and financial performance.

I want to stress to our shareholders that *Destination 2015* is not just an exercise in cost cutting. It is true that the improvements in our day-to-day processes will ensure that we run our businesses as efficiently as possible, which will translate into cost reductions in the years to come. The broader focus of *Destination 2015* is, however, to invest in our businesses to facilitate operational improvements and create a strong platform for future growth.

Enhancing our Core Competencies
Although we remain committed to making improvements under *Destination 2015*, we will not lose sight of our core competencies. In fact, we intend to lever what we already do well as the basis for our future improvements. Our Energy Services and Construction Products Distribution businesses are distribution based and, therefore, it is important that we continue to focus on building best-in-class logistics capabilities within these business. Delivering our products and services on an accurate and timely basis is imperative.

Our Specialty Chemicals business not only manufactures high quality chemicals, but just as importantly, is a developer of technology that improves the operations of Superior and its customers. We will continue to foster and develop all of these competencies in 2013 and beyond.

Committed to Execution
Destination 2015 and the execution of our long-term business plan will not be without challenges and I want to assure all of our shareholders that we are up to the task. Superior's senior leadership team and I are fully committed to ensuring we execute in a timely and successful manner. Although the work will be arduous, the importance is simply too great. We can and will meet our objectives. We will do so by continuing to focus on execution of our initiatives, a central feature of which is holding those responsible for execution accountable across the entire organization. Accountability on our initiatives is the responsibility of our senior leadership team, and is based on the collective efforts of our whole organization. By providing our teams the appropriate leadership and sharing best practices across our entire organization, we are providing ourselves with the necessary framework and tools to ensure we meet our goal of becoming a best-in-class organization.

2013 Priorities
Our priorities for 2013 are as follows:

- Superior will remain committed to executing on the initiatives that underpin *Destination 2015*;
- Superior will continue to focus on reducing the Company's total debt;
- Superior will continue to focus on improving asset productivity, inventory turnover and overall working capital management;

- Superior will continue to focus on streamlining processes and improving management information systems to facilitate improved day-to-day management decisions and cost reduction initiatives, including the implementation of the ADD IT system in the Canadian Propane operations and an integration of the IT systems in the Construction Products Distribution business;
- Superior will continue to work towards building a customer-centric culture;
  - It is vital that we understand the true costs of serving our customers, so we can intelligently price our services, while at the same time differentiating our services to our customers, thereby providing us with a competitive advantage; and
- Superior will continue to assess talent to ensure the business has the right people in key positions to facilitate and lead the execution of Superior's short and long-term business plans. Accountability for execution will be a priority across the entire organization.

Conclusion
There is no doubt that 2013 will be a year of heavy lifting for Superior, but despite the challenges Superior is likely to encounter throughout this period, we will remain acutely focused on the execution of the initiatives underpinning *Destination 2015*. We will balance the need for timely execution of our long-term objectives with our awareness of the need to remain focused on the importance of our day-to-day operations.

By continuing to develop and build a cohesive leadership team we will develop and foster a culture of accountability and continuous improvement, which I view as the cornerstone of every best-in-class business. By achieving the goals of our business improvement initiatives, I am confident that we will complete our transformation into a best-in-class operator, realizing a range of operational and financial improvements over the short-term, medium-term and long-term.

Acknowledgements
Superior's success will ultimately be due to the hard work and dedication of our more than 4,500 employees. I would like to thank each of our employees for your commitment to your respective businesses. I look forward to working with all of Superior's employees as well as each of Superior's directors in the coming year. On behalf of the entire organization, I would like to thank our securityholders for your continued support and confidence in Superior.

On behalf of the Board of Directors,
signed "Luc Desjardins"
President and Chief Executive Officer

2012 Detailed Fourth Quarter Results

Superior's 2012 Fourth Quarter Financial Discussion and Analysis is attached and is also available on Superior's website at www.superiorplus.com under the Investor Relations section.

2012 Fourth Quarter and Annual Results Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2012 Fourth Quarter Results at 8:30 a.m. MDT on Friday, February 15, 2013. To participate in the call, dial:1-866-226-1792. An archived recording of the call will be available for replay until midnight, April 15, 2013. To access the recording, dial: 1-800-408-3053 and enter pass code 5664915 followed by the # key. Internet users can listen to the call live, or as an archived call, on Superior's website at www.superiorplus.com.

Forward Looking Information

Certain information included herein is forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information may include statements regarding the objectives, business strategies to achieve those objectives, expected financial results (including those in the area of risk management), economic or market conditions, and the outlook of or involving Superior, Superior LP and its businesses. Such information is typically identified by words such as "anticipate", "believe", "could", "estimate", "expect", "plan", "intend", "forecast", "future", "guidance", "may", "predict", "project", "should", "strategy", "target", "will" or similar expressions suggesting future outcomes.

Forward-looking information in this Financial Discussion and Analysis (FD&A) includes future financial position, consolidated and business segment outlooks, expected EBITDA from operations, expected adjusted operating cash flow (AOCF) and adjusted operating cash flow per share, expected leverage ratios and debt repayment, debt management summary, business strategy and objectives, development plans and programs, business expansion and improvement projects, expected timing of commercial production associated therewith, market conditions in Canada and the U.S., expected tax consequences of the Conversion, the expected challenge by the CRA of the tax consequences of the Conversion (and the expected timing and impact of such process including any payment of taxes and the quantum of such payments), future income taxes, the impact of proposed changes to Canadian tax legislation or U.S. tax legislation, future economic conditions, future exchange rates and exposure to such rates, dividend strategy, anticipated DRIP proceeds, payout ratio, expected weather, commodity prices and costs, the impact of contracts for commodities, demand for chemicals including sodium chlorate and chloralkali, effect of operational and technological improvements, business enterprise system upgrade plans, future account receivable levels, regulatory compliance costs, the impact of ongoing legal proceedings, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior Plus LP.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, and the historic performance of Superior's businesses. Such assumptions include 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, the assumptions set forth under the "Financial Outlook" section of this FD&A and are subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include 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, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, our ability to access external sources of debt and equity capital, and the risks identified in (i) this FD&A under the heading "Risk Factors" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

When relying on our forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this FD&A and, except as required by law, neither Superior nor Superior LP undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

For more information about Superior, visit our website at www.superiorplus.com or contact:

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Financial Discussion of 2012 Fourth Quarter and 2012 Year End Results

February 14, 2013

The following Financial Discussion is a review of the financial performance and position of Superior Plus Corp. (Superior) as at December 31, 2012 and for the three and twelve months ended December 31, 2012 and 2011. The information in this Financial Discussion is current to February 14, 2013. This Financial Discussion should be read in conjunction with Superior's audited consolidated financial statements and notes thereto as at and for the twelve months ended December 31, 2012 and its unaudited condensed consolidated financial statements as at and for the three and twelve months ended December 31, 2012 and 2011.

The accompanying unaudited condensed consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's unaudited condensed consolidated financial statements were prepared in accordance with *International Accounting Standard 34 Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). Dollar amounts in this Financial Discussion are expressed in Canadian dollars and millions except where otherwise noted.

Overview of Superior

Superior is a diversified business corporation. Superior holds 99.9% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. (Superior GP) as general partner and Superior as limited partner. Superior owns 100% of the shares of Superior GP and Superior GP holds 0.1% of Superior LP. The cash flow of Superior is solely dependent on the results of Superior LP and is derived from the allocation of Superior LP's income to Superior by means of partnership allocations. Superior, through its ownership of Superior LP and Superior GP, has three operating segments: the Energy Services segment, which includes a Canadian propane distribution business, a U.S. refined fuels distribution business, a fixed-price energy services business and a supply portfolio management business; the Specialty Chemicals segment; and the Construction Products Distribution segment.

Fourth Quarter Results

Summary of Adjusted Operating Cash Flow

	Three months ended December 31,		**Twelve months ended December 31,**	
(millions of dollars except per share amounts)	**2012**	2011	**2012**	2011
EBITDA from operations: [(1)]				
Energy Services	**46.1**	46.5	**134.2**	133.6
Specialty Chemicals	**29.1**	34.5	**127.5**	115.2
Construction Products Distribution	**7.8**	6.9	**20.8**	24.2
	83.0	87.9	**282.5**	273.0
Interest expense	**(16.6)**	(19.4)	**(71.7)**	(79.2)
Cash income tax expense	**(0.3)**	(1.4)	**(1.1)**	(1.5)
Corporate costs	**(3.5)**	(3.3)	**(16.2)**	(11.9)
Adjusted operating cash flow[(1)]	**62.6**	63.8	**193.5**	180.4
Adjusted operating cash flow per share[(2)], basic[(2)] and diluted[(3)]	**$0.56**	$0.58	**$1.73**	$1.65

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted operating cash flow are not IFRS measures. See "Non-IFRS Financial Measures".

(2) The weighted average number of shares outstanding for the three months ended December 31, 2012, is 112.6 million (2011 – 110.4 million) and for the twelve months ended December 31, 2012, is 111.9 million (2011 – 109.2 million).

(3) For the three and twelve months ended December 31, 2012 and 2011, there were no dilutive instruments.

Adjusted Operating Cash Flow Reconciled to Net Cash Flow from Operating Activities [(1)]

(millions of dollars)	**Three months ended December 31,**		**Twelve months ended December 31,**	
	2012	2011	**2012**	2011
Net cash flow from operating activities	**21.6**	14.8	**347.9**	291.2
Add: Non cash interest expense	**1.6**	3.0	**6.7**	8.0
Less: Increase (decrease) in non-cash working capital	**57.9**	69.8	**(81.6)**	(30.1)
Income tax expense	**(0.3)**	(1.4)	**(1.1)**	(1.5)
Finance costs recognized in net earnings	**(18.2)**	(20.7)	**(77.6)**	(85.5)
Gain on debenture redemption	–	(1.7)	**(0.8)**	(1.7)
Adjusted operating cash flow	**62.6**	63.8	**193.5**	180.4

(1) See the unaudited condensed consolidated financial statements for net cash flow from operating activities and changes in non-cash working capital.

Fourth quarter adjusted operating cash flow was $62.6 million, a decrease of $1.2 million or 2% from the prior year quarter. The decrease in adjusted operating cash flow was primarily due to lower operating results at Specialty Chemicals offset in part by lower interest costs. Adjusted operating cash flow of $0.56 per share, decreased by $0.02 per share as compared to the prior year quarter due to a 2% decrease in adjusted operating cash flow as noted above and a 2% increase in the weighted average number of shares outstanding. The average number of shares outstanding increased in 2012 as a result of shares issued from Superior's Dividend Reinvestment Program and Optional Share Purchase Plan (DRIP).

Adjusted operating cash flow for the year ended December 31, 2012 was $193.5 million, an increase of $13.1 million or 7% from the prior year. The increase in adjusted operating cash flow was due to increased EBITDA from operations of Specialty Chemicals and lower interest costs offset in part by lower EBITDA from operations of Construction Products Distribution and higher corporate costs. Adjusted operating cash flow per share was $1.73 per share for the year ended December 31, 2012, an increase of $0.08 per share or 5% due to the increase in adjusted operating cash flow as noted above, offset in part by a 2% increase in the weighted average number of shares outstanding. The average number of shares outstanding increased in 2012 as a result of shares issued from Superior's DRIP.

The net earnings for the fourth quarter were $14.2 million, compared to a net loss of $231.4 million in the prior year quarter. Net earnings were primarily impacted by a reduction in impairments as the prior year quarter included an impairment charge of $300.6 million and lower operating costs offset in part by unrealized losses on financial instruments in the current quarter and higher income tax expense. The change in the unrealized losses on financial instruments was due principally to losses in the current quarter on Superior's foreign currency financial derivatives compared to the prior year quarter as a result of fluctuations in the spot and forward price for U.S. dollars. Revenues of $934.0 million were $109.4 million lower than the prior year quarter due to lower Energy Services revenue as a result of lower propane prices offset in part by higher revenue at Construction Products Distribution as a result of increased sales volumes and the introduction of new products. Gross profit of $228.2 million was $6.4 million lower than the prior year quarter primarily due to decreased Energy Services gross profits due to reduced sales volumes and gross margins and Specialty Chemical gross profits due to lower gross margins. Operating expenses of $177.9 million in the fourth quarter were $10.8 million lower than in the prior year quarter due to reduced amortization expense offset by lower risk reserve funding credits offset in part by $2.3 million of restructuring costs incurred at Construction Products Distribution and $3.0 million incurred at Energy Services. Total income tax recovery for the fourth quarter was $0.9 million compared to income tax recovery of $43.7 million in the prior year quarter. The decrease in income tax

recovery was due to higher net earnings in the fourth quarter of 2012 as the prior year quarter included an impairment charge of $300.6 million.

Superior had net earnings of $93.1 million for 2012, compared to a net loss of $302.6 million for 2011. The increase in net earnings was due to a reduction in impairments as the prior year included an impairment charge of $378.6 million, higher gross profits, lower operating costs and gains on financial instruments. Consolidated revenues of $3,624.3 million in 2012 were $301.3 million lower than in the prior year. This was due primarily to lower Energy Services revenue as a result of lower commodity prices and sales volumes, offset in part by higher Specialty Chemicals revenue due to a more profitable sales mix and higher sales volumes and higher Construction Products Distribution revenue due to improved sales volumes and the introduction of new products. Gross profit of $846.3 million was $18.8 million higher than in the prior year due to improved gross profit at Specialty Chemicals and Construction Products Distribution due to increased sales volumes, offset in part by lower gross profit at Energy Services due to lower sales volumes.

Operating expenses of $694.0 million in 2012 were $12.7 million lower than in the prior year, due to the reduced amortization expense offset in part by restructuring costs incurred by Construction Products Distribution and higher corporate costs. The decrease in amortization expense was due to the impairment of Energy Services intangible assets, which was recorded in 2011. Restructuring costs of $6.5 million were incurred by Construction Products Distribution as part of its efforts to optimize the cost structure and $4.2 million was incurred at Energy Services. Corporate costs were higher than in the prior year due to increased long-term incentive costs, which resulted from the increase in Superior's share price and severance costs offset in part by year-end accrual adjustments. Total interest expense of $77.6 million was $7.9 million lower than in the prior year due principally to lower average debt throughout the year due to lower net working capital and higher cash flow. Unrealized gains on financial instruments were $32.1 million in 2012 compared to unrealized losses of $9.7 million in the prior year. The increase in unrealized gains from the prior year is primarily due to higher unrealized gains in the current year on natural gas forward contracts due to fluctuations in the spot prices of natural gas. Gains or losses on Superior's various financial instruments are without consideration of the fair value of the underlying customer or supplier commitment.

Total income tax expense was $9.0 million for 2012 compared to a recovery of $50.4 million for 2011. The increase in income tax expense was due to higher net earnings in 2012 as the prior year included an impairment charge recorded to intangible assets and goodwill which resulted in a net loss.

Energy Services

Energy Services' condensed operating results for 2012 and 2011;

	Three months ended December 31,		**Twelve months ended December 31,**	
(millions of dollars)	**2012**	2011	**2012**	2011
Revenue[1]	**602.2**	727.6	**2,301.6**	2,686.1
Cost of sales[1]	**(472.6)**	(597.8)	**(1,854.2)**	(2,230.9)
Gross profit	**129.6**	129.8	**447.4**	455.2
Less: Cash operating and administrative costs[1]	**(83.5)**	(83.3)	**(313.2)**	(321.6)
EBITDA from operations	**46.1**	46.5	**134.2**	133.6

(1) In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this Financial Discussion to present its results as if it had accounted for various transactions as accounting hedges. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this Financial Discussion" for detailed amounts.

Revenues for the fourth quarter of 2012 were $602.2 million, a decrease of $125.4 million from revenues of $727.6 million in 2011. The decrease in revenues is primarily due to lower commodity prices and sales volumes as compared to the prior year quarter. Total gross profit for the fourth quarter of 2012 was $129.6 million, a decrease of $0.2 million or nil% over the prior year quarter. The slight decrease in gross profit is primarily due to lower fixed-price energy services natural gross profits offset in part by higher gross margins within the Canadian propane segment. A summary and detailed review of gross profit is provided below.

Gross Profit Detail

	Three months ended December 31,		Twelve months ended December 31,	
(millions of dollars)	**2012**	2011	**2012**	2011
Canadian propane distribution	**68.1**	62.3	**235.7**	223.0
U.S. refined fuels distribution	**37.3**	37.9	**123.1**	137.7
Other services	**11.4**	12.9	**39.6**	42.3
Supply portfolio management	**6.5**	6.4	**18.3**	15.1
Fixed-price energy services	**6.3**	10.3	**30.7**	37.1
Total gross profit	**129.6**	129.8	**447.4**	455.2

Canadian Propane Distribution

Canadian propane distribution gross profit for the fourth quarter was $68.1 million, an increase of $5.8 million or 9% from 2011, due to higher sales volumes and gross margins. Residential and commercial sales volumes increased by 9 million litres or 8% from the prior year quarter, due to colder weather during the fourth quarter of 2012 as compared to the prior year quarter. Average weather across Canada for the fourth quarter, as measured by degree days, was 11% colder than the prior year and 4% colder than the five-year average. Industrial volumes increased by 6 million litres or 3%, due to increased wholesale sales volumes as a result of sales efforts to grow this segment. Automotive propane volumes increased by 1 million litres or 6%, this increase is in contrast to the historical structural decline in this end-use market due to the favourable price spread between propane and gasoline.

Average propane sales margins for the fourth quarter increased to 17.8 cents per litre from 16.9 cents per litre in the prior year quarter. The increase is principally due to the implementation of price increases to industrial and commercial sales contracts during the first quarter of 2012 and improved pricing management offset in part by unfavourable movement in the sales mix as the current quarter included a higher proportion of lower-margin sales volumes.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application			*Volumes by Region* [1]		
	Three months ended December 31,			**Three months ended December 31,**	
(millions of litres)	**2012**	2011	*(millions of litres)*	**2012**	2011
Residential	**42**	40	Western Canada	**228**	218
Commercial	**79**	72	Eastern Canada	**129**	123
Agricultural	**30**	31	Atlantic Canada	**26**	27
Industrial	**215**	209			
Automotive	**17**	16			
	383	368		**383**	368

Volumes by End-Use Application [1]			*Volumes by Region* [2]		
	Twelve months ended December 31,			**Twelve months ended December 31,**	
(millions of litres)	**2012**	2011	*(millions of litres)*	**2012**	2011
Residential	**121**	128	Western Canada	**751**	738
Commercial	**255**	262	Eastern Canada	**440**	460
Agricultural	**60**	67	Atlantic Canada	**101**	107
Industrial	**781**	769			
Automotive	**75**	79			
	1,292	1,305		**1,292**	1,305

[1] **Regions**: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon and Northwest Territories; Eastern Canada region consists of Ontario (except for Northwest Ontario) and Quebec; and Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island.

