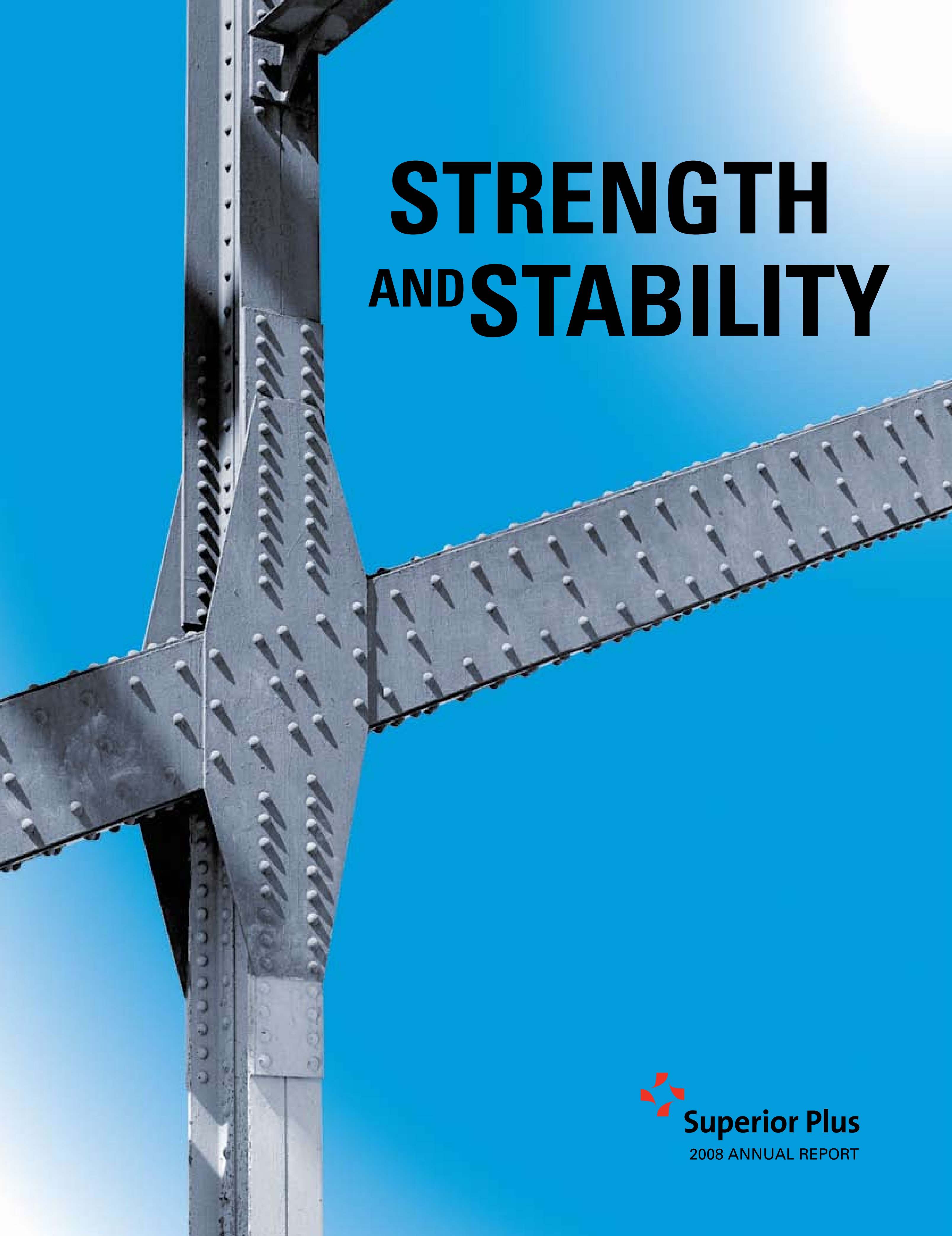


STRENGTH AND STABILITY

Superior Plus

2008 ANNUAL REPORT

2008 HIGHLIGHTS

OPERATING HIGHLIGHTS

(millions of dollars)	2008	2007
Revenue	**2,487.3**	2,350.5
Gross profit	**669.1**	661.8
EBITDA [(1)]	**240.1**	223.8
Adjusted operating cash flow [(1)]	**192.3**	179.5
Net earnings (loss)	**67.7**	119.8
Distributions	**142.2**	134.9
($ per basic trust unit/share except number of trust units/shares)		
EBITDA from operations [(1)]	**2.91**	2.77
Adjusted operating cash flow [(1)]	**2.18**	2.08
Distributions	**1.61**	1.56
Net earnings (loss)	**0.77**	1.39
Weighted average trust units/shares outstanding (millions)	**88.3**	86.5

BALANCE SHEET HIGHLIGHTS

(millions of dollars except debt ratios)	2008	2007
Total assets	**2,026.9**	1,542.8
Total liabilities	**1,452.7**	926.1
Total net capital expenditures	**147.5**	22.2
Senior debt [(2)]	**577.7**	440.5
Total debt [(2)] [(3)]	**825.3**	687.5
Senior debt/EBITDA [(4)] [(5)]	**2.2**	1.9
Total debt/EBITDA [(4)] [(5)]	**3.2**	3.0

(1) EBITDA, EBITDA from operations and adjusted operating cash flow are not recognized financial measures under Canadian generally accepted accounting principles (GAAP). Non-GAAP financial measures are defined in the Management's Discussion and Analysis.

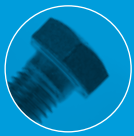
(2) Includes off-balance sheet recievable sales program amount.

(3) Excludes deferred issue costs.

(4) Superior's debt ratios take into account the impact of the off-balance sheet receivable sales program amounts, the efficiency and growth projects and costs of the corporate conversion on December 31, 2008 and exclude Port Edwards debt of $51 million in 2008.

(5) Senior and total debt ratios do not include any incremental EBITDA from the Port Edwards conversion project.

- Superior Plus had a total return to shareholders of 7% for 2008 in a year when stock market indices declined severely.
- Superior Plus had strong consolidated financial results from operations which contributed to a 5% increase in adjusted operating cash flow per share.
- The strong operating performance of our businesses resulted in a 7% increase in EBITDA from operations.
- Superior Plus announced a distribution increase of 4% to $0.135 per month per unit ($1.62 annualized) commencing with the April 15, 2008 payment.
- Several efficiency improvement and growth projects made significant progress, including the Port Edwards conversion project, which is expected to be completed in the latter half of 2009.
- Superior Plus maintained a strong balance sheet throughout the year and had estimated undrawn financial capacity of approximately $294 million as at December 31, 2008.
- Effective December 31, 2008, Superior Plus completed its conversion from an income trust to a corporation and established a cash dividend of $0.135 per month per share starting with the February 13, 2009 payment, which is an eligible dividend for Canadian income tax purposes.



WE ARE BUILDING LONG-TERM VALUE FROM STRONG, STABLE BUSINESSES.

STRENGTH AND STABILITY

STRENGTH

The foundation of Superior's strength is the stable cash flow from our diversified businesses, supported by a strong balance sheet with ample financial capacity.

STABILITY

Superior is a group of diversified businesses providing goods and services required by industries, businesses and individuals throughout the economic cycles. This means that our consolidated cash flow tends to remain stable over time – providing continued support for our dividend.

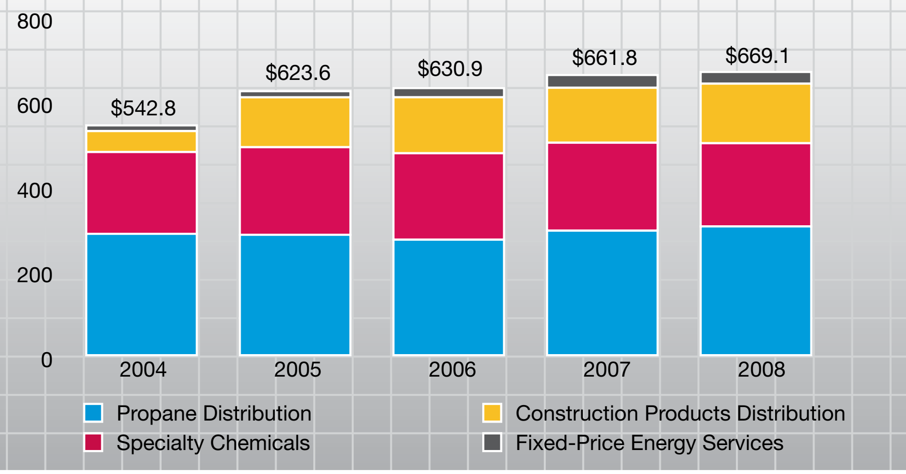
CONTENTS

Superior's scale and diversity contribute to the strength and stability that benefit our shareholders. Scale includes our market capitalization – over $1 billion as of February 2009 – and our revenues – $2.4 billion in 2008. Our businesses operate on a continental and even a world scale. Our businesses have leading market positions, low cost structures and minimal capital requirements – and they generate a lot of cash. Scale is also important to attract capital.

Diversity is one of Superior's key advantages. Our four business segments operate in 10 geographical markets across North America. Diversity opens new opportunities and mitigates business risks on many levels. As one business cycles down, another is usually stable while a third is growing. Our specialty chemical and construction products distribution businesses outperformed last year, offsetting others.