U.S. Refined Fuels Distribution

U.S. refined fuels distribution gross profit for the fourth quarter was $37.3 million, a decrease of $0.6 million from the prior year quarter. The decrease in gross profit is due to lower sales volumes offset in part by slightly higher gross margins. Sales volumes of 428 million litres, decreased by 12 million litres or 3% from the prior year quarter. The decrease was primarily due to higher in-tank customer volumes due to the unseasonably warm weather experienced during the majority of 2012 which has negatively impacted the timing of residential customers first tank fill of the heating season, lower customer aggregation and competitive pressures. Weather as measured by heating degree days for the fourth quarter was 9% higher than the prior year quarter although lower year to date degree days reduced the impact of the colder weather. Average U.S. refined fuels sales margins of 8.7 cents per litre increased slightly from 8.6 cents per litre in the prior year quarter. Sales margins were positively impacted by reduced cost for propane supply, and a higher contribution from residential propane sales volumes, which was offset by a higher proportion of lower margin automotive volumes and higher distillate supply costs.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application [(1)]

	Three months ended December 31,	
(millions of litres)	**2012**	2011
Residential	**88**	90
Commercial	**200**	218
Automotive	**140**	131
	428	440

Volumes by Region [(2)]

	Three months ended December 31,	
(millions of litres)	**2012**	2011
Northeast United States	**428**	440
	428	440

Volumes by End-Use Application [(1)]

	Twelve months ended December 31,	
(millions of litres)	**2012**	2011
Residential	**274**	336
Commercial	**764**	892
Automotive	**561**	513
	1,599	1,741

Volumes by Region [(2)]

	Twelve months ended December 31,	
(millions of litres)	**2012**	2011
Northeast United States	**1,599**	1,741
	1,599	1,741

(1) **Volume**: Volume of heating oil, propane, diesel and gasoline sold (millions of litres).

(2) **Regions**: Northeast United States region consists of Pennsylvania, Connecticut, New York, and Rhode Island.

Other Services

Other services gross profit was $11.4 million in the fourth quarter, a decrease of $1.5 million from the prior year quarter due to reduced service calls and active customer service contracts.

Supply Portfolio Management

Supply portfolio management gross profits were $6.5 million in the fourth quarter and consistent with the prior year quarter as market conditions remained favourable.

Fixed-Price Energy Services

Fixed-Price Energy Services Gross Profit

	Three months ended December 31, 2012			Three months ended December 31, 2011		
(millions of dollars except volume and per unit amounts)	**Gross Profit**	**Volume**	**Per Unit**	Gross Profit	Volume	Per Unit
Natural gas [(1)]	**3.9**	**4.7 GJ**	**83.0¢/GJ**	8.5	5.0 GJ	170.0¢/GJ
Electricity [(2)]	**2.4**	**199.9 KWh**	**1.20¢/KWh**	1.8	166.6 KWh	1.08¢/KWh
Total	**6.3**			10.3		

	Twelve months ended December 31, 2012			Twelve months ended December 31, 2011		
(millions of dollars except volume and per unit amounts)	**Gross Profit**	**Volume**	**Per Unit**	Gross Profit	Volume	Per Unit
Natural gas [(1)]	**21.5**	**18.7 GJ**	**115.0¢/GJ**	31.0	21.1 GJ	146.9¢/GJ
Electricity [(2)]	**9.2**	**816.7 KWh**	**1.13¢/KWh**	6.1	606.3 KWh	1.01¢/KWh
Total	**30.7**			37.1		

(1) Natural gas volumes are expressed in thousands of gigajoules (GJ).
(2) Electricity volumes are expressed in thousands of kilowatt hours (KWh).

Fixed-price energy services gross profit was $6.3 million in the fourth quarter, a decrease of $4.0 million or 39% from $10.3 million in the prior year quarter. Natural gas gross profit was $3.9 million, a decrease of $4.6 million from the prior year quarter due to lower gross margins and sales volumes. Gross profit per unit was 83.0 cents per gigajoule (GJ), a decrease of 87.0 cents per GJ or 51% from the prior year quarter. The decrease in natural gas gross margin was due to sales mix as the existing customer base contains a lower proportion of higher margin residential customers and overall decline in residential customers. Sales volumes of natural gas were 4.7 million GJ, 0.3 million GJ or 6% lower than the prior year quarter due to a continued decline in residential volumes and lower customer aggregation as a result of continued

historically low system price for natural gas. Electricity gross profit in the fourth quarter of 2012 was $2.4 million, an increase of $0.6 million or 33% from the prior year quarter due to the aggregation of additional commercial customers in the Ontario market, full year contribution from prior year customer additions and additional residential customers in Pennsylvania.

Operating Costs
Cash operating and administrative costs were $83.5 million in fourth quarter of 2012, an increase of $0.2 million or nil% from the prior year quarter. The slight increase in expenses was primarily due to a one-time pension settlement expense and $3.0 million of restructuring charges offset in part by higher fixed-price energy services costs as the prior year included a reduction in the risk reserve allowance.

Impairment
On October 20, 2012, a kerosene leak was discovered in the bottom of a storage tank at U.S. refined fuels Marcy terminal location. The leak was investigated and contained by the environmental group. U.S. refined fuels than notified the Department of Environmental Conservation (DEC) which performed an independent review of the leak and other tanks at this location. On December 27, 2012, the DEC issued a notice of violation based on their inspections and subsequent to discussions between management and the DEC, a consent order was issued to U.S. refined fuels on February 4, 2013. The consent order identified that the secondary containment system and storage tanks are not in compliance with DEC design requirements and need to be rebuilt to specific standards by September 1, 2013 in order to remain operational. Management is assessing the implications of the consent order on the future operations of the facility and potential alternatives to completing the repair work required. This event is not expected to have an impact on the operations of U.S. refined fuels or operating results going forward. Also, management is assessing the impact of additional remediation costs although they are not expected to be material.

Due to the leak and receipt of the consent order, management has performed a detailed impairment review of the Marcy terminal to assess whether the carrying value of all the storage tanks does not exceed the recoverable amount. The recoverable amount of the assets was based on management's estimate of the fair value less costs to sell. Based on a detailed review by management, the fair value less costs to sell of the storage tanks was lower than the carrying value. An impairment charge of $4.7 million was recorded against net earnings along with a $4.7 million reduction in the carrying value of the impaired storage tanks.

Outlook
Superior expects business conditions in 2013 for its Energy Services segment to be similar to 2012. EBITDA from operations is anticipated to be higher in 2013 than in 2012 due in part to the assumption that weather will be consistent with the five-year average in 2013. Superior's 2012 results were negatively affected by warm weather, as average temperature in the first quarter of 2012, as measured by degree days, across Canada and the Northeastern U.S. was at record or near-record levels. Additionally, Superior expects to realize ongoing improvements in its financial results as a result of the business initiatives noted below.

Initiatives to improve results in the Energy Services business continued during the fourth quarter of 2012 in conjunction with Superior's goal for each of its businesses to become best-in-class. Business improvement projects for 2013 include: a) improving customer service, b) improving overall logistics and procurement functions, c) enhancing the management of margins, d) working capital management, and e) improving existing and implementing new technologies to facilitate improvements to the business.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of significant business risks affecting the Energy Services' businesses.

Specialty Chemicals

Specialty Chemicals' condensed operating results for 2012 and 2011;

(millions of dollars except per metric tonne (MT) amounts)	Three months ended December 31,				Twelve months ended December 31,			
	2012		2011		**2012**		2011	
		$ per MT		$ per MT		**$ per MT**		$ per MT
Chemical revenue[1]	**139.1**	**694**	138.4	740	**542.2**	**703**	529.1	685
Chemical cost of sales [1]	**(76.1)**	**(380)**	(71.4)	(382)	**(283.9)**	**(368)**	(290.4)	(376)
Chemical gross profit	**63.0**	**314**	67.0	358	**258.3**	**335**	238.7	309
Less: Cash operating and administrative costs[1]	**(33.9)**	**(169)**	(32.5)	(174)	**(130.8)**	**(170)**	(123.5)	(160)
EBITDA from operations	**29.1**	**145**	34.5	184	**127.5**	**165**	115.2	149
Chemical volumes sold (thousands of MTs)	**200**		187		**771**		772	

(1) In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this Financial Discussion related to derivative financial instruments, non-cash amortization and foreign currency translation losses or gains related to U.S.-denominated working capital. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this Financial Discussion" for detailed amounts.

Chemical revenue for the fourth quarter of $139.1 million was $0.7 million or 1% higher than in the prior year quarter primarily due to higher sales volumes for sodium chlorate offset in part by lower chloralkali/potassium sales volumes and pricing. Fourth quarter gross profit of $63.0 million was $4.0 million lower than in the prior year quarter due to decreased chloralkali/potassium gross profits offset in part by sodium chlorate gross profits. Sodium chlorate gross profits were slightly higher than the prior year quarter due to increased technology gross profits as result of project activity offset in part by lower gross margins as the prior year included a $3.2 million gain from the receipt of an insurance settlement in connection with a Buckingham, Quebec claim. Sodium chlorate sales volumes increased by 12,000 tonnes or 10% compared to the prior year quarter due to higher North American demand as markets remain balanced. Chloralkali/potassium products gross profits were lower than in the prior year quarter as weaker average prices, particularly for chlorine, and lower sales volumes related to a temporary production curtailment associated with the completion of a mandatory bromine upgrade project at Specialty Chemicals Port Edwards facility.

Cash operating and administrative costs of $33.9 million were $1.4 million or 4% higher than in the prior year quarter due to additional maintenance expenditures incurred and general inflationary pressures.

Major Capital Projects

As announced in the first quarter of 2012, Superior has approved an $18 million expansion of hydrochloric acid production capacity at the Port Edwards, Wisconsin chloralkali facility. The existing capacity of 110,000 wet metric tonnes (WMT), or 36,000 dry metric tonnes, will be increased to approximately 220,000 WMT. The project will be carried out through 2012 and 2013, with commercial production expected in the second quarter of 2014. As of this date, a total of $1.4 million has been spent on the project.

As announced in the third quarter of 2012, Superior has approved a $25 million expansion of the hydrochloric acid production capacity at the Saskatoon, Saskatchewan chloralkali facility. The existing capacity of 70,000 WMT, or 22,000 dry metric tonnes, will be increased to approximately 140,000 WMT. The project will be carried out through 2013 and 2014 with commercial production expected in the fourth quarter of 2014.

Upon completion of both projects, Superior will have total hydrochloric acid production capacity of approximately 360,000 WMT. The two expansions will allow Superior to optimize overall returns at both facilities by converting a larger portion of its chlorine into higher-value hydrochloric acid.

Outlook

Superior expects that business conditions in 2013 for its Specialty Chemicals business will be similar to 2012. EBITDA from operations, excluding the impact of the $12.5 million one-time payment from TransCanada, is anticipated to be modestly higher in 2013, due to improved performance of the chloralkali product segment driven by higher gross profits from hydrochloric acid and modestly higher selling prices for caustic soda, which will more than offset anticipated reduced pricing for chlorine. Superior continues to see a stable market for sodium chlorate as a result of the current market for pulp. Superior also expects a stable market for chloralkali sales volumes and pricing as North American supply-demand fundamentals continue to be balanced. The market for chloralkali continues to be supported by low natural gas prices.

In addition to the significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Specialty Chemicals' segment.

Construction Products Distribution

Construction Products Distribution's condensed operating results for 2012 and 2011;

	Three months ended December 31,		Twelve months ended December 31,	
(millions of dollars)	**2012**	2011	**2012**	2011
Revenue				
Gypsum Specialty Distribution (GSD) revenue	**130.6**	115.6	**526.1**	479.9
Commercial and Industrial Insulation (C&I) revenue	**62.6**	62.5	**252.8**	231.9
Cost of sales				
GSD cost of sales	**(99.5)**	(85.2)	**(408.6)**	(367.7)
C&I cost of sales	**(46.1)**	(45.2)	**(186.4)**	(169.4)
Gross profit	**47.6**	47.7	**183.9**	174.7
Less: Cash operating and administrative costs	**(39.8)**	(40.8)	**(163.1)**	(150.5)
EBITDA from operations	**7.8**	6.9	**20.8**	24.2

(1) In order to better reflect the results of its operations, Superior has reclassified certain amounts for purposes of this Financial Discussion to present its results as if it had accounted for various transactions as accounting hedges. See "Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this Financial Discussion" for detailed amounts.

GSD and C&I revenues of $193.2 million for the fourth quarter of 2012 were $15.1 million or 8% higher than in the prior year quarter. GSD revenue increased due to higher demand, new product introductions and sales volumes in some Canadian and U.S. based regions and from the continued expansion of the GSD product line into existing U.S. based branches. C&I revenues increased slightly from the prior year quarter due to higher demand from oil sands pipeline projects and other project work.

Gross profits of $47.6 million in the fourth quarter were $0.1 million lower than in the prior year quarter primarily due to the impact of lower gross margins offset in part by higher revenues as noted above. The decrease in GSD gross margins was due to the introduction of lower margin products, difficulty passing on supplier price increases and competitive pressures. The decrease in C&I gross margins was due to several large lower margin projects and reduced purchased discounts associated with reduced inventory levels.

Cash operating and administrative costs were $39.8 million in the fourth quarter, a decrease of $1.0 million or 2% from the prior year quarter. The decrease was primarily due to cost savings from restructuring activities completed earlier in 2012 and lower bad debt provisions offset in part by higher costs associated with increased sales volumes and restructuring charges of $2.3 million related to the closing of additional branches.

Outlook
Superior expects business conditions in 2013 for its Construction Products Distribution business to be similar to 2012, with conditions improving slightly in the U.S. and lower residential construction in Canada. EBITDA from operations is anticipated to be higher in 2013 than in 2012 due in part to the absence of restructuring costs incurred in 2012 and the benefit from the business initiatives noted below. Superior continues to see difficult market conditions in the residential and commercial segments in both countries although U.S. housing starts are increasing and this will provide support for future sales growth. Superior does not anticipate significant near-term improvements in the end-use markets.

Restructuring
The Construction Products Distribution business continues to review all aspects of operations to optimize its cost structure and improve gross margins. A total of $6.5 million in restructuring costs were recognized in 2012 associated with the closure or reorganization of 15 branches. Restructuring activities were actively managed to minimize costs and the impact on customers.

Initiatives to improve results in the Construction Products Distribution business continued during the fourth quarter. Ongoing business improvement projects for 2013 include: a) assessment of overall logistics and existing branch network, b) review of supply chain management including procurement and transportation, c) review of product pricing, and d) working capital management.

In addition to the Construction Products Distribution segment's significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of the significant business risks affecting Superior's Construction Products Distribution segment.

Consolidated Capital Expenditure Summary

	Three months ended December 31,		**Twelve months ended December 31,**	
(millions of dollars)	**2012**	2011	**2012**	2011
Efficiency, process improvement and growth-related	**4.7**	5.4	**11.4**	16.3
Other capital	**17.4**	9.2	**32.4**	21.9
	22.1	14.6	**43.8**	38.2
Other acquisitions	–	1.1	**5.5**	14.8
Proceeds on disposition of capital	**(0.4)**	(1.0)	**(4.5)**	(3.2)
Total net capital expenditures	**21.7**	14.7	**44.8**	49.8
Investment in finance leases	**2.8**	7.6	**8.1**	15.7
Total expenditures	**24.5**	22.3	**52.9**	65.5

Efficiency, process improvement and growth related expenditures were $4.7 million in the fourth quarter compared to $5.4 million in the prior year quarter. These are primarily related to Energy Services' purchases of rental assets and truck related expenditures. Other capital expenditures were $17.4 million in the fourth quarter compared to $9.2 million in the prior year quarter, consisting primarily of required maintenance and general capital across all of Superior's segments although the increase was primarily related to Specialty Chemicals' bromine removal project and several other smaller projects. Proceeds on the disposal of capital were $0.4 million in the fourth quarter and consisted of Superior's disposition of surplus tanks, cylinders and other assets. During the fourth quarter Superior entered into new leases with capital equivalent value of $2.8 million primarily related to delivery vehicles for the Energy Services and Construction Products Distribution segments.

Corporate and Interest Costs
Corporate costs for the fourth quarter were $3.5 million, compared to $3.3 million in the prior year quarter. The slight increase was primarily due to higher long term incentive costs as a result of an increase in Superior's share price and higher employee costs offset in part by lower provisions.

Interest expense on borrowing and finance lease obligations for the fourth quarter was $9.4 million compared to $10.6 million in the prior year quarter. The decrease was due to lower average debt as a result of reduced accounts receivable balances within the Canadian propane business, lower overall net working capital requirements and a decrease in dividends paid during the quarter. See "Liquidity and Capital Resources" discussion for further details on the change in average debt levels.

Interest on Superior's convertible unsecured subordinated debentures ("Debentures" which include all series of convertible unsecured subordinated debentures) for the fourth quarter was $7.2 million and lower than in the prior year quarter of $8.9 million. The decrease was due to the redemptions of Superior's 5.75% convertible subordinated debentures due December 31, 2012 on December 12, 2011 and August 1, 2012.

Income Taxes
Total income tax recovery for the fourth quarter was $0.9 million and consists of $0.3 million in cash income tax expense and $1.2 million in deferred income tax recovery, compared to a total income tax recovery of $43.7 million in the prior year quarter, which consisted of $1.4 million in cash income tax expense and a $45.1 million deferred income tax recovery.

Cash income tax expense for the fourth quarter was $0.3 million and consisted of income tax expense in the U.S. of $0.3 million (2011 Q4 - $1.4 million of U.S. cash tax expense). Deferred income tax recovery for the fourth quarter was $1.2 million (2011 Q4 - $45.1 million deferred income tax recovery), resulting in a corresponding net deferred income tax asset of $300.6 million as at December 31, 2012. The decrease in deferred income tax recovery was due to higher net earnings compared to the prior year quarter which included an impairment charge of $300.6 million.

Update on Review of Conversion Transaction
Since the beginning of 2010, the Canada Revenue Agency (CRA) has requested information relating to Superior's conversion transaction, which occurred on December 31, 2008 (the "Conversion"), and Superior has responded to such requests and engaged in extensive discussions, including detailed settlement discussions, with representatives of the CRA. The CRA advised Superior that the CRA believes it does not have authority to settle the matter in this context. During the discussions, the CRA indicated that the general anti-avoidance rule of the *Income Tax Act* (Canada) is available to the CRA as a basis upon which to challenge the tax consequences of the Conversion.

On February 11, 2013, Superior received a proposal letter from the CRA which confirms its intention to challenge the tax consequences of the conversion. As disclosed in Superior's MD&A for the period ended September 30, 2012, Superior anticipated receiving a proposal letter from the CRA in due course on this matter. The CRA has indicated in their proposal letter that they intend to challenge the transaction on the basis of the acquisition of control rules, in addition to the general anti-avoidance rules of the *Income Tax Act* (Canada). Superior has 30 days to respond to the letter and believes that the CRA will then proceed with a Notice of Reassessment for Superior's 2009, 2010 and 2011 taxation years. Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such. Superior also strongly believes that the acquisition of control or the general anti-avoidance rules do not apply to the Conversion and intends to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

Superior is required to make a payment of 50% of the tax liability claimed by the CRA in order to appeal the expected reassessment and, based on Superior's 2009, 2010, and 2011 taxation years, that amount is approximately $10 million and approximately $5 million for the 2012 taxation year once that information is filed with CRA and then ultimately reassessed. Superior would also be required to make a payment of 50% of the taxes the CRA claims are owed in any future tax year if the CRA were to issue a similar notice of reassessment for such years and Superior were to appeal it. Superior has 90 days from the Notice of Reassessment to prepare and file a Notice of Objection, which would be reviewed by the CRA's appeals division. If the CRA is not in agreement with Superior's Notice of Objection, Superior has the option to file its case with the Tax Court of Canada. Superior anticipates that legal proceedings through the various tax courts would take approximately two to four years. If Superior is ultimately successful in defending its position, such payments plus applicable interest, will be refunded to Superior. If the CRA is successful, Superior will be required to pay the balance of the taxes claimed plus applicable interest and penalties.

Superior's 2013 financial outlook as provided in this MD&A does not include the impact of a potential reassessment, as any interim tax payments made by Superior will be recorded to the balance sheet and will not impact either adjusted operating cash flow or net earnings.

Based on the midpoint of Superior's current 2013 financial outlook of adjusted operating cash flow per share of $1.80, if the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately $0.15 per share. As previously stated, Superior intends to file its future income tax returns on a basis consistent with its view of the outcome of the Conversion.

Financial Outlook

Superior achieved adjusted operating cash flow per share of $1.73, within the 2012 financial outlook range as provided in Superior's 2012 third quarter MD&A. See the detailed discussions on each segment for a breakdown of the results achieved.

Superior's outlook is for adjusted operating cash flow for 2013 to be between $1.65 per share and $1.95 per share, consistent with Superior's previous financial outlook as provided in the 2012 third quarter MD&A. Achieving Superior's adjusted operating cash flow is dependent on the operating results of its three operating segments.

In addition to the operating results of Superior's three operating segments, significant assumptions underlying Superior's 2013 outlook are:

- Economic growth in Canada and the U.S. is expected to be similar to or modestly higher than in 2012;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior's estimated total debt to EBITDA ratio is based on maintenance and growth related expenditures of $76.1 million and working capital funding requirements which do not contemplate any significant commodity price changes;
- The foreign currency exchange rate between the Canadian dollar and US dollar is expected to average par in 2013 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 remain consistent with 2012 levels; and
- Canadian and U.S. based cash taxes are expected to be minimal for 2013 based on existing statutory income tax rates and the ability to use available losses.

Energy Services

- Average temperatures across Canada and the Northeast U.S. are expected to be consistent with the recent five-year average for 2013;
- Total propane and U.S. refined fuels-related sales volumes are expected to increase in 2013, due to assumptions that weather will be consistent with the five-year average and that there will be an impact from customer win-back and retention programs;
- 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 results in 2013 are expected to increase as compared to 2012 due to supply chain management efforts and higher sales volumes due to a return to normal weather; and
- Fixed-price energy services is expected to be able to access sales channel agents on acceptable contract terms, and gross profits in 2013 will decrease from 2012. The decrease will be primarily related to lower natural gas gross margins due to lower transportation-related gross profits and lower contribution from residential customer renewals and residential customer count. Total new customer aggregation volumes are expected to decline from 2012 as the system price for natural gas remains low. Growth in the fixed-price electricity segment is expected to offset a portion of the decline in natural gas gross profits.

Specialty Chemicals

- Sodium chlorate sales volumes, pricing and margins in 2013 are expected to be consistent with 2012, as market conditions remain balanced;
- Chloralkali sales volumes, pricing and margins are expected to increase in 2013 due to improved contribution from hydrochloric acid and caustic soda;
- Electrical costs are expected to be consistent with 2012 as overall electrical pricing remains stable; and
- Average plant utilization will approximate 94% in 2013.

Construction Products Distribution

- GSD sales revenue from Canada is expected to decline in 2013 due to branch closures and lower residential construction activity, offset in part by the successful introduction of new products and price management. GSD sales revenue from the United States is expected to increase in 2013 due to continued expansion of existing product lines into U.S. branches, emphasis on specific product opportunities, pricing initiatives and market improvements in some regions. C&I sales revenue is expected to increase in 2013 due to emphasis on specific product opportunities and pricing initiatives;
- Sales margins for GSD and C&I are expected to increase slightly from 2012 due to price management initiatives, procurement strategy and closure of low-margin branches; and
- Operating costs as a percentage of revenue are expected to decrease due to the branch closures and restructuring completed in 2012.

Debt Management Update

Superior remains committed to reducing its total debt and its total debt leverage ratios. Superior's total debt to EBITDA ratio as at December 31, 2012 of 4.4X was within the Superior's third quarter 2012 MD&A range of 4.2X to 4.4X.

Superior has increased the high end of its forecasted December 31, 2013 total debt to EBITDA range to 4.2X from the prior range of 4.0X provided at the third quarter of 2012 due to higher anticipated working capital levels and the anticipated payment to CRA. Superior's targeted total debt to EBITDA remains unchanged at 3.5X to 4.0X.

Debt Management Summary

	Per Share	Millions of dollars
2013 financial outlook adjusted operating cash flow per share – mid-point [1]	$1.80	204.2
Maintenance capital expenditures, net	(0.27)	(30.2)
Capital lease obligation repayments	(0.14)	(15.5)
Cash flow available for dividends and debt repayment before growth capital	$1.39	158.5
Expansion of Port Edward's and Saskatoon facilities	(0.25)	(28.2)
Other growth capital expenditures	(0.16)	(18.1)
Anticipated payment to CRA in relation to tax challenge [2]	(0.13)	(15.0)
Proceeds from dividend reinvestment program	0.12	13.6
Estimated 2013 free cash flow available for dividend and debt repayment	$0.97	110.8
Dividends (annualized)	$(0.60)	(68.1)
Total estimated debt repayment (including Q4 2012 actuals)	$0.37	42.7
Estimated total debt to EBITDA ratio as at December 31, 2013	3.8X – 4.2X	3.8X – 4.2X
Dividend per share (annualized)	$0.60	68.1
Calculated payout ratio after all capital expenditures and payment to CRA	61%	61%

(1) See "Financial Outlook" for additional details including assumptions, definitions and risk factors.
(2) See "Update on Review of Conversion Transaction" for additional details.

In addition to Superior's significant assumptions detailed above, refer to "Risk Factors to Superior" for a detailed review of Superior's significant business risks.

Liquidity and Capital Resources

Superior's revolving syndicated bank facility (Credit Facility), term loans and finance lease obligations (collectively Borrowing) before deferred financing fees totaled $639.6 million as at December 31, 2012, a decrease of $122.5 million from December 31, 2011. The decrease in Borrowing was primarily due to due to additional cash flows retained as result of reducing the monthly dividend on November 2, 2011, lower accounts receivables in the Canadian propane distribution segment and higher cash flow from operating activities offset in part by finance lease repayments, net capital expenditures and the $49.9 million redemption of 5.75% convertible unsecured subordinated debentures.

On March 28, 2012, Superior completed an extension of its Credit Facility with eight lenders and reduced the size of the facility from $615 million to $570 million. The Credit Facility matures on June 27, 2015 and can be expanded to $750 million. The Credit Facility was reduced to reflect Superior's anticipated credit requirements as a result of Superior's ongoing debt reduction plan. Financial covenant ratios were unchanged with consolidated secured debt to consolidated EBITDA ratio and a consolidated debt to consolidated EBITDA ratio of 3.0x and 5.0x, respectively. See "Summary of Cash Flow" for details on Superior's sources and uses of cash.

As at December 31, 2012, Debentures (before deferred issue costs) issued by Superior totaled $541.5 million which was $49.9 million lower than the balance as at December 31, 2011 due to the redemption of the 5.75% convertible unsecured subordinated debentures during the third quarter, see Redemptions

below for further details. See Note 12 to the unaudited condensed consolidated financial statements for additional details on Superior's Debentures.

Redemptions
On August 1, 2012 Superior completed the previously announced redemption of the remaining $49.9 million principal of its previously issued 5.75% convertible subordinated debentures (2012 Debentures) due December 31, 2012, using funds from its Credit Facility. The 2012 Debentures were redeemed, in accordance with their terms, at the redemption price of $1,000 in cash per $1,000 principal plus accrued and unpaid interest thereon up to the redemption date, being $1,005.0411 per $1,000 principal.

On November 30, 2012, Superior announced that it provided notice that it will redeem $50 million principal amount of its previously issued 5.85% convertible subordinated debentures due October 31, 2015 on January 3, 2013. As previously announced, Superior will use proceeds from its bank facility to fund the redemption of the 2015 Debentures. The 5.85% convertible subordinated debentures will, in accordance with their terms, be redeemed at the redemption price of $1,000 in cash per $1,000 principal amount of 2015 Debentures plus accrued and unpaid interest up to but excluding the redemption date. The record date for the partial redemption is December 31, 2012.

As at December 31, 2012, approximately $205.5 million was available under the Credit Facility which Superior considers sufficient to meet its expected net working capital, capital expenditure and refinancing requirements.

Consolidated net working capital was $287.8 million as at December 31, 2012, a decrease of $89.5 million from net working capital of $377.3 million as at December 31, 2011. The decrease was primarily due to increased cash collections of accounts receivable within the Canadian propane distribution segment offset in part by higher inventory at U.S. refined fuels due a key supplier exiting the refinery business and warmer than expected weather. Lower net working capital at Construction Products Distribution was due to continued effort at optimizing net working capital as part of the segment's supply chain management review. Superior's net working capital requirements are financed from revolving term bank credit facilities.

Proceeds received from the DRIP were $3.6 million for the three months ended December 31, 2012 (three months ended December 31, 2011 $5.5 million), a decrease of $1.9 million from the year prior quarter due to a reduction in Superior's dividend rate on November 2, 2011. Proceeds received from the DRIP were $14.2 million for the twelve months ended December 31, 2012 as compared to $28.9 million during the twelve months ended December 31, 2011.

As at December 31, 2012, when calculated in accordance with the Credit Facility, the consolidated secured debt to compliance EBITDA ratio was 1.8 to 1.0 (December 31, 2011 – 2.3 to 1.0) and the consolidated debt to compliance EBITDA ratio was 2.4 to 1.0 (December 31, 2011 – 2.9 to 1.0). For both of these covenants all outstanding Debentures are not included. These ratios are within the requirements contained in Superior's debt covenants. In accordance with the Credit Facility, Superior must maintain a consolidated secured debt to compliance EBITDA ratio of not more than 3.0 to 1.0 and not more than 3.5 to 1.0 as a result of acquisitions. In addition, Superior must maintain a consolidated debt to compliance EBITDA ratio of not more than 5.0 to 1.0, excluding Debentures. Also, Superior is subject to several distribution tests and the most restrictive stipulates that Distributions (including Debenture holders and related payments) cannot exceed compliance EBITDA less cash income taxes, plus $35.0 million on a trailing 12-month rolling basis. On a 12-month rolling basis as at December 31, 2012, Superior's available distribution amount was $120.0 million under the above noted distribution test.

On March 30, 2012, Standard and Poor's confirmed both Superior and Superior LP's long-term corporate credit rating as BB- and the secured debt rating as BB+. The outlook rating for Superior and Superior LP remains stable and the credit rating on Superior's unsecured debt is unchanged at BB-. On August 17, 2012, DBRS confirmed Superior LP's senior secured rating of BB (high) and Superior LP's senior unsecured rating of BB (low). The trend for both ratings is stable.

As at December 31, 2012, Superior had an estimated defined benefit pension solvency deficiency of approximately $36.7 million (December 31, 2011 - $36.3 million) and a going concern solvency deficiency of approximately $6.5 million (December 31, 2011 - $16.6 million). Funding requirements required by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions used in Superior's financial statements. Superior has sufficient liquidity through existing revolving term bank credits and anticipated future operating cash flow to fund this deficiency over the prescribed funding period.

In the normal course of business, Superior is subject to lawsuits and claims. Superior believes the resolution of these matters will not have a material adverse effect, individually or in the aggregate, on Superior's liquidity, consolidated financial position or results of operations. Superior records costs as they are incurred or when they become determinable.

Shareholders' Capital

The weighted average number of common shares issued and outstanding during the fourth quarter was 112.6 million shares, an increase of 2.2 million common shares from the prior year quarter due to the issuance of 1,968,606 common shares over the year and the resulting impact on weighted average number of common shares outstanding. The following table provides details:

	Closing Date	Average Issuance Price per Share	Issued Number of Common Shares (Millions)
As at December 31, 2011			**110.8**
Issuance of common shares under Superior's DRIP	January 13, 2012 through December 14, 2012	$7.48	2.0
As at December 31, 2012			**112.8**

As at February 14, 2013, December 31, 2012 and December 31, 2011, the following common shares and securities convertible into common shares were issued and outstanding:

	February 14, 2013		**December 31, 2012**		December 31, 2011	
(millions)	**Convertible Securities**	**Shares**	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Common shares outstanding [1]		**112.9**		**112.8**		110.8
5.75% Debentures [2]	–	–	–	–	$49.9	1.4
5.85% Debentures [3]	**$25.0**	**0.8**	**$75.0**	**2.4**	$75.0	2.4
7.50% Debentures [4]	**$69.0**	**5.3**	**$69.0**	**5.3**	$69.0	5.3
5.75% Debentures [5]	**$172.5**	**9.1**	**$172.5**	**9.1**	$172.5	9.1
6.00% Debentures [6]	**$150.0**	**9.9**	**$150.0**	**9.9**	$150.0	9.9
7.50% Debentures [7]	**$75.0**	**6.6**	**$75.0**	**6.6**	$75.0	6.6
Shares outstanding and issuable upon conversion of Debentures		**144.6**		**146.1**		145.5

(1) Common shares outstanding as at February 14, 2013, includes 114,704 common shares issued under Superior's DRIP program in January.
(2) Convertible at $36.00 per share.
(3) Convertible at $31.25 per share.
(4) Convertible at $13.10 per share.
(5) Convertible at $19.00 per share.
(6) Convertible at $15.10 per share.
(7) Convertible at $11.35 per share.

Dividends Paid to Shareholders

Dividends paid to Superior's shareholders depend on its cash flow from operating activities with consideration for Superior's changes in working capital requirements, investing activities and financing activities. See "Summary of Adjusted Operating Cash Flow" and "Summary of Cash Flow" for additional details.

Dividends paid to shareholders in the fourth quarter were $67.1 million (before DRIP proceeds of $3.6 million) or $0.15 per share, a decrease of $10.7 million due to the reduction of Superior's dividend rate to $0.05 per share per month effective with the November 2011 dividend. On November 2, 2011, Superior announced that the monthly dividend has been reduced to $0.05 per share or $0.60 per share on an annualized basis which decreased from the prior level of $0.10 per share per month or $1.20 per share on an annualized basis. Superior deemed it prudent to accelerate its debt reduction plan by reducing its monthly dividend during 2011. See "Debt Management Update" for further details. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Superior's primary sources and uses of cash are detailed below:

Summary of Cash Flow [1]

(millions of dollars)	**Three months ended December 31, 2012**	2011	**Twelve months ended December 31, 2012**	2011
Cash flow (used in) from operating activities	**(8.1)**	(20.0)	**273.3**	212.0
Investing activities[2]:				
Purchase of property, plant and equipment	**(22.1)**	(14.6)	**(43.8)**	(38.2)
Proceeds on disposal of property, plant and equipment	**0.4**	1.0	**4.5**	3.2
Other acquisitions	–	(1.1)	**(5.5)**	(14.8)
Cash flow (used in) from investing activities	**(21.7)**	(14.7)	**(44.8)**	(49.8)
Financing activities:				
Net proceeds (repayment) of of revolving term bank credits and other debt	**78.9**	125.4	**(74.4)**	132.3
Repayment of senior secured notes	**(31.8)**	(32.5)	**(31.8)**	(32.5)
Repayment of finance lease obligation	**(4.1)**	(3.4)	**(16.4)**	(14.2)
Net proceeds (repayment) of accounts receivable securitization program	–	–	–	(90.1)
Redemption of the 5.75% convertible debentures	–	(125.0)	**(49.9)**	(125.0)
Proceeds from the issuance of 7.50% convertible Debentures	–	75.0	–	75.0
Costs incurred for the issuance of 7.50% convertible Debentures	–	(3.4)	–	(3.4)
Proceeds from the dividend reinvestment plan	**3.6**	5.5	**14.2**	28.9
Dividends paid to shareholders	**(16.9)**	(27.6)	**(67.1)**	(136.7)
Cash flow from (used in) financing activities	**29.7**	14.0	**(225.4)**	(165.7)
Net (decrease) increase in cash and cash equivalents	**(0.1)**	(20.7)	**3.1**	(3.5)
Cash and cash equivalents, beginning of period	**7.7**	26.0	**5.2**	7.8
Effect of translation of foreign denominated cash and cash equivalents	–	(0.1)	**(0.7)**	0.9
Cash and cash equivalents, end of period	**7.6**	5.2	**7.6**	5.2

(1) See the consolidated statement of cash flow for additional details.
(2) See "Consolidated Capital Expenditure Summary" for additional details.