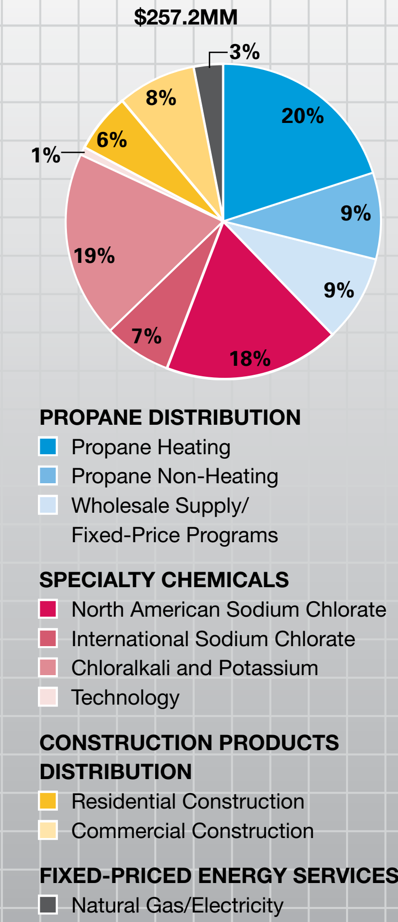
SCALE AND DIVERSITY

HISTORICAL GROSS PROFIT BY BUSINESS ($MM)



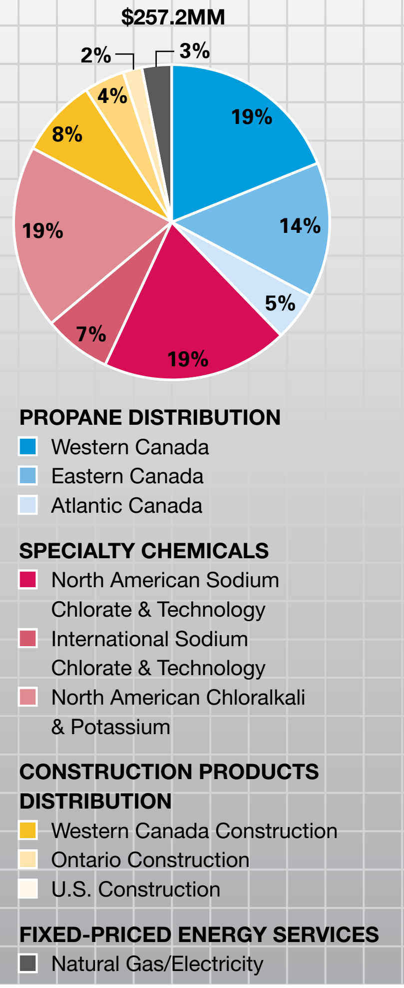
MARKET DIVERSIFICATION

As at December 31, 2008



GEOGRAPHIC DIVERSIFICATION

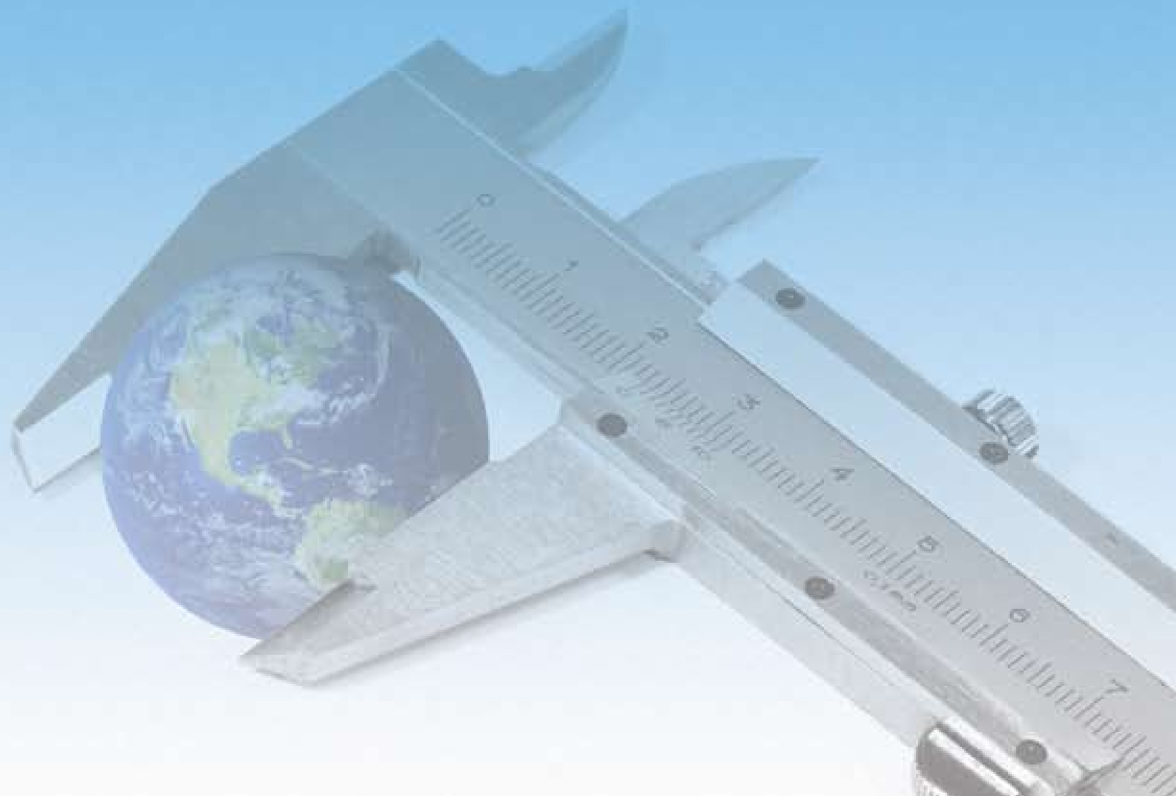
As at December 31, 2008

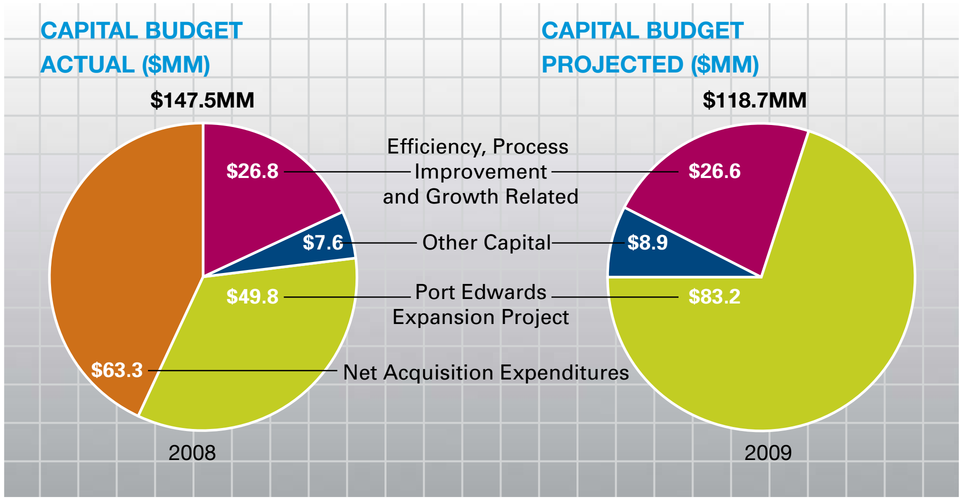


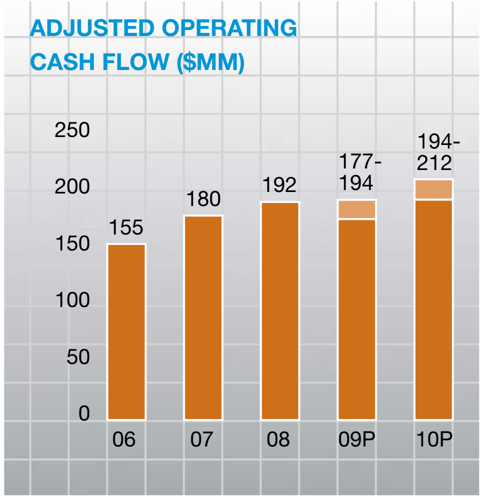
Superior seeks to grow prudently while continually improving its existing businesses. Our largest current growth initiative is the two-year expansion of ERCO's chloralkali plant at Port Edwards, Wisconsin. It will further diversify our chemical business while contributing materially to Superior's cash flow starting next year. In May 2008, Superior acquired Fackoury's Building Supplies Ltd., augmenting Winroc's presence in the Ontario residential construction market. We also undertook several efficiency programs to improve our internal cost structure.

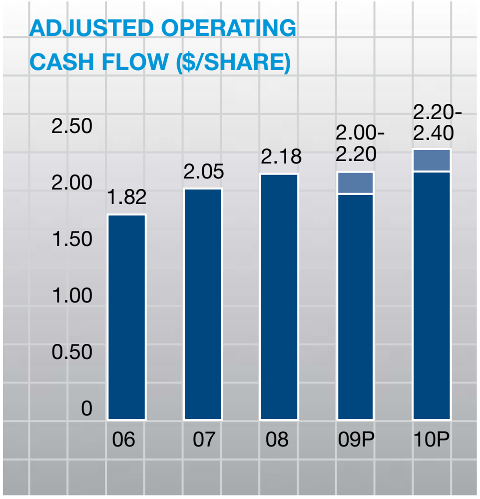
Despite today's generally challenging economic conditions, Superior is positioned to grow its cash flow. The Port Edwards expansion is a major driver of our 2010 guidance for a 10% increase in consolidated adjusted operating cash flow. Our conversion to a corporation with ample tax basis will contribute to tax efficiency, benefitting our shareholders for several years.

GROWTH AND EFFICIENCY




CAPITAL BUDGET
ACTUAL ($MM)
$147.5MM
$26.8
$7.6
$49.8
$63.3
2008
CAPITAL BUDGET
PROJECTED ($MM)
$118.7MM
$26.6
$8.9
$83.2
2009
Efficiency, Process Improvement and Growth Related
Other Capital
Port Edwards Expansion Project
Net Acquisition Expenditures


ADJUSTED OPERATING
CASH FLOW ($MM)
250
200
150
100
50
0
155
180
192
177-194
194-212
06
07
08
09P
10P

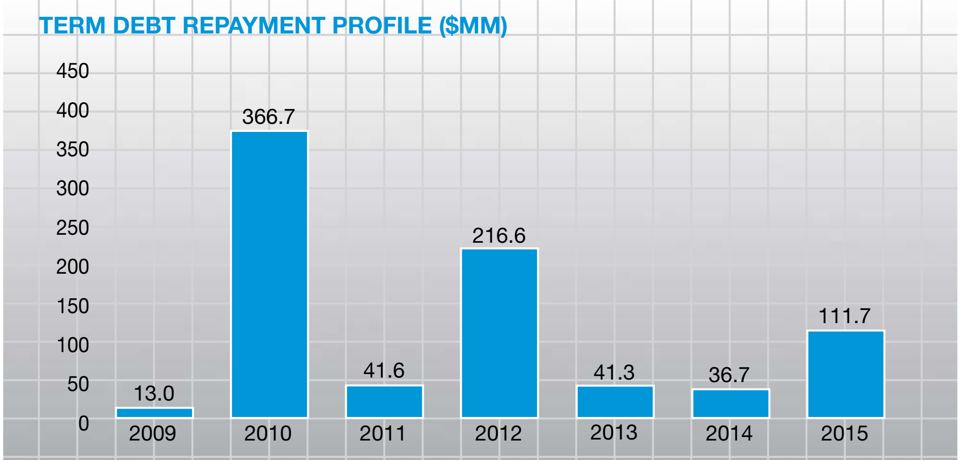

ADJUSTED OPERATING
CASH FLOW ($/SHARE)
2.50
2.00
1.50
1.00
0.50
0
1.82
2.05
2.18
2.00-2.20
2.20-2.40
06
07
08
09P
10P

CONTROL AND FLEXIBILITY

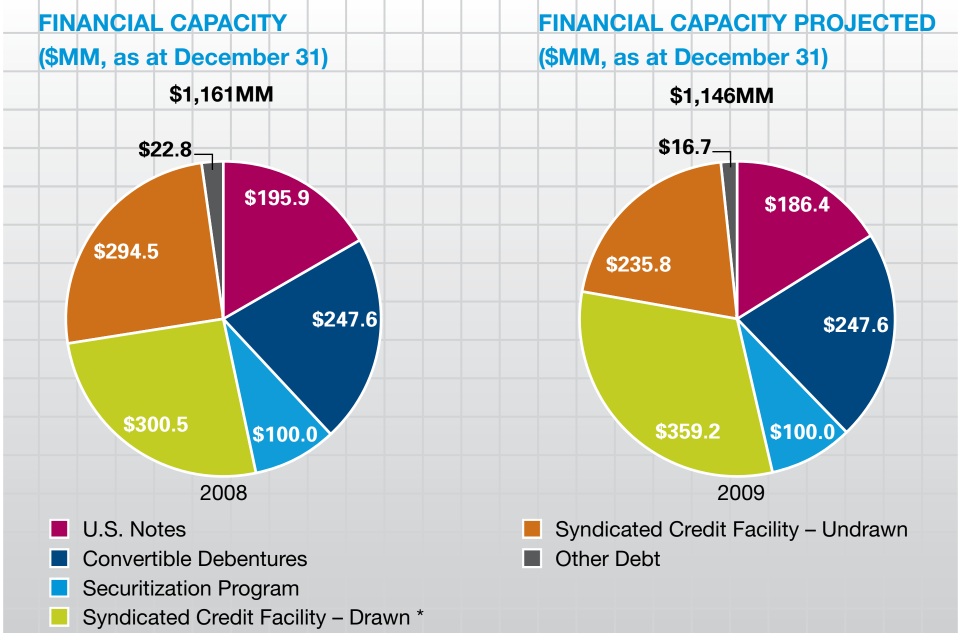
Stable cash flow from our businesses improves Superior's risk profile and provides support for its financial strength. This allows us to have better access to capital and increased financial capacity to fund growth and acquisitions. These are key ingredients for the overall financial stability that Superior seeks in order to be a high-dividend-yielding corporation over the long term.

With the Canadian income trust model drawing to a close in 2011, Superior chose to be proactive and convert to a corporation early. We have an estimated $1.4 billion in available tax basis as of January 1, 2009.

Superior's capital structure is diversified with a prudently managed debt portfolio. Our debentures provide low, predictable interest rates with long terms to maturity, while our bank credit facilities provide nearly $300 million in additional financial capacity. Our growth initiatives will yield materially higher cash flows beginning in 2010, which we will use in part to reduce debt leverage ratios.



* Term debt includes Superior's Syndicated Credit Facility maturing June 2010 and excludes Letters of Credit.



* Syndicated Credit Facility includes Letters of Credit.

LETTER TO SHAREHOLDERS

DIVIDEND STABILITY AND VALUE GROWTH

FOR SUPERIOR PLUS, 2008 WAS AN EXCELLENT YEAR WITH STRONG CONSOLIDATED FINANCIAL RESULTS FROM OPERATIONS DESPITE THE VERY DIFFICULT ECONOMIC AND FINANCIAL CONDITIONS EXPERIENCED IN THE LATTER PART OF THE YEAR.

REVENUE ($MM)	GROSS PROFIT ($MM)	EBITDA FROM OPERATIONS ($MM)	ADJUSTED OPERATING CASH FLOW ($MM)
$2,487.3	$669.1	$257.2	$192.3
2008	2008	2008	2008

Superior's market and geographic diversification strategy continued to be effective mitigating the impact of the current economic recession due to the stable, high-quality businesses: Propane Distribution, Specialty Chemicals, Construction Products Distribution, and Fixed-Price Energy Services. Our focus on continually improving the businesses has helped to position Superior to mitigate the impact of the economic downturn and provide a stable foundation for future growth. All of Superior's businesses have an inventory of productivity improvement projects enabling Superior to reduce its cost structure or increase its sales volume. These projects continue to contribute to Superior's long-term objectives of generating stable operating cash flow and pursuing value-added growth, resulting in increased support for our dividend. Superior continues to focus on acquiring assets that have a growth profile and are complementary to its existing businesses, and which have a leading market position, low-cost structure, stable cash flows and attractive consolidation opportunities.

Effective December 31, 2008, Superior completed a plan of arrangement which resulted in Superior converting from an income trust to a corporation. This transaction was important to our shareholders as it provided certainty on the timing of our conversion to a corporation as well as on the expected level of dividends to be paid to investors as a corporation. The planned termination of the public income trust market legislated by the federal government created uncertainty for the trust's investors and distracted from our primary focus of building our businesses and creating long-term shareholder value. This transaction provided a smooth transition to a corporation as well as a significant income tax basis to help manage our Canadian income tax expense.

Over the past year, Superior continued to increase efficiencies in its businesses, maintained its strong balance sheet, and proactively managed risk factors. In the current challenging credit market, Superior continues to have strong financial capacity with no significant refinancing requirements until June 2010. In addition, Superior continues to benefit from the experience of the Board of Directors through sound corporate governance practices that help to improve our businesses and manage business risk during these uncertain times.

CORPORATE OVERVIEW

In order to reflect its new corporate structure, Superior's disclosure and discussion of its businesses will be different than it was as a trust. Adjusted operating cash flow and EBITDA from operations are the important performance measures that will be used by management to evaluate the performance of Superior. Adjusted operating cash flow represents cash flow generated from operations which is primarily available for investing and financing activities of Superior. Our disciplined approach of carefully managing our cash flow to maximize our return to shareholders will remain the same as our previous practice as a trust. The discussion of our business will focus on cash flow generated from operations along with the utilization of this cash flow to improve and grow our business as well as paying dividends to our shareholders.

Adjusted operating cash flow increased by 7% to $192.3 million or $2.18 per share in 2008 from $179.5 million or $2.08 per share in 2007. The strong consolidated operating results were led by solid performance in our businesses with a $17.2 million or 7% increase in EBITDA from operations to $257.2 million in 2008 from $240.0 million in 2007.