Financial Instruments – Risk Management

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates, share-based compensation and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading. Refer to Superior's 2012 Annual MD&A for further details on financial instrument risk management.

As at December 31, 2012, Superior has hedged approximately 90% of its estimated US dollar exposure for 2013. The estimated sensitivity of adjusted operating cash flow for Superior, including divisional US exposures and the impact on US-denominated debt with respect to a $0.01 change in the Canadian to United States exchange rate for 2013 is $0.2 million after giving effect to United States forward contracts

for 2013, as shown in the table below. Superior's sensitivities and guidance are based on an anticipated average Canadian to US dollar foreign currency exchange rate for 2013 of par.

(US$ millions except exchange rates)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018 and Thereafter**	**Total**
Energy Services – US$ forward sales	44.0	26.0	26.0	–	–	–	96.0
Construction Products Distribution – US$ forward sales	24.0	12.0	12.0	12.0	–	–	60.0
Specialty Chemicals – US$ forward sales	150.0	133.0	106.0	80.4	24.0	–	493.4
Corporate – US$ forward purchases	(25.0)	(27.0)	–	–	–	–	(52.0)
Net US $ forward sales	193.0	144.0	144.0	92.4	24.0	–	597.4
Energy Services – Average US$ forward sales rate	1.06	1.01	1.01	–	–	–	1.03
Construction Products Distribution – Average US$ forward sales rate	1.07	1.00	1.00	1.03	–	–	1.03
Specialty Chemicals – Average US$ forward sales rate	1.04	1.03	1.00	1.04	1.03	–	1.03
Corporate – US$ forward purchases rate	1.01	1.01	–	–	–	–	1.01
Net average external US$/CDN$ exchange rate	1.05	1.02	1.00	1.03	1.03	–	1.03

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's third quarter condensed consolidated financial statements, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 13 to the unaudited condensed consolidated financial statements.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

No changes have been made in Superior's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Superior's internal control over financial reporting in the quarter ended December 31, 2012.

Critical Accounting Policies and Estimates

Superior's unaudited condensed consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies are described in the unaudited condensed consolidated financial statements for the period ended December 31, 2012. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Our critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, future income tax assets and liabilities, the valuation of derivatives and non-financial derivatives and asset impairments and the assessment of potential asset retirement obligations.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments or improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning on January 1, 2012 or later. The affected standards that apply to Superior are as follows:

IFRS 9 – *Financial Instruments: Classification and Measurement*

IFRS 9, Financial Instruments, was issued in November 2009 and is intended to replace International Accounting Standard (IAS) 39*, Financial Instruments: Recognition and Measurement.* IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the

multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. Superior is assessing the effect of IFRS 9 on its financial results and financial position; changes, if any, are not expected to be material.

IFRS 10 – *Consolidated Financial Statements*
IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The revised standard was effective for Superior on January 1, 2013. Superior adopted the amendments on January 1, 2013, with no impact to Superior.

IFRS 11 – *Joint Arrangements*
IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas joint operations will require the venture to recognize its share of the assets, liabilities, revenue and expenses. This standard became applicable on January 1, 2013. Superior adopted the amendments on January 1, 2013, with no impact to Superior.

IFRS 12 – *Disclosure of Interests in Other Entities*
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off-balance-sheet vehicles. The standard carries forward existing disclosure and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard became effective for Superior on January 1, 2013. Superior adopted the amendments on January 1, 2013, with no impact to Superior.

IFRS 13 – *Fair Value Measurement*
IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 applies to accounting standards that require or permit fair value measurements or disclosure about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosure about those measurements), except in specified circumstances. IFRS 13 became applicable on January 1, 2013. Superior adopted the amendments on January 1, 2013, with no impact to Superior.

IAS 1 – *Presentation of Other Comprehensive Income*
The amendments to IAS 1, *Presentation of Financial Statements*, issued in June 2011, require entities to group items presented in other comprehensive income on the basis of whether they might be reclassified to the consolidated statement of income in subsequent periods and items that will not be reclassified to the consolidated statement of income. The amendments did not address which items are presented in other comprehensive income and did not change the option to present items net of tax. The amendments to IAS 1 became effective for annual periods beginning on or after July 1, 2012, which was January 1, 2013 for Superior, and are to be applied retrospectively. Superior adopted the amendments on January 1, 2013, with no impact to Superior.

IAS 19 – *Employee Benefits, amendments*
IAS 19 amendments were issued in June 2011, and changed the accounting and disclosure for defined benefit plans and termination benefits. The standard requires that the changes in defined benefit obligations are recognized as they occur, eliminating the corridor approach and accelerating the recognition of past service costs. The changes in defined benefit obligations and plan assets are to be disaggregated into three components: service costs, net interest on the net defined benefit liabilities (assets) and re-measurements of the net defined benefit liabilities (assets). This standard applies for accounting periods beginning on or after January 1, 2013. Superior adopted IAS 19 on January 1, 2013 and the financial impact is an increase of $3.1 million to pension expenses and a corresponding decrease to accumulated other comprehensive loss for the year ended December 31, 2012. The impact on Superior's balance sheet as at January 1, 2012 is a $4.1 million increase to retained deficit and a corresponding decrease to accumulated other comprehensive loss.

***Superior adopted the following on January 1, 2012**:*
IFRS 7 – *Financial Instruments: Disclosure, amendments regarding disclosures – Transfer of Financial Assets*
The December 2011 changes by the IASB and the Financial Accounting Standards Board (FASB) to IFRS 7 require quantitative and qualitative disclosure regarding transfers of financial assets when the transferred assets are not derecognized in their entirety or the transferor retains continuing managerial involvement. The amendment also requires disclosure of supplementary information if a substantial portion of the total amount of the transfer activity occurs in the closing days of a reporting period. Superior adopted the amendments on January 1, 2012, with no impact to Superior.

IAS 12 – *Income Taxes, amendments regarding Deferred Tax: Recovery of Underlying Assets*
IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduced a presumption that an entity will assess whether an asset's sale will recover its carrying amount. Superior's adoption of IAS 12 on January 1, 2012 did not impact Superior's financial results or financial position.

Quarterly Financial and Operating Information

	2012 Quarters				2011 Quarters			
(millions of dollars except per share amounts)	Fourth	Third	Second	First	Fourth	Third	Second	First
Canadian propane sales volumes (millions of litres)	**383**	240	255	413	368	239	260	439
U.S. refined fuels sales volumes (millions of litres)	**428**	335	363	473	440	344	405	552
Natural gas sales volumes (millions of GJs)	**5**	5	5	5	5	5	6	6
Electricity sales volumes (millions of KwH)	**200**	245	187	185	167	176	146	117
Chemical sales volumes (thousands of metric tonnes)	**200**	193	190	188	187	197	192	196
Revenues (millions of dollars)	**934.0**	790.1	834.3	1,065.9	1,043.4	845.0	898.4	1,138.8
Gross profit	**228.2**	195.9	184.8	238.1	234.6	178.5	176.0	238.4
Net earnings (loss)	**14.2**	36.7	13.5	28.7	(231.4)	(113.4)	1.1	41.1
Per share, basic	**$0.13**	$0.33	$0.12	$0.26	($2.10)	($1.04)	$0.01	$0.38
Per share, diluted	**$0.13**	$0.31	$0.12	$0.24	($2.10)	($1.04)	$0.01	$0.34
Adjusted operating cash flow (millions of dollars)	**62.6**	34.5	29.0	67.4	63.8	23.5	19.8	73.3
Per share, basic and diluted	**$0.56**	$0.31	$0.26	$0.61	$0.58	$0.21	$0.18	$0.68
Net working capital [(1)] (millions of dollars)	**287.8**	218.3	234.4	325.3	377.3	295.0	365.3	416.1

(1) Net working capital reflects amounts as at the quarter-end and is comprised of accounts receivable and inventories, less trade and other payables and deferred revenue.

Non-IFRS Financial Measures

Adjusted Operating Cash Flow

Adjusted operating cash flow is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in 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 Superior's performance. Readers are cautioned that adjusted operating cash flow is not a defined performance measure under IFRS and that adjusted operating cash flow cannot be assured. Superior's calculation of adjusted operating cash flow may differ from similar calculations used by comparable entities. 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 the Energy Services segment, 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 expenses, which can differ significantly from quarter to quarter. Adjustments are also made to reclassify the cash flow related to natural gas and electricity customer contract-related costs in a manner consistent with the income statement's recognition of these costs. Adjusted operating cash flow is reconciled to net cash flow from operating activities on page 13.

EBITDA

EBITDA represents earnings before taxes, depreciation, amortization, finance expense and certain other non-cash expenses, and is used by Superior to assess its consolidated results and the results of its

operating segments. EBITDA is not a defined performance measure under IFRS. Superior's calculation of EBITDA may differ from similar calculations used by comparable entities. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations. Net earnings before income taxes are reconciled to EBITDA from operations on page 35.

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and certain 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 IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities. See Note 15 to the unaudited condensed consolidated financial statements for a reconciliation of net earnings (loss) to compliance EBITDA.

Payout Ratio

Payout ratio represents dividends as a percentage of adjusted operating cash flow less other capital expenditures, and is used by Superior to assess its financial results and leverage. Payout ratio is not a defined performance measure under IFRS. Superior's calculation of payout ratio may differ from similar calculations used by comparable entities.

Reconciliation of Net Earnings (Loss) before income taxes to EBITDA from Operations [(1) (2)]

For the three months ended December 31, 2012	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net Earnings before income taxes	**27.7**	**17.2**	**6.1**
Add: Amortization of property, plant and equipment and intangible assets	**12.7**	**1.3**	**1.4**
Amortization included in cost of sales	**–**	**11.5**	**–**
Losses on disposal of assets	**1.0**	**0.6**	**0.1**
Amortization of customer contract related costs	**0.7**	**–**	**–**
Customer contract related costs	**(0.2)**	**–**	**–**
Impairment of property, plant and equipment	**4.7**	**–**	**–**
Finance costs	**1.2**	**0.1**	**0.2**
Unrealized gains on derivative financial instruments	**(1.7)**	**(1.6)**	**–**
EBITDA from operations	**46.1**	**29.1**	**7.8**

For the three months ended December 31, 2011	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net Earnings (Loss) before income taxes	(297.6)	19.4	5.2
Add: Amortization of property, plant and equipment and intangible assets	23.3	3.6	1.6
Amortization included in cost of sales	–	11.4	–
Losses (gains) on disposal of assets	(0.8)	–	(0.2)
Amortization of customer contract-related costs	0.5	–	–
Customer contract-related costs	0.2	–	–
Gain on bargain purchase	(0.9)	–	–
Impairment of intangible assets and goodwill	300.6	–	–
Finance costs	1.0	0.1	0.3
Unrealized gains on derivative financial instruments	20.2	–	–
EBITDA from operations	46.5	34.5	7.9

2012	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net Earnings before income taxes	**113.0**	**77.0**	**13.8**
Add: Amortization of property, plant and equipment, intangible assets and accretion	**53.4**	**6.3**	**6.1**
Amortization included in cost of sales	**–**	**44.9**	**–**
Loss on disposal of assets	**0.2**	**0.6**	**0.2**
Amortization of customer contract-related costs	**3.3**	**–**	**–**
Customer contract-related costs	**(1.1)**	**–**	**–**
Impairment of property, plant and equipment	**4.7**	**–**	**–**
Finance costs	**4.5**	**0.3**	**0.7**
Unrealized gains on derivative financial instruments	**(43.8)**	**(1.6)**	**–**
EBITDA from operations	**134.2**	**127.5**	**20.8**

2011	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net Earnings (Loss) before income taxes	(233.9)	56.1	(63.3)
Add: Amortization of property, plant and equipment, intangible assets and accretion	71.1	8.5	8.4
Amortization included in cost of sales	–	44.9	–
Loss (gain) on the disposal of assets	2.4	–	(0.1)
Amortization of customer contract-related costs	4.2	–	–
Gain on bargain purchase	(0.9)	–	–
Customer contract-related costs	(1.6)	–	–
Impairment of property, plant and equipment	3.4	–	–
Impairment of intangible assets and goodwill	300.6	–	78.0
Finance costs	3.9	0.3	1.2
Unrealized (gains) losses on derivative financial instruments	(15.6)	5.4	–
EBITDA from operations	133.6	115.2	24.2

(1) See the unaudited condensed consolidated financial statements for net earnings (loss) before income taxes, amortization of property, plant and equipment, intangible assets and accretion of convertible debenture issue costs, amortization included in cost of sales, amortization of customer contract costs, customer contract related costs and unrealized (gains) losses on derivative financial instruments.

(2) See "Non-IFRS Financial Measures" for additional details.

Reconciliation of Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs included in this Financial Discussion

	For the three months ended December 31, 2012			For the three months ended December 31, 2011		
	Energy Services	**Specialty Chemicals**	**Construction Products Distribution**	Energy Services	Specialty Chemicals	Construction Products Distribution
Revenue per financial statements	**602.2**	**138.6**	**193.2**	727.6	137.7	178.1
Foreign currency gains (losses) related to working capital	**–**	**0.5**	–	–	0.7	–
Revenue per the Financial Discussion	**602.2**	**139.1**	**193.2**	727.6	138.4	178.1
Cost of products sold per financial statements	**(472.6)**	**(87.6)**	**(145.6)**	(595.6)	(82.8)	(130.4)
Risk reserve recovery reclassification	–	–	**–**	(2.2)	–	**–**
Non-cash amortization	**–**	**11.5**	–	–	11.4	–
Cost of products sold per the Financial Discussion	**(472.6)**	**(76.1)**	**(145.6)**	(597.8)	(71.4)	(130.4)
Gross profit	**129.6**	**63.0**	**47.6**	129.8	67.0	47.7
Cash operating and administrative costs per financial statements	**(97.7)**	**(35.3)**	**(41.3)**	(107.3)	(35.4)	(42.2)
Amortization and depreciation expenses	**12.7**	**1.3**	**1.4**	21.6	3.6	1.6
Losses (gains) on disposal of assets	**1.0**	**0.6**	**0.1**	0.4	–	(0.2)
Amortization of customer contract related costs	**0.7**	**–**	**–**	0.9	–	–
Customer contract related costs	**(0.2)**	**–**	**–**	(0.2)	–	–
Gain on bargain purchase	–	–	–	(0.9)	–	–
Impairment of property, plant and equipment	**4.7**	–	–	–	–	–
Risk reserve recovery reclassification	–	–	–	2.2	–	–
Reclassification of foreign currency (gains) and losses related to working capital	**–**	**(0.5)**	**–**	–	(0.7)	–
Cash operating and administrative costs per the Financial Discussion	**(83.5)**	**(33.9)**	**(39.8)**	(83.3)	(32.5)	(40.8)

	Energy Services	Specialty Chemicals	**For the twelve months ended December 31, 2012** Construction Products Distribution	Energy Services	Specialty Chemicals	For the twelve months ended December 31, 2011 Construction Products Distribution
Revenue per financial statements	**2,301.6**	**543.8**	**778.9**	2,686.1	527.7	711.8
Foreign currency gains (losses) related to working capital	–	**(1.6)**	–	–	1.4	–
Revenue per the Financial Discussion	**2,301.6**	**542.2**	**778.9**	2,686.1	529.1	711.8
Cost of products sold per financial statements	**(1,854.2)**	**(328.8)**	**(595.0)**	(2,225.7)	(335.3)	(537.1)
Risk reserve recovery reclassification	–	–	–	(5.2)	–	–
Non-cash amortization	–	**44.9**	–	–	44.9	–
Cost of products sold per the Financial Discussion	**(1,854.2)**	**(283.9)**	**(595.0)**	(2,230.9)	(290.4)	(537.1)
Gross profit	**447.4**	**258.3**	**183.9**	455.2	238.7	174.7
Cash operating and administrative costs per financial statements	**(369.0)**	**(139.3)**	**(169.4)**	(405.4)	(130.6)	(158.8)
Amortization and depreciation expenses	**53.4**	**6.3**	**6.1**	71.1	8.5	8.4
(Gains) losses on disposal of assets	**0.2**	**0.6**	**0.2**	2.4	–	(0.1)
Amortization of customer contract related costs	**3.3**	–	–	4.2	–	–
Customer contract related costs	**(1.1)**	–	–	(1.6)	–	–
Impairment of property, plant and equipment, intangible assets and goodwill	**4.7**	–	–	3.4	–	–
Gain on bargain purchase	–	–	–	(0.9)	–	–
Risk reserve recovery reclassification	–	–	–	5.2	–	–
Reclassification of foreign currency (gains) and losses related to working capital	–	**1.6**	–	–	(1.4)	–
Cash operating and administrative costs per the Financial Discussion	**(313.2)**	**(130.8)**	**(163.1)**	(321.6)	(123.5)	(150.5)

Risk Factors to Superior

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as detailed in Superior's 2012 Annual Information Form under "Risk Factors" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com.

Risks to Superior

Superior depends entirely on the operations and assets of Superior LP. Superior's ability to make dividend payments to its shareholders depends on the ability of Superior LP to make distributions on its outstanding limited partnership units, as well as on the operations and business of Superior LP.

There is no assurance regarding the amount of cash to be distributed by Superior LP or generated by Superior LP and, therefore, there is no assurance regarding funds available for dividends to shareholders. The 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 Superior. 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 are subject to change at the discretion of the Board of Directors of Superior or the Board of Directors of Superior General Partner Inc., the general partner of Superior LP, 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.

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.

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 the current business, and to make necessary principal payments and debenture redemptions under its term credit facilities may be impaired.

Superior maintains a substantial floating interest rate exposure through a combination of floating interest rate borrowing and the use of derivative instruments. Demand levels for approximately half 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 demand from Superior's customers, thereby increasing Superior's sales and its 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. Increased interest rates, however, will affect Superior's borrowing costs, which may have an adverse effect on Superior.

A portion of Superior's net cash flow is denominated in US dollars. Accordingly, fluctuations in the Canadian/US dollar exchange rate can affect profitability. Superior attempts to mitigate this risk by hedging.