BUSINESS INITIATIVES

PROPANE DISTRIBUTION

Our Propane Distribution business's EBITDA from operations marginally decreased by $2.6 million to $96.8 million in 2008 from $99.4 million in 2007. Last year, there was tremendous volatility in the retail price of propane with significant customer conservation occurring in the first half of the year due to rapidly escalating propane prices followed by a significant reduction in propane prices as a result of a reduction in economic activity in the latter half of the year. The decrease in EBITDA was partially offset by successful marketing initiatives and an increased focus on margin management.

In addition, the reorganization of the propane distribution business has showed signs of improving customer retention and growth. In 2008, we eliminated approximately 100 administrative staff positions as we streamlined functions and moved to six Regional Operations Centers and two Sales and Administrative Centers. This new organizational structure allows for improved customer relationships to be managed through direct customer contact at the local level or through one of the Regional Operations or Sales and Administration Centers while receiving the benefits of a standardized technology platform and processes.

During 2008, Superior completed the installation of computers on all bulk and cylinder trucks and planning is underway to install computers on the petro fuels and service fleet, which will complete the installation of computers on all of its fleet. This on-board technology improves our ability to reduce out-of-gas occurrences and is expected to improve distribution efficiencies for routing and scheduling logistics. A new GPS routing and scheduling tool was installed and began testing in Atlantic Canada in late 2008 with full implementation expected nationwide in 2009.

In 2007 and 2008, our fleet renewal program included 245 new delivery and service trucks which replaced aging vehicles in the Superior Propane fleet. This initiative has reduced maintenance costs by more than $1 million in 2008 from 2007. It has reduced unplanned breakdowns and lowered the average age of our fleet by 1.4 years over the past two years.

Superior Propane remains committed to its high safety standards, especially in light of the Sunrise Propane tragedy that occurred last year in Toronto. At Superior, we strive to set the gold standard for safety practices in the propane industry. We continue to invest in our Guardian program, which is a unique health, safety and environment management system. In addition, we have in place a rigorous site inspection and safety meeting process, in which every one of our physical locations is visually inspected each and every month. Our work locations have safety committees which meet and develop action plans every month. These two items are ingrained as key performance standards across the organization.

SPECIALTY CHEMICALS

Our Specialty Chemicals business's EBITDA from operations increased by $24.7 million to $116.5 million in 2008 from $91.8 million in 2007. The increase in EBITDA was a result of strong prices for our sodium chlorate and chloralkali products. World demand for sodium chlorate was strong in all regions during most of 2008 but started to weaken in the last quarter of 2008 in tandem with the economic slowdown and announced temporary pulp mill curtailments and permanent pulp mill shutdowns. Market demand for our chloralkali products increased throughout 2008. An extremely strong caustic market drove pricing to higher levels which more than offset continued weakness in the chlorine market as a result of the reduced economic activity in North America.

Increased demand for potassium products continued to be strong throughout the year although our production was curtailed during the last quarter due to a shortage of potash supply. One of our key suppliers, Potash Corporation, was on strike for most of the fourth quarter. During this period, we switched our production to chlorine/caustic and converted back to potassium products upon resolution of the potash strike.

Due to the investment in productivity improvement projects at our production facilities, we believe our specialty chemicals business is well-positioned as a low-cost producer with market and geographical diversification in Canada, the U.S. and international markets, to withstand cyclical downturns.

In Vancouver, B.C. and in Chile, we are investigating various uses for hydrogen, which is produced as a by-product of our operations. These projects reduce costs and will have the added benefit of reducing greenhouse gas emissions.

In August 2007, ERCO announced the modernization and expansion of its Port Edwards, Wisconsin plant. This project will allow ERCO to further enhance Superior's diversification strategy producing stable earnings in the regional market it serves. This project is expected to cost US$130 million resulting in improved operating efficiencies of approximately 25% and increased production capacity of 30%. This plant was originally scheduled to shut down in approximately five years prior to the Port Edwards conversion announcement in 2007. The economic model for this project results in a minimum after-tax return of 15% and is expected to extend plant life by over 25 years. The permitting process and engineering are substantially complete with over 60% of the costs locked in and over 90% of equipment purchased. The project utilizes proven world-class technology and is projected to be completed in the latter half of 2009.

CONSTRUCTION PRODUCTS DISTRIBUTION

Our Construction Products Distribution business's EBITDA from operations increased by $0.7 million to $37.4 million in 2008 from $36.7 million in 2007. The continued strength in the Western Canada market along with the acquisition of the Fackoury business in the Ontario market in May 2008 more than offset weakness in U.S. residential markets.

Historically, construction has been a cyclical business, with changes in new non-residential construction, including commercial construction, lagging residential activity. However, 2008 turned out to be a year with weakness in both the residential and non-residential sectors in the United States and a decline in residential activity in Canada.

Winroc continued to focus on growing its business through operational improvements in existing locations. We have recently developed a system for tracking key operating metrics called Logix. This system tracks the work-to-time relationships required to stock certain types of jobs, based on type of structure, products, labour and equipment. This new system provides for greater operational efficiencies which should result in an improved cost structure. In addition, we continue to investigate opportunities to expand into complementary product areas within the construction products distribution space.

Winroc focuses on building customer and supplier relationships by providing value-added services, with an operating approach that has been successfully expanded to new geographical markets. Diversification by geographic location has provided a foundation for market stability so far over this economic cycle, and in 2008, diversification proved to support financial performance during a market downturn.

FIXED-PRICE ENERGY SERVICES

Our Fixed-Price Energy Services business's EBITDA decreased by $5.6 million to $6.5 million in 2008 from $12.1 million in 2007. Gross profit for 2008 was $27.6 million, a decrease of $3.5 million from gross profit earned in 2007. In addition, gross profit was impacted by $2.0 million in foreign currency translation losses due to the rapid decline of the Canadian dollar relative to the U.S. dollar during the fourth quarter of 2008. The impact of fluctuations in foreign currency may impact our energy services business's quarterly or annual financial results. However, the long-term financial results will not be significantly impacted by changes in foreign currency rates as we are fully hedged from an economic perspective.

In 2008, the sales conditions were challenging for natural gas and electricity residential markets. The acquisition of new customers and the retention of existing customers was difficult in most markets, due primarily to the low system price of natural gas compared to our fixed-price offer. The prolonged period of low system prices resulted in a reduction in customer demand throughout the industry.

We believe it is important to have both market and geographical diversification between residential and commercial markets in multiple product lines to provide stability of cash flow during a recession downturn. In the B.C. market, we had a very successful launch with more than 19,000 new customers signed and flowing since the market opened 18 months ago, expanding our geographic diversification. In the Ontario and Quebec markets, we focused our resources on the commercial market and continued to enjoy a solid position with a strong platform for future growth.

CAPITAL EXPENDITURES

In 2008, we continued to develop productivity improvement and growth projects with $26.8 million invested in our propane distribution and specialty chemicals divisions. We incurred $49.8 million (US$43.4 million) of the estimated US$130 million costs to complete the Port Edwards project in 2008. The Port Edwards conversion project continued to make good progress throughout the year and is expected to be on schedule and budget for completion in the latter half of 2009. Superior also continued to grow the business by completing two acquisitions totaling $24.5 million in the construction products distribution and propane distribution divisions. The remaining investment of $7.6 million related to general capital expenditures. Total consolidated capital expenditures net of dispositions were $147.5 million in 2008.

Superior's diversification strategy provides increased flexibility around the timing of future capital projects during various economic cycles with each project providing an expected after-tax rate of return of over 15%. We continue to evaluate acquisition opportunities in our business to enhance our geographical reach or strengthen our market position.

For 2009, we expect to invest $26.6 million in efficiency improvement and growth projects primarily in our specialty chemical and propane distribution divisions. In addition, we anticipate spending an additional $83.2 million to complete our Port Edwards expansion project. The remaining investment in other capital is expected to be $8.9 million resulting in a total capital budget of $118.7 million for 2009.

FINANCIAL POSITION

In 2008, Superior Plus continued to maintain its strong balance sheet. As at December 31, 2008, Superior had total financial capacity of $695 million, which included a $595 million syndicated credit facility and a $100 million receivable securitization program. Superior had approximately $294 million of undrawn financial capacity as at December 31, 2008.

With its conversion to a corporation, Superior maintained its long-term debt ratio targets of 1.5 to 2.0 times EBITDA for senior debt and 2.5 to 3.0 times EBITDA for total debt (which includes convertible debentures). These are long-term guidelines to manage leverage and liquidity and may be exceeded in the short-term due to timing of acquisitions or growth capital expenditures. Superior's senior debt ratio targets are significantly less than the 3.0 times EBITDA allowed for in our U.S. note agreement and the 3.5 times EBITDA allowed for in our syndicated credit agreement. Superior's total debt ratio targets are also significantly less than the 5.0 times EBITDA allowed for in our syndicated credit agreement and the 5.5 times EBITDA allowed for in our U.S. note agreement.

As at December 31, 2008, Superior's senior debt to EBITDA ratio was 2.3 times and total debt to EBITDA ratio was 3.4 times. These debt ratios include proceeds raised from Superior's receivable securitization program and are adjusted for the pro forma impact of acquisitions and dispositions and cash on hand. Superior exceeded its target leverage ratios primarily due to Port Edwards growth capital expenditures, corporate conversion costs and the impact from the foreign currency translation of U.S. debt, which resulted in an increase in senior and total debt to EBITDA ratios of 0.5 times.

Excluding the debt for the Port Edwards project, the 2009 senior debt and total debt to EBITDA ratios are projected to be 2.0 times and 3.0 times, respectively. No incremental EBITDA for the Port Edwards project has been included in the forecast for 2009. Over the medium term, the corporate conversion and associated tax basis, the Port Edwards expansion project and other growth and efficiency projects are expected to generate incremental cash flows, decreasing our leverage ratios to within our long-term guidelines.

On October 30, 2008 and October 31, 2008, Dominion Bond Rating Service and Standard and Poor's confirmed their corporate credit ratings of the Fund's operating subsidiary Superior Plus LP with secured ratings of BBB (low) and BBB-, respectively. On November 14, 2008, Standard and Poor's removed its negative outlook on Superior and maintained its corporate credit rating.

FINANCIAL OUTLOOK

(millions of dollars, except per trust unit/share amounts and debt ratios)	2008 [1]	2008A	2009 [2]
EBITDA from operations			
Propane Distribution	97-102	**96.8**	95-105
Specialty Chemicals [5]	107-112	**116.5**	105-115
Construction Products Distribution	34-39	**37.4**	28-35
Fixed-Price Energy Services	10-13	**6.5**	9-12
Adjusted operating cash flow per share/trust unit	$2.15-$2.25	**$2.18**	$2.00-$2.20
Dividends paid per trust unit/share	$1.61	**$1.61**	$1.62
Senior debt/EBITDA ratio [5]	2.0 [3]	**2.2** [4]	2.0 [4]
Total debt/EBITDA ratio [5]	3.1 [3]	**3.2** [4]	3.0 [4]

(1) As provided in the 2008 Third Quarter Financial Outlook restated for new Non-GAAP performance measures EBITDA from operations and adjusted operating cash flow per trust unit/share.

(2) The assumptions, definitions, and risk factors relating to the Financial Outlook are discussed in Management's Discussion and Analysis of the 2008 Annual Results.

(3) Superior's debt ratios take into account the impact of the off-balance sheet receivable sales program amounts, cash on hand, the efficiency and growth projects, the corporate conversion costs on January 1, 2009, and $51 million (US$44.8 million) of Port Edwards project debt.

(4) Superior's debt ratios take into account the impact of the off-balance sheet receivable sales program amounts, the efficiency and growth projects and costs of the corporate conversion on December 31, 2008 and excludes Port Edwards cumulative project debt of $51 million (US$44.8 million) in 2008 and $150 million (US$130 million) in 2009.

(5) Superior has not included any incremental EBITDA from operations relating to the Port Edwards, Wisconsin expansion in 2008 and 2009.

DIVIDEND STRATEGY

In 2008, Superior continued to invest in productivity improvement projects in all of its businesses providing a foundation for stable distributions. Total cash distributions in 2008 were $1.61 per trust unit. The monthly cash distribution was raised by 4% from $0.13 to $0.135 per unit effective with the April 15, 2008 payment.

In December 2008, the Board of Directors approved the continuation of the monthly cash payment to shareholders of $0.135 per share as an eligible dividend for Canadian income tax purposes. Superior's dividend strategy is to provide stable dividends to shareholders while considering cash flow from operations, overall financial condition, financial leverage, working capital requirements, investment opportunities and regulatory restrictions. Dividends are expected to continue to be paid monthly at $0.135 per share ($1.62 annualized) to those who are shareholders of record on the last business day of each calendar month with actual payment to be made to such shareholders on or about the 15th day of the following month.

In the event that future capital is required to fund Superior's growth projects, a dividend reinvestment program may be established for the corporation. Currently, Superior has a strong financial position with significant financial capacity and surplus cash flow available to finance its capital investing requirements.

CONSOLIDATED FINANCIAL OUTLOOK

Given the uncertainty associated with the current weak economic and financial markets, including the impact on our customers and suppliers, we are reducing our expectations for 2009 adjusted operating cash flow to $2.00-$2.20 per share from $2.10-$2.35 per share. The pipeline of current growth and efficiency projects along with the strong financial position of Superior have partially offset the decrease in cash flow, providing support for our current dividend level. Assuming there is no further economic deterioration in 2010, we expect adjusted operating cash flow to increase by approximately 10% to a range of $2.20-$2.40 per share primarily as a result of a stable or improving economy and a full year of incremental cash flow from the Port Edwards project. We will provide more guidance later in the year as the performance of the economy and the financial system become more predictable.

RECOGNITION

Superior Plus continued to have strong financial performance over the past year due to strong focus and dedication of our employees. I would like to thank all of our employees for their hard work and commitment to their goals and objectives. In addition, I would also like to thank each of our directors for your guidance, stewardship, and leadership in these uncertain times. Finally, on behalf of the entire organization, I would like to thank all our securityholders for your past support during the transition from a trust to a corporation. The team looks forward to creating additional value for Superior's new shareholders.

On behalf of the Board of Directors,

(signed) "**Grant D. Billing**"

Grant D. Billing
Chairman and Chief Executive Officer

March 10, 2009

MANAGEMENT TEAM

GRANT D. BILLING
Chairman and
Chief Executive Officer

Mr. Billing has served as Director of Superior since 1994. He assumed the role of Executive Chairman in 1998. In 2006, Mr. Billing assumed dual role of Chairman and CEO to focus on maximizing unitholder value and long-term value growth. Mr. Billing has extensive strategic and business experience and is a Chartered Accountant.

WAYNE M. BINGHAM
Executive Vice-President and
Chief Financial Officer

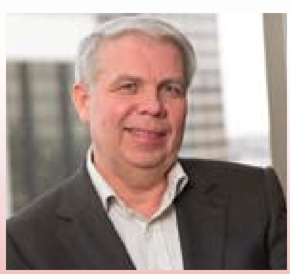
Mr. Bingham joined Superior Plus in 2006. He previously was Chief Financial Officer at Finning International Inc. and Ontario Power Generation. He has extensive experience in financial reporting, strategy, compliance, risk management, treasury and supply chain operations. Mr. Bingham holds a B.Comm. (Honours) and is a Chartered Accountant.

ERIC MCFADDEN
Executive Vice-President,
Business Development

Mr. McFadden is Executive Vice-President, Business Development at Superior Plus. Prior to joining Superior Plus, Mr. McFadden was CEO of a wind power company, which developed, constructed, and operated three wind power projects. Mr. McFadden also spent 14 years at Scotia Capital Inc., where his last position was Managing Director and co-head of Investment Banking in Calgary. Mr. McFadden holds a Masters of Business Administration degree from the University of Rochester and an Honours Economics degree from Wilfrid Laurier University.

JOHN D. GLEASON
President,
Superior Propane

Mr. Gleason joined Superior Plus as Senior Vice-President, Corporate Development in 2005 and became President of Superior Propane in early 2006. He held executive positions in finance and business development at MDS Inc. for 14 years and holds B. Comm., M.B.A. and C.A. designations.



PAUL S. TIMMONS
President,
ERCO Worldwide

Mr. Timmons has been with ERCO for 28 years and was appointed President in 2001. He holds an Engineering Diploma from St. Francis Xavier University and a degree in Metallurgical Engineering from Technical University of Nova Scotia.

PAUL J. VANDERBERG
President,
Winroc

Mr. Vanderberg has been President of Winroc since 2000 and previously held various executive positions in general management and business development at USG Corporation, a leading building products manufacturer. He holds B.A. and M.B.A. designations.

GREG L. MCCAMUS
President,
Superior Energy Management

Mr. McCamus joined SEM as President in 2005. He previously was President of Sprint Canada Business Solutions and held various executive positions within the deregulated telecom industry over a 20-year period. He holds B.A. and M.B.A. designations.

CORPORATE GOVERNANCE

The Board of Directors of Superior Plus Corp. (the "Corporation") is responsible for overseeing the management and operations of the business and the affairs of the Corporation. The Board of Directors assumes responsibilities of stewardship and oversight of the management of the Corporation. In addition, the Board of Directors seeks to ensure that the Corporation conducts its business with honesty and integrity with an objective of creating sustainable long-term value and profitable growth. Shareholders are entitled to elect the directors at each annual meeting of the Corporation.

Each director has extensive business and board experience, high standards of ethics and strong vision dedicated to guiding the strategic direction of your investment. Of the ten members, nine are independent, with Grant Billing, Chairman and Chief Executive Officer, being the sole management director. Since 2003, Peter Green has served as Lead Director to strengthen the independence of the Board of Directors from management.

In keeping with our ongoing commitment to high standards of corporate governance, Superior's advisory committees continue to provide strong contributions to the businesses. The focus on operational performance helps to provide stability of cash flow and long-term value growth. These disciplines are reinforced throughout the businesses and underpin Superior's performance-oriented culture dedicated to economic, environmental and social responsibility.

The Board of Directors' fundamental objectives are to enhance Superior's investments and ensure that Superior Plus meet its obligations and operates the underlying businesses in a responsible, reliable and safe manner. During 2008, the Board of Directors conducted a two-day strategy session which included detailed analysis of the five-year business plan for each of Superior's businesses. The Board of Directors works with management to identify business risks and to oversee the appropriate strategies to maximize unitholder value. During this strategy session, the Board of Directors reviewed a number of strategic alternatives which led to the ultimate conversion of Superior Plus Income Fund to Superior Plus Corp. on December 31, 2008.