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.

If the Board of Directors of Superior decides to issue additional common shares, preferred shares or securities convertible into common shares, existing shareholders may suffer significant dilution.

There can be no assurance 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 CRA (or 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.

Since the beginning of 2010, the CRA has requested and reviewed information from Superior relating to the plan of arrangement involving Superior Plus Income Fund and Ballard Power Systems Inc. and the Conversion. As disclosed by Superior on September 20, 2012, Superior anticipated receiving a proposal letter from the CRA in due course on this matter and on February 11, 2013, Superior received the proposal letter from the CRA. The proposal letter proposes to deny the availability of capital losses of approximately $623 million and other tax basis of approximately $1,000 million. Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Arrangement and the Conversion and intends to vigorously defend such position. Superior also strongly believes that the acquisition of control or the general anti-avoidance rule do not apply to the Arrangement and the Conversion and intends to file its future tax returns on a basis consistent with its view of the outcome of the Arrangement and the Conversion.

Risks to Superior's segments

Energy Services

Canadian Propane Distribution and U.S. Refined Fuels

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 service 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 in general and Canadian propane distribution in particular, in the future. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Canadian propane distribution's sales. 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 stabilizing after several years of decline but this trend could return depending upon propane pricing and the market acceptance of propane conversion options and the availability of infrastructure.

Competition in the U.S. refined fuels' business markets generally occurs on a local basis between large, full-service, multi-state marketers and smaller, independent local marketers. Marketers primarily compete based on price and service and tend to operate in close proximity to customers, typically within a 35-mile marketing radius from a central depot, in order to minimize delivery costs and provide prompt service.

Weather and general economic conditions affect distillates market volumes. Weather influences the immediate demand for distillates, primarily for heating, while longer-term demand declines due to economic conditions as customers trend towards conservation and supplement heating with alternative sources such as wood pellets.

The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane and heating oil demand and Superior's sales. Further, increases in the cost of propane encourage customers to conserve fuel and to invest in more energy-efficient equipment, reducing demand. Changes in propane supply costs are normally passed through to customers, but timing lags (between when Superior purchases the propane and when the customer purchases the propane) may result in positive or negative gross margin fluctuations.

Superior offers its customers various fixed-price propane and heating oil programs. In order to mitigate the price risk from offering these services, Superior 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.

Superior's operations are subject to the risks associated with handling, storing and transporting propane in bulk. Slight quantities of propane may also be released during transfer operations. To mitigate risks, Superior has established a comprehensive environmental, health and safety protection program. It consists of an environmental policy, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

The U.S. refined fuels business, through a centralized safety and environment management system, ensures that safety practices and regulatory compliance are an important part of its business. The storage and delivery of refined fuels pose the potential for spills which impact the soil and water of storage facilities and customer properties.

Superior's fuel distribution businesses are based and operate in Canada and the United States 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 increase compliance costs or otherwise negatively affect the operations of Energy Services in comparison to such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Services.

In 2013, Canadian propane distribution will implement an order to cash, billing and logistics IT system to replace the distribution and invoicing functions of the present enterprise system. To mitigate the risk associated with system changes, Canadian propane distribution will leverage the learnings from the U.S refined fuels organization that have been using this new system and implementation will be rolled out one region at a time.

Approximately 19% of Superior's Canadian propane distribution business employees are unionized and 5% of U.S. refined fuels distribution business employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the renegotiation process that could have an adverse impact on Superior.

Fixed-price energy services business

There may be new market entrants in the energy retailing business that compete directly for the customer base that Superior targets, slowing or reducing its market share.

Superior Energy Management (SEM) purchases natural gas to meet its estimated commitments to its customers based on their historical consumption of gas. 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, minimizing imbalances. The reserve is reviewed on a monthly basis to ensure that it is sufficient to absorb any losses that might arise from balancing.

SEM matches its customers' estimated electricity requirements by entering into electricity swaps in advance of acquiring customers. Depending on several factors, including weather, customers' 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.

Fixed-price energy services resources its fixed-price term natural gas sales commitments by entering into various physical natural gas and US dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. Superior transacts with nine financial and physical natural gas counterparties. There can be no assurance that any of these counterparties will not default on any of their obligations to Superior. The financial condition of each counterparty is, however, evaluated and credit limits are established to minimize Superior's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become unmatched; however, this is monitored daily in compliance with Superior's risk management policy.

Fixed-price energy services must retain qualified sales agents in order to properly execute its business strategy. The continued growth of fixed-price energy services 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 fixed-price energy services would limit future growth of cash flow.

Fixed-price energy services operates in the highly regulated energy industry in Ontario and Quebec. Changes to laws could impact this business' operations. As part of the current regulatory framework, local delivery companies are mandated to perform certain services on behalf of fixed-price energy services, including invoicing, collection, assuming specific bad debt risks, and storage and distribution of natural gas. Any elimination or changes to these rules could have a significant adverse effect on the results of this business. Fixed-price energy services also markets electricity in Pennsylvania and New York State and natural gas in New York State only. The regulatory environment in Pennsylvania is favourable to retail choice. The Pennsylvania Utility Commission's Retail Market Investigation focused on solutions to increase retail market share and included orders for utilities to investigate retail opt-in auctions to entice customers to consider retail choice, reduce enrolment timelines, implement retail referral programs and design seamless moves that would reduce churn as a customer moves or changes accounts.

The Ontario Energy Board issued an update to the revised Codes of Conduct supporting the *Energy Consumer Protection Act (Ontario)*. Although the industry had anticipated automatic renewal of natural gas accounts on a month-to-month basis, the OEB 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 fixed-price energy services' renewal price and the utility default rate.

Specialty Chemicals

Specialty Chemicals competes with sodium chlorate, chloralkali and potassium producers on a worldwide basis. Key competitive factors include price, product quality, logistics capability, reliability of supply, technical capability and service. The end-use markets for products are correlated to the general economic environment and the competitiveness of customers, all of which are outside of the segment's control, along with market pricing for pulp.

Specialty Chemicals has long-term electricity contracts or electricity contracts that renew automatically with power producers in each of the jurisdictions where its plants are located. There is no assurance that Specialty Chemicals will remain able to secure adequate supplies of electricity at reasonable prices or on acceptable terms.

Potassium chloride (KCl) is a major raw material used in the production of potassium hydroxide at the Port Edwards, Wisconsin facility. Substantially all of Specialty Chemicals KCl is received from Potash Corporation of Saskatchewan. Specialty Chemicals currently has a limited ability to source KCl from additional suppliers.

Specialty Chemicals is exposed to fluctuations in the US dollar and the euro versus the Canadian dollar. Specialty Chemicals manages its exposure to fluctuations between the US dollar and Canadian dollar by entering into hedge contracts with external third parties and internally with other Superior businesses.

Specialty Chemicals' operations involve the handling, production, transportation, treatment and disposal of materials that are classified as hazardous and are regulated by environmental and health and safety laws, regulations and requirements. There is potential 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 segment's facilities unsafe, they may order that such facilities be shut down.

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

Specialty Chemicals' production facilities maintain complex process and electrical equipment. The facilities have existed for many years and undergone upgrades and improvements. Routine maintenance is regularly completed to ensure equipment is operated within appropriate engineering and technical requirements. Notwithstanding Specialty Chemicals' operating standards and history of limited downtime, breakdown of electrical transformer or rectifier equipment would temporarily reduce production at the affected facility. Although the segment has insurance coverage to mitigate substantial loss due to equipment outage, Specialty Chemicals' reputation and its ability to meet customer requirements could be negatively affected by a major electrical equipment failure.

Approximately 24% of Specialty Chemicals' employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the negotiation process that could have an adverse impact on Superior.

Construction Products Distribution

Activity in the Construction Products Distribution segment is subject to changes in general economic activity and, in particular, residential and non-residential construction. New residential construction is subject to such factors as household income, employment levels, customer confidence, population changes and the local supply of residential units. 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 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 Superior's insulation businesses. As a result, changes to general economic activity or other factors mentioned above that affect the amount of construction or renovation in residential and non-residential markets can have an adverse effect on the segment's business and Superior.

Construction Products Distribution competes with other specialty construction distributors servicing the builder/contractor market, in addition to big-box home centres and independent lumber yards. The ability to remain competitive depends on the segment's ability to provide reliable service at competitive prices.

The GSD market is driven largely by residential and non-residential construction. Demand for wall and ceiling 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 affect existing housing sales, new home construction, new non-residential construction, and office/commercial space turnover, all of which are significant factors in determining demand for products and services.

The C&I market is driven largely by C&I construction spending and economic growth. Demand is influenced by commercial construction and renovation, the construction, maintenance and expansion of industrial process facilities (such as oil refineries, petrochemical plants and power generation facilities) and institutional facilities in the government, healthcare and education sectors.

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.

Approximately 4% of Construction Products Distribution's employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the negotiation process that could have an adverse impact on the segment and Superior.

SUPERIOR PLUS CORP.
Condensed Consolidated Balance Sheets

(unaudited, millions of Canadian dollars)	Notes	December 31, 2012	December 31, 2011
Assets			
Current Assets			
Cash and cash equivalents		**7.6**	5.2
Trade and other receivables	5&13	**389.0**	472.9
Prepaid expenses		**24.7**	20.7
Inventories	6	**213.7**	203.1
Unrealized gains on derivative financial instruments	13	**16.6**	13.3
Total Current Assets		**651.6**	715.2
Non-Current Assets			
Property, plant and equipment	7	**829.9**	885.0
Intangible assets		**39.6**	65.6
Goodwill		**189.1**	186.1
Notes and finance lease receivables		**10.1**	10.0
Deferred tax	14	**303.1**	315.5
Unrealized gains on derivative financial instruments	13	**12.9**	16.0
Total Non-Current Assets		**1,384.7**	1,478.2
Total Assets		**2,036.3**	2,193.4
Liabilities and Equity			
Current Liabilities			
Trade and other payables	9	**314.1**	297.6
Deferred revenue	10	**18.2**	14.2
Borrowing	11	**59.7**	54.3
Convertible unsecured subordinated debentures	12&22	**50.0**	49.3
Dividends and interest payable		**7.3**	7.6
Unrealized losses on derivative financial instruments	13	**36.5**	61.7
Total Current Liabilities		**485.8**	484.7
Non-Current Liabilities			
Borrowing	11	**574.7**	701.4
Convertible unsecured subordinated debentures	12	**475.1**	521.7
Other liabilities		**1.0**	–
Provisions	8	**17.6**	17.2
Employee future benefits		**54.1**	65.3
Deferred tax	14	**2.5**	5.9
Unrealized losses on derivative financial instruments	13	**42.6**	47.6
Total Non-Current Liabilities		**1,167.6**	1,359.1
Total Liabilities		**1,653.4**	1,843.8
Equity			
Capital		**1,646.5**	1,633.1
Deficit		**(1,202.3)**	(1,228.2)
Accumulated other comprehensive loss		**(61.3)**	(55.3)
Total Equity	15	**382.9**	349.6
Total Liabilities and Equity		**2,036.3**	2,193.4

See accompanying Notes to the Condensed Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Changes in Equity

(unaudited millions of Canadian dollars)	Share Capital	Contributed Surplus[1]	**Total Capital**	**Deficit**	**Accumulated other comprehensive loss**	**Total**
January 1, 2011	1,600.9	5.5	**1,606.4**	**(797.9)**	**(54.1)**	**754.4**
Net loss	–	–	**–**	**(302.6)**	**–**	**(302.6)**
Option value associated with redemption of convertible debentures	–	(2.2)	**(2.2)**	–	–	**(2.2)**
Shares issued under Dividend Reinvestment Plan	28.9	–	**28.9**	**–**	**–**	**28.9**
Dividends declared to shareholders	–	–	–	**(127.7)**	**–**	**(127.7)**
Unrealized foreign currency losses on translation of foreign operations	–	–	**–**	**–**	**13.6**	**13.6**
Actuarial defined benefit losses	–	–	**–**	**–**	**(25.5)**	**(25.5)**
Reclassification of derivative losses previously deferred	–	–	**–**	**–**	**5.9**	**5.9**
Income tax on other comprehensive loss	–	–	**–**	**–**	**4.8**	**4.8**
December 31, 2011	1,629.8	3.3	**1,633.1**	**(1,228.2)**	**(55.3)**	**349.6**
Net earnings	–	–	**–**	**93.1**	**–**	**93.1**
Option value associated with redemption of convertible debentures	**–**	(0.8)	**(0.8)**	**–**	**–**	**(0.8)**
Shares issued under Dividend Reinvestment Plan	14.2	–	**14.2**	**–**	**–**	**14.2**
Dividends declared to shareholders	–	–	–	**(67.2)**	**–**	**(67.2)**
Unrealized foreign currency losses on translation of foreign operations	–	–	**–**	**–**	**(9.0)**	**(9.0)**
Actuarial defined benefit losses	–	–	**–**	**–**	**4.1**	**4.1**
Income tax on other comprehensive loss	–	–	**–**	**–**	**(1.1)**	**(1.1)**
December 31, 2012	1,644.0	2.5	**1,646.5**	**(1,202.3)**	**(61.3)**	**382.9**

[1] Contributed surplus represents Superior's equity reserve for the option value associated with the issuance of convertible unsecured subordinated debentures and warrants.

See accompanying Notes to the Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Net Earnings (Loss) and Total Comprehensive Income (Loss)

(unaudited, millions of Canadian dollars except per share amounts)	Note	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2011
REVENUES	18	**934.0**	1,043.4	**3,624.3**	3,925.6
Cost of sales (includes products & services)	18	**(705.8)**	(808.8)	**(2,778.0)**	(3,098.1)
Gross profit		**228.2**	234.6	**846.3**	827.5
EXPENSES					
Selling, distribution and administrative costs	18	**177.9**	188.7	**694.0**	706.7
Finance expense	18	**18.2**	20.7	**77.6**	85.5
Impairment of property, plant and equipment, intangible assets and goodwill	7	**4.7**	300.6	**4.7**	378.6
Unrealized losses (gains) on derivative financial instruments	13	**14.1**	(0.3)	**(32.1)**	9.7
		214.9	509.7	**744.2**	1,180.5
Net earnings (loss) before income taxes		**13.3**	(275.1)	**102.1**	(353.0)
Income tax (expense) recovery	14	**0.9**	43.7	**(9.0)**	50.4
Net earnings (loss)		**14.2**	(231.4)	**93.1**	(302.6)
Net earnings (loss)		**14.2**	(231.4)	**93.1**	(302.6)
Other comprehensive income:					
Unrealized foreign currency (losses) gains on translation of foreign operations	15	**4.5**	(11.0)	**(9.0)**	13.6
Actuarial defined benefit gains (losses)	15	**14.2**	(5.4)	**4.1**	(25.5)
Reclassification of derivative losses previously deferred	15	**–**	0.6	–	5.9
Income tax (expense) recovery on other comprehensive loss	14	**(3.8)**	1.3	**(1.1)**	4.8
Total comprehensive income (loss) for the period		**29.1**	(245.9)	**87.1**	(303.8)
Net Earnings (Loss) per Share					
From operations:					
Basic and diluted	16	**$0.13**	$(2.10)	**$0.83**	$(2.77)

See accompanying Notes to the Condensed Consolidated Financial Statements.

SUPERIOR PLUS CORP.
Condensed Consolidated Statement of Cash Flows

(unaudited, millions of Canadian dollars)	Notes	Three months ended December 31, 2012	2011	Twelve Months Ended December 31, 2012	2011
OPERATING ACTIVITIES					
Net earnings (loss) for the period		**14.2**	(231.4)	**93.1**	(302.6)
Adjustments for:					
Depreciation included in selling, distribution and administrative costs	7	**10.7**	13.4	**42.4**	44.3
Amortization of intangible assets		**4.8**	9.8	**23.5**	41.9
Depreciation included in cost of sales	7	**11.5**	11.4	**44.9**	44.9
Amortization of customer contract-related costs		**0.7**	0.5	**3.3**	4.2
Losses on disposal of assets		**1.7**	0.9	**1.0**	4.1
Impairment of intangible assets and goodwill		**–**	300.6	**–**	378.6
Impairment of property, plant and equipment		**4.7**	3.4	**4.7**	3.4
Unrealized (gains) losses on derivative financial instruments	13	**14.1**	(0.3)	**(32.1)**	9.7
Gain on bargain purchase	4	**–**	(0.9)	**–**	(0.9)
Customer contract-related costs		**(0.2)**	0.2	**(1.1)**	(1.6)
Finance costs recognized in net earnings (loss)		**18.2**	20.7	**77.6**	85.5
Income tax expense (recovery) recognized in net earnings (loss)		**(0.9)**	(43.7)	**9.0**	(50.4)
(Increase) Decrease in non-cash operating working capital	17	**(57.9)**	(69.8)	**81.6**	30.1
Net cash flows from operating activities		**21.6**	14.8	**347.9**	291.2
Income taxes paid		**(0.7)**	(0.9)	**(0.3)**	(1.3)
Interest paid		**(29.0)**	(33.9)	**(74.3)**	(77.9)
Cash flows (used in) from operating activities		**(8.1)**	(20.0)	**273.3**	212.0
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7	**(22.1)**	(14.6)	**(43.8)**	(38.2)
Proceeds from disposal of property, plant and equipment	7	**0.4**	1.0	**4.5**	3.2
Acquisitions	4	**–**	(1.1)	**(5.5)**	(14.8)
Cash flows used in investing activities		**(21.7)**	(14.7)	**(44.8)**	(49.8)
FINANCING ACTIVITIES					
Net proceeds (repayment) of revolving term bank credits and other debt		**78.9**	125.4	**(74.4)**	132.3
Repayment of senior secured notes		**(31.8)**	(32.5)	**(31.8)**	(32.5)
Repayment of finance lease obligations		**(4.1)**	(3.4)	**(16.4)**	(14.2)
Net repayment of the accounts receivable sales program		**–**	–	**–**	(90.1)
Redemption of 5.75% convertible debentures	11	**–**	(125.0)	**(49.9)**	(125.0)
Proceeds from issuance of 7.50% convertible debentures	11	**–**	75.0	**–**	75.0
Issuance costs incurred for the 7.50% convertible debentures	11	**–**	(3.4)	**–**	(3.4)
Proceeds from the dividend reinvestment program		**3.6**	5.5	**14.2**	28.9
Dividends paid to shareholders		**(16.9)**	(27.6)	**(67.1)**	(136.7)
Cash flows from (used in) financing activities		**29.7**	14.0	**(225.4)**	(165.7)
Net (decrease) increase in cash and cash equivalents		**(0.1)**	(20.7)	**3.1**	(3.5)
Cash and cash equivalents, beginning of period		**7.7**	26.0	**5.2**	7.8
Effect of translation of foreign currency-denominated cash and cash equivalents		**–**	(0.1)	**(0.7)**	0.9
Cash and cash equivalents, end of period		**7.6**	5.2	**7.6**	5.2

See accompanying Notes to the Condensed Consolidated Financial Statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

(unaudited, Tabular amounts in millions of Canadian dollars, except per share amounts and as otherwise noted. Tables labeled "2011" and "2012" are for full year ended December 31.)