In addition, the Board of Directors reviews the organization's policies and procedures on an annual basis, including the Code of Business Conduct and Ethics, as well as the Communication and Disclosure, Insider Trading and Whistleblower policies, which are all designed to promote honesty and integrity throughout Superior Plus.

The Board of Directors has established the following standing committees for Superior Plus Corp.: the Audit Committee, the Compensation Committee and the Governance and Nominating Committee. Only independent directors serve on board committees. As we move forward, the Board of Directors of Superior Plus Corp. will continue to be committed to high standards in corporate governance and corporate conduct.

A detailed overview of Superior's corporate governance practices, including compliance with corporate governance guidelines, is contained in Superior's 2009 Information Circular. The Board and committee mandates, position descriptions, as well as the policies and procedures, are posted on Superior's website at www.superiorplus.com.

BOARD OF DIRECTORS

Grant D. Billing
Chairman and CEO of Superior Plus since July 2006; Executive Chairman since 1998 and Director since 1994; Director of Provident Energy Ltd.; previously, President and CEO of Norcen Energy Resources Limited.

COMMITTEE
(1) Audit Committee
(2) Governance and Nominating Committee
(3) Compensation Committee

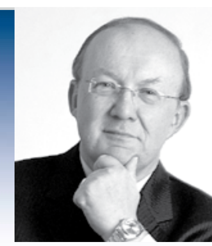
Catherine (Kay) Best (1)
Director since July 2007; Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region; Director of Canadian Natural Resources Limited and Enbridge Income Fund.

Robert J. Engbloom, Q.C. (2)
Director since 1996; Director of Petro Andina Resources Inc.; Partner of Macleod Dixon LLP.; Member of the Governance and Nominating Committee.

Randall J. Findlay (2)
Director since March 2007; Corporate Director of Provident Energy Ltd., Canadian Helicopters Income Trust, Pembina Pipeline Corporation and WellPoint Systems Inc.; former President of Provident Energy Ltd.; Member of the Governance and Nominating Committee.

Norman R. Gish (3)
Director since 2003; served as Trustee of the Corporation from 2000 to 2003 and Chairman of ICG Propane Inc. from 1998 to 2000; Corporate Director of Provident Energy Ltd.; Chairman and Director of Railpower Technologies Corp.; previous Chairman, President and CEO of Alliance Pipeline Ltd. and Aux Sable Liquid Products Inc.; Chair of the Compensation Committee.

Peter A.W. Green (1) (2)
Lead Director since 2003; Director since 1996 and Chairman and Trustee of the Corporation from 1996 to 2003; Chairman of Frog Hollow Group Inc. and Patheon Inc.; Director of Gore Mutual Insurance Company; Chair of the Governance and Nominating Committee and member of the Audit Committee.



James S.A. MacDonald (3)
Director in 1998 and since 2000; Director of ICG Propane Inc. from 1998 to 2000; Chairman and Managing Partner, Enterprise Capital Management Inc.; Director of Manitoba Telecom Inc. Chairman of MDS Inc.; Trustee and Director of Cinram International Income Fund; Director of Cymbria Inc.; Member of the Compensation Committee.

Walentin (Val) Mirosh (3)
Director since March 2007; Vice-President and Special Advisor to the President and Chief Operating Officer of NOVA Chemicals Corp.; Director of TC Pipelines LP and Co-Chairman of the Advisory Council to the Faculty of Social Sciences, University of Calgary; Member of the Compensation Committee.

David P. Smith (1)
Director since 1998; Managing Partner, Enterprise Capital Management Inc.; Director of Jannock Properties Limited; Chair of the Audit Committee.

Peter Valentine (1)
Director since 2004; Corporate Director and past Senior Advisor to the President and CEO of the Calgary Health Region and to the Dean of Medicine of the University of Calgary; Trustee, Chairman and Director of Livingston International Income Fund; Governor and Director of the Canada School for Public Service (a Federal Crown Corporation); Auditor General of Alberta from 1995 to 2002; Member of the Audit Committee.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is a review of the financial performance and position of Superior Plus Corp. (Superior), formerly known as Superior Plus Income Fund (the Fund), for the years ended December 31, 2008 and 2007. The information in this MD&A is current to March 10, 2009. The discussion should be read in conjunction with Superior's audited Consolidated Financial Statements and notes to those statements, which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are expressed in Canadian dollars, except where otherwise noted. Tables throughout this MD&A labelled "2008" and "2007" cover the full-year periods ending December 31 of each year, and references in the text to "2008" and "2007" refer to the same full years.

CONVERSION TO A CORPORATION

On December 31, 2008, the Fund completed a transaction with Ballard Power Systems Inc. (Ballard) which resulted in the Fund converting from a publicly traded income trust to a publicly traded corporation. The transaction resulted in the unitholders of the Fund becoming shareholders of Superior Plus Corp., with no changes to the underlying business operations. Under the continuity of interests method of accounting, Superior's transfer of the assets, liabilities and equity from the Fund to Superior are recorded at their net book values as at December 31, 2008. As a result of this conversion, certain terms such as shareholder/unitholder and dividend/distribution may be used interchangeably throughout this MD&A. For the years ended December 31, 2008 and 2007 all distributions to unitholders were in the form of trust unit distributions.

OVERVIEW OF SUPERIOR

Superior Plus Corp. is a diversified business corporation. 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 owns 100% of the shares of Superior General Partner Inc. 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 has four operating businesses: a propane distribution and related services business operating under the trade name Superior Propane; a specialty chemicals business operating under the trade name ERCO Worldwide (ERCO); a construction products distribution business operating under the trade name Winroc; and a fixed-price energy services business operating under the trade name Superior Energy Management (SEM).

SUMMARY OF ADJUSTED OPERATING CASH FLOW

(millions of dollars except per share amounts)	2008	2007
EBITDA from operations: (1)		
Propane Distribution	**96.8**	99.4
Specialty Chemicals	**116.5**	91.8
Construction Products Distribution	**37.4**	36.7
Fixed-Price Energy Services	**6.5**	12.1
	257.2	240.0
Interest	**(36.5)**	(44.7)
Cash taxes	**(13.8)**	(5.3)
Corporate costs	**(14.6)**	(10.5)
Adjusted operating cash flow (1)	**192.3**	179.5
Adjusted operating cash flow per share, basic (2) and diluted (3)	**$ 2.18**	$ 2.08

(1) EBITDA and adjusted operating cash flow are not Canadian GAAP measures. See "Non-GAAP Financial Measures."
(2) The weighted average number of shares outstanding for the year ended December 31, 2008 is 88.3 million (2007 – 86.5 million).
(3) For the year ended December 31, 2008 and 2007, there were no dilutive instruments.

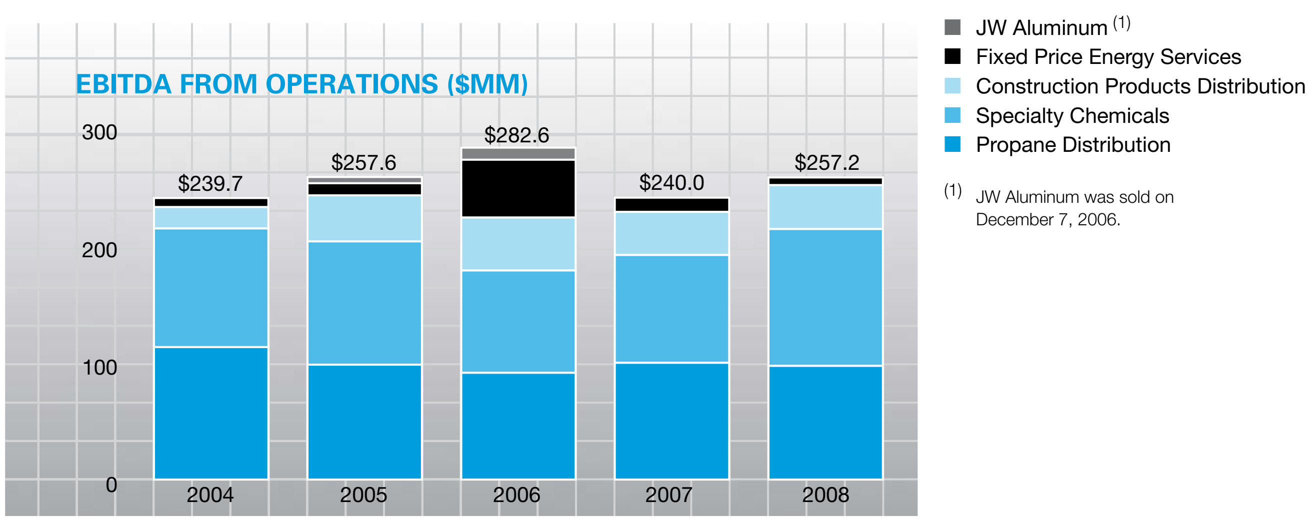
Adjusted Operating Cash Flow Reconciled to Cash Flow from Operating Activities [(1)]

(millions of dollars)		2008	2007
Cash flows from operating activities		**207.6**	134.3
Add:	Customer acquisition costs capitalized	**6.8**	10.9
	Corporate conversion/strategic plan costs	**5.0**	5.7
	Management internalization costs	**–**	0.5
	Increase in non-cash working capital	**–**	34.7
Less:	Decrease in non-cash working capital	**(20.6)**	–
	Amortization of customer acquisition costs	**(6.5)**	(6.6)
Adjusted operating cash flow		**192.3**	179.5

(1) See the Consolidated Financial Statements for cash flows from operating activities, management internalization costs, customer acquisition costs, corporate conversion costs and changes in non-cash working capital.

Adjusted operating cash flow for the year ended December 31, 2008 was $192.3 million, an increase of $12.8 million or 7% from the prior year, as improved operating results at ERCO and Winroc, and lower interest costs, more than offset reduced operating results at Superior Propane and SEM and the impact of higher cash income taxes and corporate costs. Adjusted operating cash flow was $2.18 per share, compared to $2.08 per share in the prior year due to a 7% increase in the adjusted operating cash flow partially offset by a 2% increase in the weighted average number of trust units/shares outstanding.

As demonstrated in the following chart, Superior is well diversified with ERCO, Superior Propane, Winroc and SEM contributing 45%, 37%, 15% and 3% of EBITDA from operations in 2008, respectively.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Superior had net earnings of $67.7 million for 2008, compared to net earnings of $119.8 million for 2007. Consolidated revenues of $2,487.3 million in 2008 were $136.8 million higher than in the prior year due principally to higher revenues at Superior Propane and ERCO as higher average selling prices more than offset the impact of reduced sales volumes. Gross profit of $669.1 million was $7.3 million higher than in the prior year, as higher gross profit at Superior Propane, Winroc and SEM more than offset a reduction in gross profit at ERCO. Gross profit at ERCO was impacted by $38.9 million of non-cash amortization that is classified as a component of gross profit in 2008, compared to a component of amortization in 2007, as a result of a revised inventory accounting standard. Operating expenses of $470.8 million in 2008 were $31.1 million higher than in the prior year and were the result of general inflationary increases, the impact of the appreciation of the U.S. dollar on U.S.-denominated expenses and increased operating locations at Winroc due to acquisitions. Amortization was lower than in the prior year due to reduced amortization at ERCO, as a result of the classification of amortization as a component of cost of goods sold in 2008, as noted above. Total interest expense of $38.5 million was $6.2 million lower than in the prior year due principally to lower average interest rates on floating-rate debt. Unrealized losses on financial instruments were $61.2 million in 2008 compared to a gain of $2.7 million in the prior year. The change from the prior year is due to unrealized losses in the current year on SEM's natural gas derivative contracts due to changes in the spot price of natural gas, offset by gains on Superior's foreign currency derivative contracts and ERCO's fixed-price electricity contracts. 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 $9.9 million for 2008 compared to a recovery of $5.1 million for 2007. Income taxes were impacted by higher U.S. cash income taxes due to improved U.S. operating results, while future income taxes were impacted by Superior's conversion to a corporation on December 31, 2008 and the impact of unrealized gains and losses on financial instruments. Additionally, net earnings for 2008 were affected for the same reasons as the change in adjusted operating cash flow.

A more detailed discussion and analysis of the annual financial and operating results of Superior's businesses is provided on the following pages.

PROPANE DISTRIBUTION

Superior Propane generated EBITDA from operations of $96.8 million for 2008. Compared to 2007, Superior Propane's EBITDA from operations decreased by $2.6 million or 3%, as improved retail and delivery propane gross profit and wholesale gross profit were more than offset by higher operating costs and reduced other services gross profit.

Condensed operating results for 2008 and 2007 are provided in the following table. See page 86 for selected historical information for the last five years.

	2008		2007	
(millions of dollars except litres sold and per litre amounts)		**¢/litre**		¢/litre
Revenue [1]	**1,167.6**	**84.8**	1,075.7	75.3
Cost of sales	**(863.3)**	**(62.7)**	(781.5)	(54.7)
Gross profit	**304.3**	**22.1**	294.2	20.6
Less: cash operating and administrative costs	**(207.5)**	**(15.1)**	(194.8)	(13.6)
EBITDA from operations	**96.8**	**7.0**	99.4	7.0
Propane retail volumes sold (millions of litres)	**1,377**		1,429	

[1] Effective January 1, 2007, Superior discontinued hedge accounting for all economic hedging activities. As such, amounts related to these contracts must be accounted for separately on Superior's financial statements (see Notes 10 and 19 to the Consolidated Financial Statements). Superior has reclassified these amounts for purposes of this MD&A to present its results as if it had accounted for these transactions as accounting hedges. As such, included in revenue for the year ended December 31, 2008 is $2.8 million in realized foreign currency forward contract losses and for the year ended December 31, 2007 is $1.2 million in realized foreign currency forward contract gains.

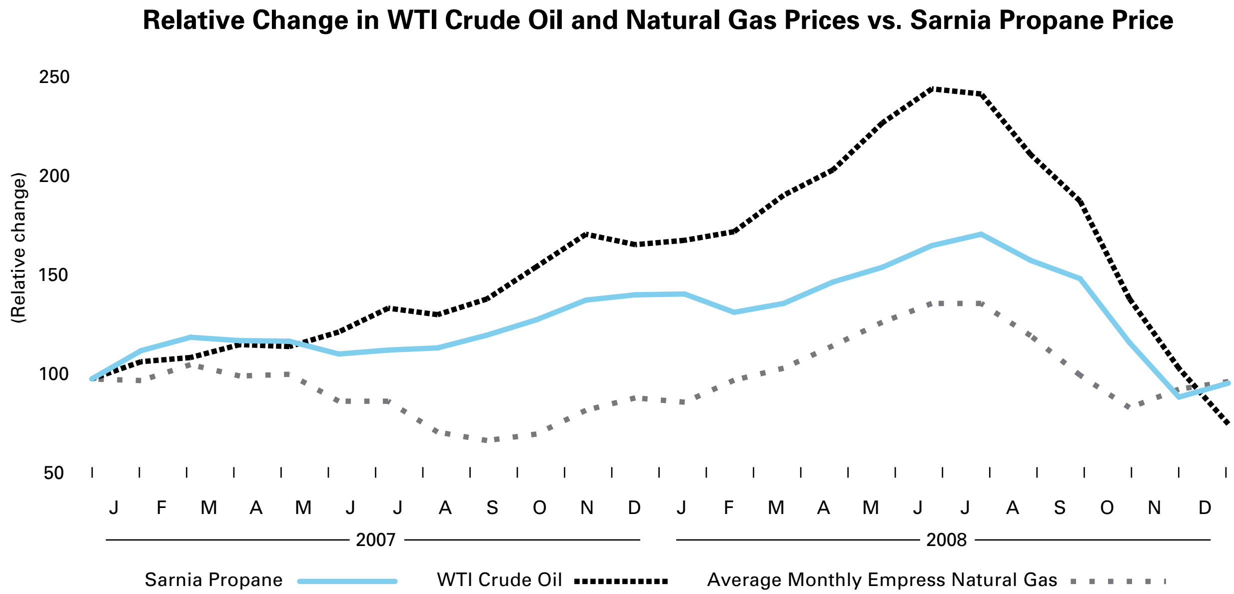
Revenues were $1,167.6 million in 2008, an increase of $91.9 million from revenues of $1,075.7 million in 2007. The increase in revenues is due to the impact of higher retail propane prices which more than offset the impact of lower propane sales volumes. Total gross profit for 2008 was $304.3 million, an increase of $10.1 million over the prior year. Total gross profit per litre for 2008 was 22.1 cents per litre, an increase of 1.5 cents per litre or 7% from the prior year. A summary and detailed review of gross profit by segment is provided below.

Gross Profit by Segment (millions of dollars)	**2008**	2007
Retail propane and delivery	**253.3**	246.1
Other services	**22.1**	24.7
Wholesale and related	**28.9**	23.4
Total gross profit	**304.3**	294.2

Retail propane and delivery gross profit for 2008 was $253.3 million, an increase of $7.2 million or 3% from 2007, as a 1.2 cent per litre (7%) increase in the average retail and delivery sales margin was partially offset by a 52 million litre (4%) reduction in sales volumes. Residential and commercial sales volumes in 2008 decreased by 28 million litres or 6% from the prior year due principally to the impact of customer conservation as a result of an increase in the average retail selling price of propane due to the approximate 17% increase in the wholesale cost of propane over the prior year. The impact on sales volumes related to customer conservation more than offset the impact of weather; average temperatures across Canada in 2008 as calculated based on degree days, were 2% colder than in 2007 and 4% colder than the five-year average. Additionally, commercial volumes were negatively impacted by a weaker overall economic environment, particularly in Ontario and Quebec, and residential volumes were negatively impacted by the ongoing conversion to natural gas in Atlantic Canada. Industrial sales volumes in 2008 increased by 3 million litres, as improved mining and oil field volumes as a result of activity in Western Canada, were offset in part, by reduced forklift volumes in Eastern Canada. Agricultural volumes were 6 million litres (7%) lower than in the prior year due to reduced demand as a result of drier crop conditions compared to the prior year. Auto propane sales volumes declined by 21 million litres or 16% due to the continued structural decline in this end-use market.