1. Organization

Superior Plus Corp. (Superior) is a diversified business corporation, incorporated under the Canada Business Corporations Act. The registered office is at suite 1400, 840 – 7th Avenue S.W., Calgary, Alberta. Superior holds 100% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc., as general partner and Superior as limited partner. Superior holds 100% of the interest of Superior General Partner Inc. Superior does not conduct active business operations but rather distributes to shareholders the income it receives from Superior Plus LP in the form of partnership allocations, net of expenses and interest payable on the convertible unsecured subordinated debentures (the debentures). Superior's investments in Superior Plus LP are financed by share capital and debentures. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange ("TSX") under the exchange symbol SPB.

The accompanying unaudited condensed consolidated financial statements (consolidated financial statements) of Superior as at December 31, 2012 and the three and twelve months ended December 31, 2012 and 2011 were authorized for issuance by the Board of Directors on February 14, 2013.

Reportable Operating Segments
Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior's Energy Services operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels. Energy Services also provides fixed-price natural gas and electricity supply services. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada (See Note 20).

2. Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance and comply with International Accounting Standards 34 *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standard Board (IASB) using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2012. The accounting policies are based on the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that were applicable at that time. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently throughout the consolidated entities.

The consolidated financial statements are presented in Canadian dollars, which is Superior's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest hundred-thousand. These consolidated financial statements should be read in conjunction with Superior's 2012 annual consolidated financial statements.

The Consolidated Financial Statements were prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in Superior's 2012 annual consolidated financial statements and incorporate the accounts of Superior and its wholly-owned subsidiaries. Subsidiaries are all entities over which Superior has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The results of subsidiaries are included in Superior's statement of net earnings (loss) from date of acquisition or, in the case of disposals, up to the effective date of disposal. All transactions and balances between Superior and Superior's subsidiaries are eliminated on consolidation. Superior's subsidiaries are all wholly owned directly or indirectly by Superior Plus Corp.

Significant Accounting Policies

(a) Significant Accounting Judgments, Estimates and Assumptions
The preparation of Superior's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings (loss) and related disclosure. The estimates and associated assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are consistent with those disclosed in Superior's 2012 annual consolidated financial statements.

(b) Recent Accounting Pronouncements
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning January 1, 2012 or later periods. The affected standards are consistent with those disclosed in Superior's 2012 annual consolidated financial statements.

IFRS 9 - *Financial Instruments: Classification and Measurement*
IFRS 9, Financial Instruments, was issued in November 2009 and is intended to replace IAS 39*, Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. Superior adopted the amendments on January 1, 2013, with no impact to Superior.

IAS 19 – *Employee Benefits, amendments*
IAS 19 amendments were issued in June 2011 that will change the accounting and disclosure for defined benefit plans and termination benefits. This standard requires that the changes in defined benefit obligations are recognized as they occur, eliminating the corridor approach and accelerating the recognition of past service costs. The changes in defined benefit obligations and plan assets are to be disaggregated into three components: service costs, net interest on the net defined benefit liabilities (assets) and re-measurements of the net defined benefit liabilities (assets). This standard must be applied for accounting periods beginning on or after January 1, 2013. Subsequent to the year ended December 31, 2012, Superior adopted IAS 19 on January 1, 2013 and this will have a financial impact on Superior's 2012 and first-quarter 2013 results. For 2012 the financial impact is an increase of $3.1 million to pension expense and a corresponding decrease to Accumulated Other Comprehensive Loss (AOCL). The impact on Superior's balance sheet as at January 1, 2012 is a $4.1 million increase to retained deficit and a corresponding decrease to AOCL.

Superior adopted the following standard on January 1, 2012:

IFRS 7 - *Financial Instruments: Disclosures, amendments regarding disclosures – Transfer of Financial Assets;*
In December 2011, the IASB and the Financial Accounting Standards Board ("FASB") amended IFRS 7 – *Financial Instruments: Disclosures* to require quantitative and qualitative disclosure for transfers of financial assets where the transferred assets are not derecognized in their entirety or the transferor retains continuing managerial involvement. The amendment also requires disclosure of supplementary information if a substantial portion of the transfer activity occurs in the closing days of a reporting period. Superior's adoption of the IFRS 7 amendments on July 1, 2012 did not impact Superior.

IAS 12 – *Income Taxes, amendments regarding Deferred Tax: Recovery of Underlying Assets*
IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying amount of an asset will be recovered through the sale of the asset. Superior's adoption of IAS 12 amendments on Januray 1, 2012 did not affect its financial results or financial position.

3. Seasonality of Operations

Energy Services
Sales typically peak in the first quarter when approximately one-third of annual propane and other refined fuels sales volumes and gross profits are generated due to the demand from heating end-use customers. They then decline through the second and third quarters rising seasonally again in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonally high levels during the first and fourth quarters, and normally declines to seasonal low in the second and third quarters. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

Construction Products Distribution
Sales typically peak during the second and third quarters with the seasonal increase in building and renovation activities. They then decline through the fourth quarters and into the subsequent first quarter. Similarly, net working capital is typically at seasonally highs levels during the second and third quarters, and normally decline to seasonally lows in the fourth and first quarters.

4. Acquisitions
On July 17, 2012, Superior completed the acquisition of certain assets which constitute a propane distribution business for an aggregate purchase price of $5.5 million including adjustments for net working capital. The main purposes are to expand Energy Services' business in British Columbia and benefit from synergies.

Propane Acquisition	Fair Value Recognized on Acquisition
Trade and other receivables(1)	0.9
Inventories	0.1
Property, plant and equipment	1.9
	2.9
Net identifiable assets and liabilities	2.9
Goodwill arising on acquisition	2.6
Total consideration	**5.5**
Purchase consideration components:	
Cash (paid on August 2, 2012)	5.5
Total purchase consideration	**5.5**

(1) The gross amount of trade and other receivables is $0.9 million, of which $nil is expected to be uncollectible.

Revenue and net earnings for the 12 months ended December 31, 2012 would have been $8.3 million and $1.9 million, respectively, if the acquisition had occurred on January 1, 2012. Subsequent to the acquisition date of July 17, 2012, the acquisition contributed revenue and net earnings, respectively, of $4.4 million and $1.5 million to Energy Services for the period ended December 31, 2012.

On November 17, 2011, Superior completed the acquisition of certain assets which constitute an insulation services business for an aggregate purchase price of $0.2 million. Superior elected not to disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings attributable to the acquired assets had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's operations.

On October 7, 2011, Superior completed the acquisition of certain assets which constitute a refined fuels distribution business (Hamilton) for an aggregate purchase price of $0.4 million. Superior elected not to disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings attributable to Hamilton had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's operations.

On October 6, 2011, Superior completed the acquisition of certain assets which constitute a propane distribution business (Walts) for an aggregate purchase price of $1.0 million. Superior elected not to disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings attributable to Walts had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's operations.

On September 8, 2011, Superior completed the acquisition of certain assets (Elkhorn) which constitute a propane distribution business for an aggregate purchase price of $6.5 million including adjustments for working capital. The main purposes are to expand the Energy Services business in Pennsylvania and benefit from synergies.

Elkhorn	Fair Value Recognized on Acquisition
Intangible assets	4.7
Property, plant and equipment	2.3
	7.0
Trade and other payables	(0.1)
	(0.1)
Net identifiable assets and liabilities	6.9
Gain on bargain purchase	(0.4)
Total consideration	**6.5**
Purchase consideration components:	
Cash (paid on September 8, 2011)	6.0
Deferred consideration	0.5
Total purchase consideration	**6.5**

Subsequent to the acquisition date of September 8, 2011, revenues and net earnings contributed by Elkhorn were not significant. Superior cannot reasonably determine the revenue and net earnings attributable to Elkhorn had the acquisition closed on January 1, 2011 due to limited access to the related financial information.

On August 4, 2011, Superior completed the acquisition of certain assets which constitute a refined fuel and propane distribution business (Brennan) for an aggregate purchase price of $3.7 million including adjustments for working capital. Superior elected not to disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings attributable to Brennan had the acquisition closed on January 1, 2011 or from the date of acquisition as its operations were integrated into Superior's operations.

On April 29, 2011, Superior completed the acquisition of certain assets which constitute a refined fuel and propane distribution business (Country Comfort) for an aggregate purchase price of $0.3 million including adjustments for working capital. Superior elected not to disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earning attributable to Country Comfort had the acquisition closed on January 1, 2011 or from the date of acquisition as its' operations were integrated into Superior's operations.

On March 9, 2011, Superior completed the acquisition of certain assets (Propane Acquisition) which constitute a propane distribution business for an aggregate purchase price of $5.3 million including adjustments for working capital. The acquisition's main purposes are to expand Energy Services' business in Ontario and benefit from synergies.

Propane Acquisition	Fair Value Recognized on Acquisition
Trade and other receivables[1]	1.3
Inventories	0.2
Property, plant and equipment	1.1
	2.6
Trade and other payables	(0.4)
	(0.4)
Net identifiable assets and liabilities	2.2
Goodwill arising on acquisition	3.1
Total consideration	**5.3**
Purchase consideration components:	
Cash (paid on March 9, 2011)	4.3
Deferred consideration	1.0
Total purchase consideration	**5.3**

(1) The gross amount of trade receivables is $1.4 million, of which $0.1 is expected to be uncollectible.

Superior cannot reasonably determine the revenue and net earnings contributed since the acquisition or the amounts attributable to the Propane Acquisition had the acquisition closed on January 1, 2011 as its operations were integrated into Superior's operations.

On January 15, 2011, Superior completed the acquisition of certain assets which constitute a refined fuel and propane distribution business (Butler) for an aggregate purchase price of $0.3 million including adjustments for working capital. Superior elected not to disclose a purchase price equation for the acquisition as it was considered immaterial. Superior cannot reasonably determine the net earnings attributable to Butler had the acquisition closed on January 1, 2011 or from the date of acquisition as operations were integrated into Superior's operations.

5. Trade and Other Receivables

A summary of trade and other receivables is as follows:

	Note	**December 31, 2012**	December 31, 2011
Trade receivables, net of allowances	13	**355.9**	427.1
Accounts receivable – other		**32.3**	45.1
Finance lease receivable		**0.8**	0.7
Trade and other receivables		**389.0**	472.9

6. Inventories

The cost of inventories recognized as an expense during the three and twelve months ended December 31, 2012 was $649.0 million (December 31, 2011 - $741.4 million) and $2,528.9 million (December 31, 2011 - $2,769.2 million). Superior recorded an inventory write down during the three and twelve months ended December 31, 2012 of $0.7 million (December 31, 2011 - $2.6 million) and $3.6 million (December 31, 2011 - $2.6 million), respectively. Superior recorded no reversals of inventory write downs during the three and twelve months ended December 31, 2012 and 2011.

7. Property, Plant and Equipment

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Services Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance at December 31, 2011	29.7	147.0	728.4	591.5	41.2	9.9	1,547.7
Balance at December 31, 2012	**29.7**	**148.6**	**738.3**	**589.8**	**43.3**	**9.7**	**1,559.4**
Accumulated Depreciation and Impairment							
Balance at December 31, 2011	–	38.6	308.2	285.7	22.4	7.8	662.7
Balance at December 31, 2012	**–**	**43.4**	**346.3**	**306.0**	**25.6**	**8.2**	**729.5**
Carrying Amount							
Balance at December 31, 2011	29.7	108.5	420.2	305.7	18.8	2.1	885.0
Balance at December 31, 2012	**29.7**	**105.2**	**392.0**	**283.8**	**17.7**	**1.5**	**829.9**

The carrying value of Superior's property, plant, and equipment includes $67.8 million of leased assets as at December 31, 2012 (December 31, 2011 - $74.2 million).

On October 20, 2012, a kerosene leak was discovered in the bottom of a storage tank at U.S. Refined Fuels Marcy terminal location. The leak was investigated and contained by the environmental group. U.S. Refined Fuels then notified the Department of Environmental Conservation (DEC) which performed an independent review of the leak and other tanks at this location. On December 27, 2012, the DEC issued a notice of violation based on their inspections and subsequent to discussions between management and the DEC, a consent order was issued to U.S. refined fuels on February 4, 2013. The consent order identified that the secondary containment system and storage tanks are not in compliance with DEC design requirements and need to be rebuilt to specific standards by September 1, 2013 in order to remain operational. Management is assessing the implications of the consent order on the future operations of the facility and potential alternatives to completing the repair work required. This event is not expected to have an impact on the operations of U.S. Refined Fuels or operating results going forward. Management is assessing the impact of additional remediation costs although they are not expected to be material.

Due to the leak and receipt of the consent order, management has performed a detailed impairment review of the Marcy terminal to assess whether the carrying value of all the storage tanks does not exceed their recoverable amount. The recoverable amount of the assets was based on management's estimate of the fair value less costs to sell. Based on a detailed review by management, the fair value less costs to sell of the storage tanks was lower than the carrying value. An impairment charge of $4.7 million was recorded against net earnings along with a $4.7 million reduction in the carrying value of the impaired storage tanks.

Depreciation per cost category:

	Three months ended December 31,		**Twelve Months Ended December 31,**	
	2012	2011	**2012**	2011
Cost of sales	**11.5**	11.4	**44.9**	44.9
Selling, distribution and administrative costs	**10.7**	14.3	**42.4**	44.3
Total	**22.2**	25.7	**87.3**	89.2

The carrying amount of Superior's property, plant, and equipment includes $67.8 million of leased assets as at December 31, 2012 (December 31, 2011 – $74.2 million).

8. Provisions

	Decommissioning Costs	Environmental Expenditures	Total
Balance at December 31, 2011	15.5	1.7	17.2
Utilization	–	(0.3)	(0.3)
Unwinding of discount	0.4	–	0.4
Impact of change in discount rate	0.4	–	0.4
Net foreign currency exchange difference	(0.1)	–	(0.1)
Balance at December 31, 2012	**16.2**	**1.4**	**17.6**

Decommissioning costs
Specialty Chemicals
Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. The provision is on a discounted basis and is based on existing technologies at current prices or long-term price assumptions, depending on the activity's expected timing. As at December 31, 2012, the discount rate used in Superior's calculation was 2.4% (December 31, 2011 – 2.5%). Superior estimates the total undiscounted amount of expenditures required to settle its decommissioning liabilities is approximately $20.1 million (December 31, 2011 - $20.3 million) which will be paid over the next nineteen to twenty-seven years. While Superior's provision for decommissioning costs is based on the best estimate of future costs and the economic lives of the chemical facilities, the amount and timing of these costs is uncertain.

Energy Services
Superior makes full provision for the future costs of decommissioning certain assets associated with the Energy Services segment. Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $8.8 million at December 31, 2012 (December 31, 2011 – $9.2 million) which will be paid out over the next nineteen to twenty-four years. The risk-free rate of 2.4% at December 31, 2012 (December 31, 2011 – 2.5%) was used to calculate the present value of the estimated cash flows.

Environmental Expenditures
Provisions for environmental remediation are made when a clean-up is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with commitment to a formal plan or, if earlier, on divestment or closure of inactive sites. The provision for environmental liabilities has been estimated using existing technology, at current prices and discounted using a risk-free discount rate of 2.4% at December 31, 2012 (December 31, 2011 – 2.5%). The majority of these costs are expected to be incurred over the next 10 years. The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

9. Trade and Other Payables

A summary of trade and other payables is as follows:

	December 31, 2012	December 31, 2011
Trade payables	**241.6**	240.4
Net benefit obligation	**3.6**	3.5
Other payables	**57.7**	47.8
Amounts due to customers under construction contracts	**1.3**	2.2
Share-based payments	**9.9**	3.7
Trade and other payables	**314.1**	297.6

10. Deferred Revenue

	December 31, 2012	December 31, 2011
Balance at the beginning of the year	**14.2**	6.8
Deferred during the year	**29.1**	21.4
Released to net earnings (loss)	**(23.9)**	(14.5)
Foreign exchange impact	**(0.2)**	0.5
Balance at the end of the year	**19.2**	14.2

	2012	2011
Current	**18.2**	14.2
Non-current	**1.0**	–
	19.2	14.2

The deferred revenue relates to Energy Services' unearned service revenue and Speciality Chemicals' unearned product-related revenues.

11. Borrowing

	Year of Maturity	Effective Interest Rate	December 31, 2012	December 31, 2011
Revolving term bank credits [1]				
Bankers Acceptances (BA)	2015	Floating BA rate plus applicable credit spread	**148.6**	219.5
Canadian Prime Rate Loan	2015	Prime rate plus credit spread	**13.0**	19.8
LIBOR Loans (US$138. million; 2011– US$138.9 million)	2015	Floating LIBOR rate plus applicable credit spread	**137.3**	141.3
US Base Rate Loan (US$34.6 million; 2011– US$29.2 million)	2015	US Prime rate plus credit spread	**34.5**	29.7
			333.4	410.3
Other Debt				
Deferred consideration	2013-2016	Non-interest-bearing	**2.7**	4.0
			2.7	4.0
Senior Secured Notes [2]				
Senior secured notes subject to fixed interest rates (US$92.0 million; 2011 – US$124.0 million)	2013-2015	7.65%	**91.5**	126.1
Senior Unsecured Debentures				
Senior unsecured debentures	2016	8.25%	**150.0**	150.0
Finance Lease Obligations				
Finance lease obligations			**62.0**	71.7
Total borrowing before deferred financing fees			**639.6**	762.1
Deferred financing fees			**(5.2)**	(6.4)
Borrowing			**634.4**	755.7
Current maturities			**(59.7)**	(54.3)
Borrowing			**574.7**	701.4

(1) Superior and its wholly-owned subsidiaries, Superior Plus Financing Inc. and Commercial E Industrial (Chile) Limitada, reduced the revolving term bank credit borrowing capacity to $570 million from $615 million on March 28, 2012. The credit facilities mature on June 27, 2015 and are secured by a general charge over the assets of Superior and certain of its subsidiaries. As at December 31, 2012, Superior had $31.3 million of outstanding letters of credit (December 31, 2011 –

$34.8 million) and approximately $121.9 million of outstanding financial guarantees (December 31, 2011 – $84.2 million). The fair value of Superior's revolving term bank credits, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market based-interest rates, the short-term nature of the underlying debt instruments and other related factors.

(2) Senior secured notes (the Notes) totalling US$92.0 million and US$124.0 million (respectively, CDN$126.1 million at December 31, 2012 and CDN $126.1 million at December 31, 2011) are secured by a general charge over the assets of Superior and certain of its subsidiaries. Principal repayments began in the fourth quarter of 2009. Management has estimated the fair value of the Notes based on comparisons to treasury instruments with similar maturities, interest rates and credit risk profiles. The estimated fair value of the Notes as at December 31, 2012 was CDN$94.4 million (December 31, 2011 – CDN$121.1 million).

Repayment requirements of Borrowing before deferred financing costs are as follows:

Current maturities	49.1
Due in 2013	48.0
Due in 2014	378.9
Due in 2015	158.4
Due in 2016	4.0
Due in 2017	1.2
Subsequent to 2017	–
Total	639.6

12. Convertible Unsecured Subordinated Debentures

Superior's debentures are as follows:

Maturity	December 2012	October 2015	December 2014	June 2017	June 2018	October 2016[1]	**Total Carrying Value**
Interest rate	5.75%	5.85%	7.50%	5.75%	6.0%	7.5%	
Conversion price per share	$36.00	$31.25	$13.10	$19.00	$15.10	$11.35	
Debentures outstanding as at December 31, 2012	**–**	**74.1**	**67.4**	**167.6**	**144.0**	**72.0**	**525.1**
Debentures outstanding as at December 31, 2011	49.3	73.9	66.6	166.6	143.1	71.5	571.0
Quoted market value as at December 31, 2012	**–**	**75.2**	**71.4**	**169.2**	**148.0**	**84.2**	**548.0**
Quoted market value as at December 31, 2011	50.0	63.0	65.2	122.5	105.6	62.3	468.6

(1) Superior issued $75.0 million in 7.5% convertible unsecured subordinated debentures during the fourth quarter of 2011.

(2) Superior redeemed $49.9 million being the outstanding amount on the 5.75% December 2012 convertible unsecured subordinated debentures, on August 2, 2012.

The debentures may be converted into shares at the option of the holder at any time prior to maturity and may be redeemed by Superior in certain circumstances. Superior may elect to pay interest and principal upon maturity or redemption by issuing shares to a trustee in the case of interest payments, and to the debenture holders in the case of payment of principal. The number of any shares issued will be determined based on market prices for the shares at the time of issuance. Superior also has a cash conversion put option which allows Superior to settle any conversion of debentures in cash, in lieu of delivering common shares to the debenture holders of the June 2018 and October 2016 convertible debentures. The cash conversion put option has been classified as an embedded derivative and measured at fair value through net earnings (loss) (FVTNEL) (see Note 13 for further details).

13. Financial Instruments

IFRS requires disclosure around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Superior's market assumptions. These two types of input create the following fair-value hierarchy:

- *Level 1* – quoted prices in active markets for identical instruments.
- *Level 2* – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- *Level 3* – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value of a financial instrument is the consideration estimated to be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices, as appropriate, in the most advantageous active market for that instrument to which Superior has immediate access. Where bid and ask prices are unavailable, Superior uses the closing price of the most recent transaction of the instrument. In the absence of an active market, Superior estimates fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis using, to the extent possible, observable market-based inputs.

Fair values determined using valuation models require assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Superior looks primarily to available readily observable external market inputs including forecast commodity price curves, interest rate yield curves, currency rates, and price and rate volatilities as applicable. With respect to the valuation of Specialty Chemicals' fixed-price electricity agreement, the valuation of this agreement requires Superior to make assumptions about the long-term price of electricity in electricity markets for which active market information is not available. The impact of the assumption for the long-term forward price curve of electricity has a material impact on the fair value of this agreement. A $1/MWh change in the forecast price of electricity would result in a change in the fair value of this agreement of $0.8 million, with a corresponding impact to net income before income taxes. Any changes in the fair values of derivative financial instruments classified or designated as held-for-trading are recognized in net income.

During August 2012, Specialty Chemicals received a payment of $15.8 million from TransCanada Energy Ltd., a subsidiary of TransCanada Corporation, in connection with the arbitration ruling related to the Sundance Power Purchase Agreement (PPA) between TransAlta Corporation and TransCanada Corporation. The payment resulted from the Electrical Sales Agreement (ESA) between TransCanada Corporation and Superior whereby TransCanada Corporation supplies Superior with fixed-priced energy from the PPA. A one-time gain of $12.5 million, representing the payment, net of certain settlement costs, is recorded in cost of goods sold. This settlement relates to Specialty Chemicals fixed-price electricity purchase agreement which expires in 2017. Specialty Chemicals expects to receive electricity production from the PPA by the end of 2013 once the production units have been returned to service.

Description	Notional[1]	Term	Effective Rate	Fair Value Input Level	Asset (Liability) December 31, 2012	December 31, 2011
Natural gas financial swaps–AECO	25.28 GJ[2]	2013-2017	CDN$3.93/GJ	Level 1	**(42.2)**	(78.9)
Foreign currency forward contracts, net sale	US$642.4[3]	2013-2015	1.03	Level 1	**10.7**	5.7
Foreign currency forward contracts, balance sheet-related	US$59.0[3]	2013-2014	1.01	Level 1	**0.1**	–
Interest rate swaps – CDN$	$150.0[3]	2013-2017	Six-month BA rate plus 2.65%	Level 2	**9.4**	10.9
Equity derivative contracts	$7.5[3]	2013-2018	$9.48/share	Level 2	**0.5**	–
Debenture-embedded derivative	$255.0[3]	2013-2018	–	Level 3	**(19.8)**	(0.6)
Energy Services Propane wholesale purchase and sale contracts, net sale	5.73 USG[4]	2013-2014	$0.92/USG	Level 2	**0.7**	(0.6)
Energy Services Butane wholesale purchase and sale contracts, net sale	1.54 USG[4]	2013-2014	$1.78/USG	Level 2	**(0.2)**	0.2
Energy Services electricity swaps	0.91MWh[5]	2013-2016	$41.76/MWh	Level 2	**(10.3)**	(16.0)
Energy Services swaps and option purchase and sale contracts	27.17 Gallons[4]	2013	$2.95 US/Gallon	Level 2	**(0.2)**	(0.7)
Specialty Chemicals fixed-price electricity purchase agreement	12-45 MW[6]	2013-2017	$37-$59/MWh	Level 3	**1.6**	–

[1] Notional values as at December 31, 2012 [2] Millions of gigajoules (GJ) purchased. [3] Millions of dollars. [4] Millions of United States gallons purchased. [5] Millions of mega watt hours (MWh). [6] Megawatts (MW) on a 24/7 continual basis per year purchased.

All financial and non-financial derivatives are designated as fair value through net earnings or loss upon their initial recognition.

Description	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities
Natural gas financial swaps – NYMEX and AECO	–	–	27.6	14.6
Energy Services electricity swaps	–	–	6.0	4.3
Foreign currency forward contracts, net sale	10.3	4.2	–	3.8
Foreign currency forward contracts, balance sheet-related	0.1	0.2	–	0.1
Interest rate swaps	2.5	6.9	–	–
LTIP Hedge	0.5	–	–	–
Debenture-embedded derivative	–	–	–	19.8
Energy Services propane wholesale purchase and sale contracts	2.8	–	1.7	–
Energy Services propane purchase and sale contracts	–	–	0.4	–
Energy Services butane wholesale purchase and sale contracts	0.1	–	0.3	–
Energy Services heating oil purchase and sale contracts	0.3	–	0.5	–
Specialty Chemicals fixed-price electricity purchase agreement	–	1.6	–	–
As at December 31, 2012	**16.6**	**12.9**	**36.5**	**42.6**
As at December 31, 2011	13.3	16.0	61.7	47.6

Description	For the three months ended December 31, 2012		For the three months ended December 31, 2011	
	Realized gain (loss)	**Unrealized gain (loss)**	Realized gain (loss)	Unrealized gain (loss)
Natural gas financial swaps – NYMEX and AECO	**(9.3)**	**1.3**	(13.6)	(13.0)
Energy Services electricity swaps	**(2.3)**	**1.4**	(2.4)	(4.2)
Foreign currency forward contracts, net sale	**3.4**	**(6.8)**	0.5	47.3
Foreign currency forward contracts, balance sheet-related	**(0.3)**	**(0.7)**	(0.2)	(29.7)
Interest rate swaps	**1.3**	**(1.6)**	1.3	–
LTIP Hedge	**–**	**0.5**	–	–
Energy Services propane wholesale purchase and sale contracts	**–**	**0.1**	–	–
Energy Services propane purchase and sale contracts	**–**	**0.1**	–	–
Energy Services butane wholesale purchase and sale contracts	**–**	**(0.9)**	–	(3.1)
Energy Services heating oil purchase and sale contracts	**(0.3)**	**(0.2)**	2.8	(0.9)
Energy Services diesel purchase and sale contracts	–	**(0.1)**	–	–
Specialty Chemicals fixed-price power purchase agreements	**(0.2)**	**1.6**	(0.9)	–
Total (losses) gains on financial and non-financial derivatives	**(7.7)**	**(5.3)**	(12.5)	(3.6)
Foreign currency translation of senior secured notes	**–**	**(2.4)**	–	4.1
Change in fair value of debenture embedded derivative	**–**	**(6.4)**	–	(0.2)
Total (losses) gains	**(7.7)**	**14.1**	(12.5)	0.3

Description	For the twelve months ended December 31, 2012		For the twelve months ended December 31, 2011	
	Realized gain (loss)	**Unrealized gain (loss)**	Realized gain (loss)	Unrealized gain (loss)
Natural gas financial swaps – NYMEX and AECO	**(53.6)**	**36.7**	(63.9)	19.4
Energy Services electricity swaps	**(11.6)**	**5.7**	(7.3)	(3.1)
Foreign currency forward contracts, net sale	**10.1**	**7.2**	15.7	(27.0)
Foreign currency forward contracts, balance sheet-related	**(0.3)**	**(2.0)**	(0.2)	–
Interest rate swaps	**2.5**	**(1.5)**	2.5	9.3
LTIP Hedge	**–**	**0.5**	–	–
Energy Services propane wholesale purchase and sale contracts	**–**	**1.7**	–	–
Energy Services propane purchase and sale contracts	**–**	**(0.4)**	–	–
Energy Services butane wholesale purchase and sale contracts	**–**	**(0.4)**	–	–
Energy Services heating oil purchase and sale contracts	**(5.9)**	**0.5**	1.7	(1.7)
Specialty Chemicals fixed-price power purchase agreements	**(2.0)**	**1.6**	(3.4)	(5.4)
Total (losses) gains on financial and non-financial derivatives	**(60.8)**	**49.6**	(54.9)	(8.5)
Foreign currency translation of senior secured notes	**–**	**1.7**	–	(2.8)
Change in fair value of debenture-embedded derivative	**–**	**(19.2)**	–	1.6
Total (losses) gains	**(60.8)**	**32.1**	(54.9)	(9.7)

Realized gains (losses) on financial and non-financial derivatives and foreign currency translation gains (losses) on the revaluation of Canadian domiciled US-denominated working capital have been classified on the statement of net earnings (loss) based on the underlying nature of the financial statement line item and/or the economic exposure being managed.

The following summarizes Superior's classification and measurement of financial assets and liabilities:

	Classification	Measurement
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets	FVTNEL	Fair Value
Notes and finane lease receivables	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other liabilities	Amortized cost
Dividends and interest payable	Other liabilities	Amortized cost
Borrowing	Other liabilities	Amortized cost
Convertible unsecured subordinated debentures[1]	Other liabilities	Amortized cost
Derivative liabilities	FVTNEL	Fair Value

[1] Except for derivatives embedded in the related financial instruments that are classified as FVTNEL and measured at fair value.

Non-Derivative Financial Instruments

The fair value of Superior's cash and cash equivalents, trade and other receivables, notes and finance lease receivables, trade and other payables, and dividends and interest payable approximates their carrying value due to the short-term nature of these amounts. The carrying value and the fair value of Superior's borrowing and debentures is provided in Notes 11 and 12.

Financial Instruments – Risk Management

Market Risk

Financial derivatives and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use financial derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its financial derivatives and non-financial derivatives as fair value through net earnings or loss. Details on Superior's market risk policies are consistent with those disclosed in Superior's 2011 annual consolidated financial statements.

Credit Risk

Superior utilizes a variety of counterparties in relation to its derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the credit-worthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Services deals with a large number of small customers, thereby reducing this risk. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring the overall credit-worthiness of its customers. Energy Services has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide Energy Services with invoicing, collection and the assumption of bad debt risk for residential customers. Energy Services actively monitors the credit-worthiness of its commercial customers. Overall, Superior's credit quality is enhanced by its portfolio of customers which is diversified across geographical (primarily Canada and the United States) and end-use (primarily commercial, residential and industrial) markets.

Allowances for doubtful accounts and past due receivables are reviewed by Superior at each balance sheet date. Superior updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of trade receivables with each customer, taking into account historical collection trends of past due accounts and current economic conditions. Trade receivables are written-off once it is determined they are not collectable.

Pursuant to their respective terms, trade receivables, before deducting an allowance for doubtful accounts, are aged as follows:

	December 31, 2012	December 31, 2011
Current	**243.1**	280.3
Past due less than 90 days	**108.2**	128.1
Past due over 90 days	**11.8**	39.5
Trade receivables	**363.1**	447.9

The current portion of Superior's trade receivables is neither impaired nor past due and there are no indications as of the reporting date that the debtors will not make payment.

Superior's trade receivables are stated after deducting a provision of $7.2 million as at December 31, 2012 (December 31, 2011 – $20.8 million). The movement in the provision for doubtful accounts was as follows:

	2012	2011
Allowance for doubtful accounts, at the beginning of the year	**(20.8)**	(14.0)
Opening adjustment due to acquisitions	–	0.3
Impairment losses recognized on receivables	**(3.9)**	(10.8)
Amounts recovered	–	3.7
Amounts written off during the period as uncollectible	**17.5**	–
Allowance for doubtful accounts at the end of the year	**(7.2)**	(20.8)

Liquidity Risk
Liquidity risk is the risk that Superior cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To ensure it is able to react to contingencies and investment opportunities quickly, Superior maintains sources of liquidity at the corporate and subsidiary levels. The main sources of liquidity are cash and other financial assets, the undrawn committed revolving-term bank credit facility, equity markets and debenture markets.

Superior is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. Superior believes these risks are mitigated through the use of long-term debt secured by high-quality assets, maintaining debt levels that in management's opinion are appropriate, and by diversifying maturities over an extended time. Superior also seeks to include in its agreements terms that protect it from liquidity issues of counterparties that might otherwise impact liquidity.

Equity Price Risk
Equity price risk is the risk of volatility in earnings as a result of volatility in Superior's share price. Superior has equity price risk exposure to the notional shares that it issues under various forms of share based-compensation programs, which affect earnings when outstanding shares are revalued at each reporting period. Superior uses equity derivatives to manage volatility derived from its share-based compensation program.

As at December 31, 2012, Superior estimates that a 10% increase in its share price would have resulted in a $0.8 million increase in earnings due to the revaluation of equity derivative contracts.

Superior's contractual obligations associated with its financial liabilities are as follows:

	2013	2014	2015	2016	2017	2018 and Thereafter	Total
Borrowing	59.7	48.0	368.3	158.4	4.0	1.2	639.6
Convertible unsecured subordinated debentures	50.0	67.4	24.1	72.0	167.6	144.0	525.1
US$ foreign currency forward sales contracts (US$)	218.0	171.0	144.0	92.4	24.0	–	649.4
US$ foreign currency forward purchases contracts (US$)	(39.0)	(27.0)	–	–	–	–	(66.0)
CDN$ natural gas purchases	15.5	2.8	0.8	0.4	0.2	–	19.7
US$ heating oil purchases (US$)	0.2	–	–	–	–	–	0.2
CDN$ propane purchases (CDN$)	3.3	0.1	0.1	–	–	–	3.5
US$ propane purchases (US$)	1.3	–	–	–	–	–	1.3
Fixed-price electricity purchase commitments	–	17.7	17.7	17.7	17.7	–	70.8

Superior's contractual obligations are considered normal-course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flow from operations, proceeds on revolving term bank credits and proceeds on the issuance of share capital. Superior's financial instruments' sensitivities as at December 31, 2012 are consistent with those disclosed in Superior's 2011 annual consolidated financial statements.

14. Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and deferred income taxes, including United States income tax and Chilean income tax.

Total income tax (expense) recovery, comprised of current taxes and deferred taxes for the three and twelve months ended December 31, 2012 was $0.9 million and $(9.0) million, respectively, compared to $43.7 million and $50.4 million in the comparative periods. Income taxes were impacted by higher net earnings and the prior year period was impacted by the impairment charge of $78.0 million. For the three and twelve months ended December 31, 2012, deferred income tax recovery (expense) from operations in Canada, the United States and Chile was $1.2 million and $(7.9) million, respectively, which resulted in a corresponding total net deferred income tax asset of $300.6 million. The deferred income tax recovery for the three and twelve months ended December 31, 2011 was a $45.1 million and $51.9 million, respectively.

On February 11, 2013, Superior received a proposal letter from the Canada Revenue Agency ("CRA") which confirms its intention to challenge the tax consequences of Superior's December 31, 2008 conversion transaction. CRA is seeking to apply the acquisition of control rules and the general anti-avoidance rules of the *Income Tax Act* (Canada). In 2013, CRA will issue a Notice of Reassessment for Superior's 2009, 2010 and 2011 taxation years.

Superior is required to make a payment of 50% of the tax liability claimed by the CRA in order to appeal the expected reassessment and, based on Superior's 2009, 2010, and 2011 taxation years, that amount is approximately $10 million and approximately $5 million for the 2012 taxation year once that information is filed with CRA and then ultimately reassessed. Superior would also be required to make a payment of 50% of the taxes the CRA claims are owed in any future tax year if the CRA were to issue a similar notice of reassessment for such years and Superior were to appeal it. Superior has 90 days from the Notice of Reassessment to prepare and file a Notice of Objection, which would be reviewed by the CRA's appeals division. If the CRA is not in agreement with Superior's Notice of Objection, Superior has the option to file its case with the Tax Court of Canada. Superior anticipates that legal proceedings through the various tax courts would take approximately two to four years. If Superior is ultimately successful in defending its position, such payments plus applicable interest, will be refunded to Superior. If the CRA is successful, Superior will be required to pay the balance of the taxes claimed plus applicable interest and penalties.

The impact of the proposal on Superior's tax provision has been considered by management however its best estimate of the most likely outcome has not changed. If Superior is unsuccessful in overturning the reassessment, the

impact on Superior's future income tax asset at December 31, 2012 would be a reduction of approximately $287.4 million.

15. Total Equity

Superior is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The holders of common shares are entitled to dividends if, as and when, declared by the Board of Directors: to one vote per share at meetings of the holders of common shares; and upon liquidation, dissolution or winding up of Superior to receive pro rata the remaining property and assets of Superior, subject to the rights of any shares having priority over the common shares, of which none are outstanding.

Preferred shares are issuable in series with each class of preferred share having such rights as the Board of Directors may determine. Holders of preferred shares are entitled, in priority to holders of common shares, to be paid ratably 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 upon liquidation, dissolution or winding up of Superior. Superior does not have any preferred shares outstanding.

	Issued Number of Common Shares (Millions)	Total Equity
Total equity, December 31, 2011	110.8	349.6
Net earnings	–	93.1
Other comprehensive loss	–	(6.0)
Option value associated with the issuance of the convertible debentures	–	(0.8)
Issuance of common shares for the dividend reinvestment plan	2.0	14.2
Dividends declared to shareholders [(1)]	–	(67.2)
Total equity, December 31, 2012	**112.8**	**382.9**

(1) Dividends to shareholders are declared at the discretion of Superior. During the twelve months ended December 31, 2012, Superior paid dividends of $67.1 or $0.60 per share (December 31, 2011 – $136.7 million or $1.25 per share).

Other Capital Disclosures

Additional Capital Disclosure

Superior's objectives when managing capital are: (i) to maintain a flexible capital structure to preserve its ability to meet its financial obligations, including potential obligations from acquisitions; and (ii) to safeguard its assets while maximizing the growth of its businesses and returns to its shareholders.

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive loss) current and long-term debt, convertible debentures, securitized accounts receivable and cash and cash equivalents.

Superior manages its capital structure and makes adjustments in light of changes in economic conditions and nature of the underlying assets. In order to maintain or adjust the capital structure, Superior may adjust the amount of dividends to Shareholders, issue additional share capital, issue new debt or convertible debentures, issue new debt or convertible debentures with different characteristics.

Superior monitors its capital based on the ratio of senior debt outstanding to net earnings before interest, taxes, depreciation, amortization and other non-cash expenses (EBITDA), as defined by its revolving term credit facility, and the ratio of total debt outstanding to EBITDA. Superior's reference to EBITDA as defined by its revolving term credit facility may be referred to as compliance EBITDA in its other public reports.

Superior is subject to various financial covenants in its credit facility agreements, including senior debt, total debt to EBITDA ratio and restricted payments test which are measured on a quarterly basis. As at December 31, 2012 and December 31, 2011 Superior was in compliance with all of its financial covenants.

Superior's financial objectives and strategy related to managing its capital as described above remained unchanged from the prior fiscal year. Superior believes that its debt to EBITDA ratios are within reasonable limits, in light of Superior's size, the nature of its businesses and its capital management objectives.

Financial Measures utilized for bank covenant purposes

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 IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities.

The capital structure of Superior and the calculation of its key capital ratios are as follows:

As at	**December 31, 2012**	December 31, 2011
Total shareholders' equity	**382.9**	349.6
Exclude accumulated other comprehensive loss	**61.3**	55.3
Shareholders' equity excluding accumulated other comprehensive loss	**444.2**	404.9
Current borrowing [1]	**59.7**	54.3
Borrowing [1]	**579.9**	707.8
Less: Senior unsecured notes	**(150.0)**	(150.0)
Consolidated secured debt	**489.6**	612.1
Add: Senior unsecured notes	**150.0**	150.0
Consolidated debt	**639.6**	762.1
Current portion of convertible unsecured subordinated debentures[1]	**50.0**	49.9
Convertible unsecured subordinated debentures [1]	**491.5**	541.5
Total debt	**1,181.1**	1,353.5
Total capital	**1,625.3**	1,758.4

[1] Borrowing and convertible unsecured subordinated debentures are before deferred issuance costs and option value.

	2012	2011
Net earnings (loss)	**93.1**	(302.6)
Adjusted for:		
Finance expense	**77.6**	85.5
Realized gains on derivative financial instruments included in finance expense	**2.2**	2.3
Depreciation of property, plant and equipment	**42.4**	47.9
Depreciation and amortization included in cost of sales	**44.9**	44.9
Losses on disposal of assets	**1.0**	0.5
Amortization of intangible assets	**23.5**	41.9
Impairment of intangible assets and goodwill	–	378.6
Impairment of property, plant and equipment	**4.7**	3.4
Income tax recovery	**9.0**	(50.4)
Unrealized (gains) losses on derivative financial instruments	**(32.1)**	9.7
Pro-forma impact of acquisitions	**0.6**	1.5
Compliance EBITDA [1]	**266.9**	263.2

(1) EBITDA, as defined by Superior's revolving-term credit facility, is calculated on a trailing 12-month basis taking into consideration the pro-forma impact of acquisitions and dispositions in accordance with the requirements of Superior's credit facility. Superior's calculation of EBITDA and debt to EBITDA ratios may differ from those of similar entities.

	2012	2011
Consolidated secured debt to Compliance EBITDA	**1.8:1**	2.3:1
Consolidated debt to Compliance EBITDA	**2.4:1**	2.9:1
Total debt to Compliance EBITDA	**4.4:1**	5.1:1

16. Net Earnings (Loss) per Share

	Three months ended December 31,		Twelve months ended December 31,	
	2012	2011	**2012**	2011
Net earnings (loss) per share computation, basic and diluted[1]				
Net earnings (loss) for the period	**14.2**	(231.4)	**93.1**	(302.6)
Weighted average shares outstanding (millions)	**112.6**	110.4	**111.9**	109.2
Net earnings (loss) per share, basic and diluted	**$0.13**	$(2.10)	**$0.83**	$(2.77)

[1] All outstanding convertible debentures have been excluded from this calculation as they were anti-dilutive.

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share in each period.

(millions)	Maturity	Note	2012	2011
Convertible Debentures				
5.75%	December 2012	12	–	1.4
5.85%	October 2015	12	**2.4**	2.4
7.50%	December 2014	12	**5.3**	5.3
5.75%	June 2017	12	**9.1**	9.1
6.00%	June 2018	12	**9.9**	9.9
7.50%	October 2016	12	**6.6**	6.6
Total anti-dilutive instruments			**33.3**	34.7

17. Supplemental Disclosure of Non-Cash Operating Working Capital Changes

	Three months ended December 31,		Twelve months ended December 31,	
	2012	2011	**2012**	2011
Changes in non-cash working capital				
Trade receivables and other	**(51.2)**	(54.0)	**79.8**	82.8
Inventories	**(20.4)**	(6.3)	**(10.6)**	(36.0)
Trade and other payables	**13.9**	(0.7)	**21.5**	(13.1)
Purchased working capital	-	0.1	**1.1**	0.7
Other	**(0.2)**	7.8	**(10.2)**	(4.3)
	(57.9)	(68.7)	**81.6**	30.1

18. Supplemental Disclosure of Condensed Consolidated Statement of Comprehensive Income

	Three months ended December 31,		Twelve months ended December 31,	
	2012	2011	**2012**	2011
Revenues				
Revenue from products	**906.0**	1,008.4	**3,526.3**	3,823.9
Revenue from the rendering of services	**18.4**	20.1	**59.3**	53.7
Rental revenue	**7.7**	9.7	**26.1**	29.6
Construction contract revenue	**(0.5)**	2.6	**4.9**	2.0
Realized gains on derivative financial instruments	**2.4**	2.6	**7.7**	16.4
	934.0	1,043.4	**3,624.3**	3,925.6
Cost of sales (includes products and services)				
Cost of products and services	**(680.7)**	(781.3)	**(2,660.0)**	(2,979.7)
Depreciation of property, plant and equipment	**(11.5)**	(11.4)	**(44.9)**	(44.9)
Realized losses on derivative financial instruments	**(13.6)**	(16.1)	**(73.1)**	(73.5)
	(705.8)	(808.8)	**(2,778.0)**	(3,098.1)
Selling, distribution and administrative costs				
Other selling, distribution and administrative costs	**70.7**	77.3	**281.0**	272.2
Employee future benefit expense	**1.4**	0.9	**3.6**	3.2
Employee costs	**88.9**	84.5	**340.9**	339.3
Gain on bargain purchase	**–**	(0.9)	**–**	(0.9)
Depreciation of property, plant and equipment	**10.7**	13.4	**42.4**	44.3
Amortization of intangible assets	**4.8**	13.2	**23.5**	41.9
Losses on disposal of assets	**1.7**	0.9	**1.0**	4.1
Impairment of intangible assets	–	–	–	3.4
Realized (gains) losses on the translation of U.S. denominated net working capital	**(0.3)**	(0.6)	**1.6**	(0.8)
	177.9	188.7	**694.0**	706.7
Finance expense				
Interest on borrowing	**7.9**	9.2	**33.1**	37.4
Interest on convertible unsecured subordinated debentures	**8.5**	10.1	**35.8**	39.1
Interest on obligations under finance leases	**1.3**	1.2	**5.0**	5.0
Gain on debenture redemption	**–**	(1.7)	**(0.8)**	(1.7)
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**1.6**	3.0	**6.7**	8.0
Realized gains on derivative financial instruments	**(1.1)**	(1.1)	**(2.2)**	(2.3)
	18.2	20.7	**77.6**	85.5

19. Related Party Transactions

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

For the three and twelve months ended December 31, 2012, Superior incurred $0.1 million (December 31, 2011 - $0.4 million) and $0.7 million (December 31, 2011- $1.7 million) in legal fees respectively, with Norton Rose Canada LLP, a related party with Superior as a member of Superior's Board of Directors is a Partner at the law firm.

20. Reportable Segment Information

Superior has adopted IFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. Segment revenues reported below represents revenues generated from external customers.

For the three months ended December 31, 2012	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	**602.2**	**138.6**	**193.2**	**–**	**934.0**
Cost of sales (includes product and services)	**(472.6)**	**(87.6)**	**(145.6)**	**–**	**(705.8)**
Gross Profit	**129.6**	**51.0**	**47.6**	**–**	**228.2**
Expenses					
Selling, distribution and administrative costs	**97.7**	**35.3**	**41.3**	**3.6**	**177.9**
Finance expense	**1.2**	**0.1**	**0.2**	**16.7**	**18.2**
Impairment of property, plant, and equipment	**4.7**	**–**	**–**	**–**	**4.7**
Unrealized (gains) losses on derivative financial instruments	**(1.7)**	**(1.6)**	**–**	**17.4**	**14.1**
	101.9	**33.8**	**41.5**	**37.7**	**214.9**
Net earnings (loss) before income taxes	**27.7**	**17.2**	**6.1**	**(37.7)**	**13.3**
Income tax recovery	**–**	**–**	**–**	**0.9**	**0.9**
Net Earnings (Loss)	**27.7**	**17.2**	**6.1**	**(36.8)**	**14.2**

For the three months ended December 31, 2011	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	727.6	137.7	178.1	–	1,043.4
Cost of sales (includes product and services)	(595.6)	(82.8)	(130.4)	–	(808.8)
Gross Profit	132.0	54.9	47.7	–	234.6
Expenses					
Selling, distribution and administrative costs	107.8	35.4	42.2	3.3	188.7
Finance expense	1.0	0.1	0.3	19.3	20.7
Impairment of intangible assets and goodwill	300.6	–	–	–	300.6
Unrealized (gains) losses on derivative financial instruments	20.2	–	–	(20.5)	(0.3)
	429.6	35.5	42.5	2.1	509.7
Net earnings (loss) before income taxes	(297.6)	19.4	5.2	(2.1)	(275.1)
Income tax recovery	–	–	–	43.7	43.7
Net Earnings (Loss)	(297.6)	19.4	5.2	41.6	(231.4)

For the twelve months ended December 31, 2012	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	**2,301.6**	**543.8**	**778.9**	**–**	**3,624.3**
Cost of sales (includes product and services)	**(1,854.2)**	**(328.8)**	**(595.0)**	**–**	**(2,778.0)**
Gross Profit	**447.4**	**215.0**	**183.9**	**–**	**846.3**
Expenses					
Selling, distribution and administrative costs	**369.0**	**139.3**	**169.4**	**16.3**	**694.0**
Finance expense	**4.5**	**0.3**	**0.7**	**72.1**	**77.6**
Impairment of property, plant, and equipment	**4.7**	**–**	**–**	**–**	**4.7**
Unrealized (gains) lossses on derivative financial instruments	**(43.8)**	**(1.6)**	**–**	**13.3**	**(32.1)**
	334.4	**138.0**	**170.1**	**101.7**	**744.2**
Net earnings (loss) before income taxes	**113.0**	**77.0**	**13.8**	**(101.7)**	**102.1**
Income tax expense	**–**	**–**	**–**	**(9.0)**	**(9.0)**
Net Earnings (Loss)	**113.0**	**77.0**	**13.8**	**(110.7)**	**93.1**

For the twelve months ended December 31, 2011	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	2,686.1	527.7	711.8	–	3,925.6
Cost of sales (includes product and services)	(2,225.7)	(335.3)	(537.1)	–	(3,098.1)
Gross Profit	460.4	192.4	174.7	–	827.5
Expenses					
Selling, distribution and administrative costs	405.4	130.6	158.8	11.9	706.7
Finance expense	3.9	0.3	1.2	80.1	85.5
Impairment of intangible assets and goodwill	300.6	–	78.0	–	378.6
Unrealized losses (gains) on derivative financial instruments	(15.6)	5.4	–	19.9	9.7
	694.3	136.3	238.0	111.9	1,180.5
Net earnings (loss) before income taxes	(233.9	56.1	(63.3)	(111.9)	(353.0)
Income tax recovery	–	–	–	50.4	50.4
Net Earnings (Loss)	(233.9)	56.1	(63.3)	(62.1)	(302.6)

Net working capital, Total assets, Total liabilities, Acquisitions and Purchase of property, plant and equipment

	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
As at December 31, 2012					
Net working capital [(1)]	**188.1**	**16.3**	**105.5**	**(22.1)**	**287.8**
Total assets	**729.6**	**585.6**	**199.6**	**521.5**	**2,036.3**
Total liabilities	**298.9**	**171.7**	**84.2**	**1,098.7**	**1,653.4**
As at December 31, 2011					
Net working capital [(1)]	239.8	25.7	129.8	(18.0)	377.3
Total assets	1,008.3	618.8	218.8	347.5	2,193.4
Total liabilities	369.2	208.3	68.8	1,197.5	1,843.8
For the three months ended December 31, 2012					
Acquisitions	**–**	**–**	**–**	**–**	**–**
Purchase of property, plant and equipment	**12.1**	**9.6**	**0.4**	**–**	**22.1**
For the three months ended December 31, 2011					
Acquisitions	1.1	–	–	–	1.1
Purchase of property, plant and equipment	8.2	5.7	0.6	0.1	14.6
For the twelve months ended December 31, 2012					
Acquisitions	**5.5**	**–**	**–**	**–**	**5.5**
Purchase of property, plant and equipment	**21.9**	**20.3**	**1.6**	**–**	**43.8**
For the twelve months ended December 31, 2011					
Acquisitions	14.8	–	–	–	14.8
Purchase of property, plant and equipment	19.9	16.1	2.1	0.1	38.2

(1) Net working capital reflects amounts as at the quarter end and is comprised of trade and other receivables, prepaid expenses and inventories, less trade and other payable, deferred revenue and dividends and interest payable.

21. Geographical Information

	Canada	United States	Other	Total Consolidated
Revenues for the three months ended December 31, 2012	**368.4**	**542.3**	**23.3**	**934.0**
Revenues for the twelve months ended December 31, 2012	**1,428.5**	**2,094.6**	**101.2**	**3,624.3**
Property, plant and equipment as at December 31, 2012	**460.6**	**324.4**	**44.9**	**829.9**
Intangible assets as at December 31, 2012	**15.8**	**23.8**	**–**	**39.6**
Goodwill as at December 31, 2012	**188.3**	**0.8**	**–**	**189.1**
Total assets as at December 31, 2012	**1,320.6**	**649.6**	**66.1**	**2,036.3**
Revenues for the three months ended December 31, 2011	461.1	558.1	24.2	1,043.4
Revenues for the twelve months ended December 31, 2011	1,743.7	2,091.8	90.1	3,925.6
Property, plant and equipment as at December 31, 2011	486.5	349.3	49.2	885.0
Intangible assets as at December 31, 2011	26.9	38.7	–	65.6
Goodwill as at December 31, 2011	185.6	0.5	–	186.1
Total assets as at December 31, 2011	1,337.9	788.3	67.1	2,193.4

22. Subsequent Events

On November 30, 2012, Superior announced that it would redeem $50.0 million principal amount of its previously issued 5.85% convertible subordinated debentures due October 31, 2015 on January 3, 2013. As previously announced, Superior used proceeds from its bank facility to fund the redemption. The debentures, in accordance with their terms, were redeemed at the redemption price of $1,000 in cash per $1,000 principal amount of the debentures plus accrued and unpaid interest up to but excluding the redemption date. The record date for the partial redemption was December 31, 2012.