Superior Propane continues to actively manage sales margins, resulting in average retail propane and delivery sales margins of 18.4 cents per litre in 2008, 1.2 cents per litre (7%) higher than in 2007. Average margins compared to the prior year were positively impacted by strong margin management despite the volatile and high cost of wholesale propane and the impact of higher delivery charges. As shown in the following chart, wholesale propane costs were driven up by record or near-record high crude oil prices. Approximately 50% of Superior Propane's sales volumes are due to heating-related applications and 50% to general economic activity levels.

MANAGEMENT'S DISCUSSION AND ANALYSIS



Other services gross profit was $22.1 million in 2008, a decrease of $2.6 million or 11% from the prior year. The decrease is the result of lower service and installation demand and reduced sales of small appliances and related materials. Wholesale and related gross profits were $28.9 million in 2008, an increase of $5.5 million or 24% from the prior year due principally to higher profits from Superior Propane's wholesale trading business, principally due to market opportunities during 2008 as a result of the volatility in the wholesale cost of propane.

Superior Propane continues to benefit from its leading market share and considerable operational and customer diversification. Superior Propane's operations are well distributed across its 44 market operations, with the largest five markets representing approximately 23% of EBITDA from operations. Superior Propane's customer base is well diversified geographically and across end-use applications as illustrated in the table below. Its largest customer contributed approximately 4% of gross profits in 2008.

SUPERIOR PROPANE ANNUAL SALES VOLUMES:

Volumes by End-Use Application (millions of litres)	**2008**	2007	**Volumes by Region** (1)	**2008**	2007
Residential	**159**	171	Western Canada	**772**	768
Commercial	**299**	315	Eastern Canada	**510**	556
Agricultural	**86**	92	Atlantic Canada	**95**	105
Industrial	**719**	716			
Automotive	**114**	135			
	1,377	1,429		**1,377**	1,429

(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.

Cash operating and administrative costs were $207.5 million in 2008, an increase of $12.7 million or 7% from 2007. The increase in expenses was due to higher wages and benefits, higher truck leasing costs, higher fuel and operating costs and general inflationary pressures. These increases were offset in part by the positive impact of Superior Propane reorganizing its administrative and marketing centres from a centralized model to a regional model, allowing Superior Propane to focus on its ongoing customer service improvement initiatives while reducing its cost structure. Cash operating costs were 15.1 cents per litre, an increase of 1.5 cents per litre or 11% over 2007, due to the overall increase in operating costs and a reduction in sales volumes.

OUTLOOK

Superior Propane expects EBITDA from operations for 2009 to be between $95 million and $105 million. Superior Propane's previous outlook as provided in the third quarter 2008 MD&A was $100 million to $110 million[(1)]. The reduction in Superior Propane's 2009 outlook reflects the ongoing impact of reduced sales volumes due to the current economic environment within North America which is anticipated to negatively impact Superior Propane's operations. Superior Propane's significant assumptions underlying its current outlook are:

- Superior Propane forecasts average temperatures across Canada to be consistent with the most recent five-year average;
- Superior Propane expects that wholesale propane prices will not significantly impact demand for propane and related propane services;
- Total gross profit for Superior Propane is projected to remain stable or improve due to the ongoing implementation of customer service programs and its business transformation project, offset by reduced economic activity;
- Wholesale trading gross profits will be lower than in 2008 as reduced volatility in the wholesale cost of propane will result in fewer trading opportunities; and
- Total sales volumes are expected to decline due to a continued slowdown in economic activity resulting in reduced demand for propane and related services.

(1) Superior Propane's 2009 outlook provided in its 2008 third quarter MD&A for distributable cash flow was $95 million to $105 million. Superior no longer reports distributable cash flow as a key performance measure; accordingly, Superior has restated Superior Propane's 2009 outlook from the third quarter of 2008 to EBITDA from operations of $100 million to $110 million due to the exclusion of $5 million in capital expenditures. See "Non-GAAP Financial Measures" for additional details.

Superior Propane's EBITDA from operations of $96.8 million for 2008 was modestly lower than the outlook provided in Superior's 2008 third quarter MD&A of $97 million to $102 million[(1)] as an increase in propane gross profits was offset by higher operating expenses.

(1) Superior Propane's 2008 outlook provided in its 2008 third quarter MD&A for distributable cash flow was $95 million to $100 million. Superior no longer reports distributable cash flow as a key performance measure; accordingly, Superior has restated Superior Propane's 2008 outlook to EBITDA from operations of $97 million to $102 million due to the exclusion of $2 million in capital expenditures. Superior Propane's 2008 distributable cash flow would have been approximately $95.7 million, inclusive of $1.1 million in capital expenditures. See "Non-GAAP Financial Measures" for additional details.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

SPECIALTY CHEMICALS

ERCO generated EBITDA from operations of $116.5 million for 2008, an increase of $24.7 million or 27% from $91.8 million in 2007. The increase in EBITDA from operations is principally due to improved chemical gross profits, specifically improved chloralkali/potassium gross profits.

Condensed operating results for 2008 and 2007 are provided in the following table. See page 86 for selected historical information for the last five years.

	2008		2007	
(millions of dollars except per metric tonne (MT) amounts)		**$/MT**		$/MT
Revenue				
Chemicals (1) (3)	**460.1**	**633**	427.8	557
Technology	**19.5**	**27**	25.4	33
Cost of sales				
Chemicals (2)	**(232.3)**	**(319)**	(231.9)	(302)
Technology	**(12.0)**	**(17)**	(16.1)	(21)
Gross profit	**235.3**	**324**	205.2	267
Less: cash operating and administrative costs	**(118.8)**	**(164)**	(113.4)	(148)
EBITDA from operations	**116.5**	**160**	91.8	119
Chemical volumes sold (thousands of MT)	**727**		768	

(1) Effective January 1, 2007, Superior discontinued hedge accounting for all economic hedging activities. As such, amounts related to these contracts must be accounted for separately on Superior's financial statements (see Notes 10 and 19 to the Consolidated Financial Statements). Superior has reclassified these amounts for purposes of this MD&A to present its results as if it had accounted for these transactions as accounting hedges. As such, included in revenue for the year ended December 31, 2008 is $4.0 million in realized foreign currency forward contract gains and included in chemical cost of sales for the year ended December 31, 2008 is $22.0 million in realized fixed-price electricity gains. Included in revenue for the year ended December 31, 2007 is $13.6 million in realized foreign currency forward contract gains and included in chemical cost of sales for the year ended December 31, 2007 is $7.6 million in realized fixed-price electricity gains.

(2) Effective January 1, 2008, Superior adopted a revised CICA Handbook section related to inventory. This section impacts the calculation of the cost of inventory at ERCO, due to the requirement to inventory the cost of certain fixed-overhead items, principally the amortization of property, plant and equipment. Additionally, this section requires that the amortization that is inventoried be classified as a component of cost of products sold once sold. As such, for the year ended December 31, 2008, Superior has $38.9 million in non-cash amortization from cost of sales in the calculation of EBITDA from operations. See "Changes in Accounting Policies."

(3) For the year ended December 31, 2008 Superior has reclassified $5.9 million of foreign currency translation gains (2007 – $2.5 million loss) related to U.S.-denominated working capital from operating and administrative costs to revenue. Reclassification of the translation gains or losses provides improved matching to the income statement recognition of the underlying working capital item that resulted in the translation gain or loss.

Chemical and technology revenues were $479.6 million in 2008, $26.4 million or 6% higher than in the prior year, as higher chemical sales pricing more than offset reduced chemical sales volumes and lower technology revenues. Gross profit of $235.3 million in 2008 increased by $30.1 million or 15% over 2007 due to higher chemical gross profits, offset by modestly lower technology gross profits.

Chemical gross profits of $227.8 million increased by $31.9 million or 16% due to an increase in sodium chlorate and chloralkali/potassium gross profits. Sodium chlorate gross profit increased by $10.5 million or 8%, as an increase in average selling prices more than offset the impact of reduced sales volumes. Sodium chlorate sales volumes decreased by 25,000 tonnes (5%) due principally to reduced sales volumes in North America, as pulp producers began production curtailments in the fourth quarter of 2008 as a result of the global financial crisis which resulted in a broad-based economic slowdown, the impact of which began to hit North America earlier than the global economy.

Average selling prices for sodium chlorate were 4% higher than in the prior year due principally to product price increases, which more than offset reduced hedging gains. ERCO realized $4.0 million in hedging gains in 2008 as a result of its foreign currency hedging program, compared to $13.7 million in the prior year. Reduced hedging gains are the result of the normal course maturities within ERCO's hedging program, as current hedge positions were entered into at rates closer to the current exchange rate. See "Financial Instruments – Risk Management" for a discussion of hedge positions. Sales prices were not significantly impacted by the value of the Canadian dollar compared to the U.S. dollar as the average foreign currency exchange rate for 2008 was consistent with the prior year. Cost of sales for sodium chlorate was modestly lower than in the prior year as the impact of reduced sales volumes was offset by higher input costs for salt and increased transportation costs. Electrical costs, which represent approximately 70% to 85% of the variable costs of the production of sodium chlorate, were consistent with the prior year as ERCO effectively managed production requirements at facilities where the cost of electricity is subject to market fluctuations, the impact of which offset the upward pressure on overall electricity pricing.

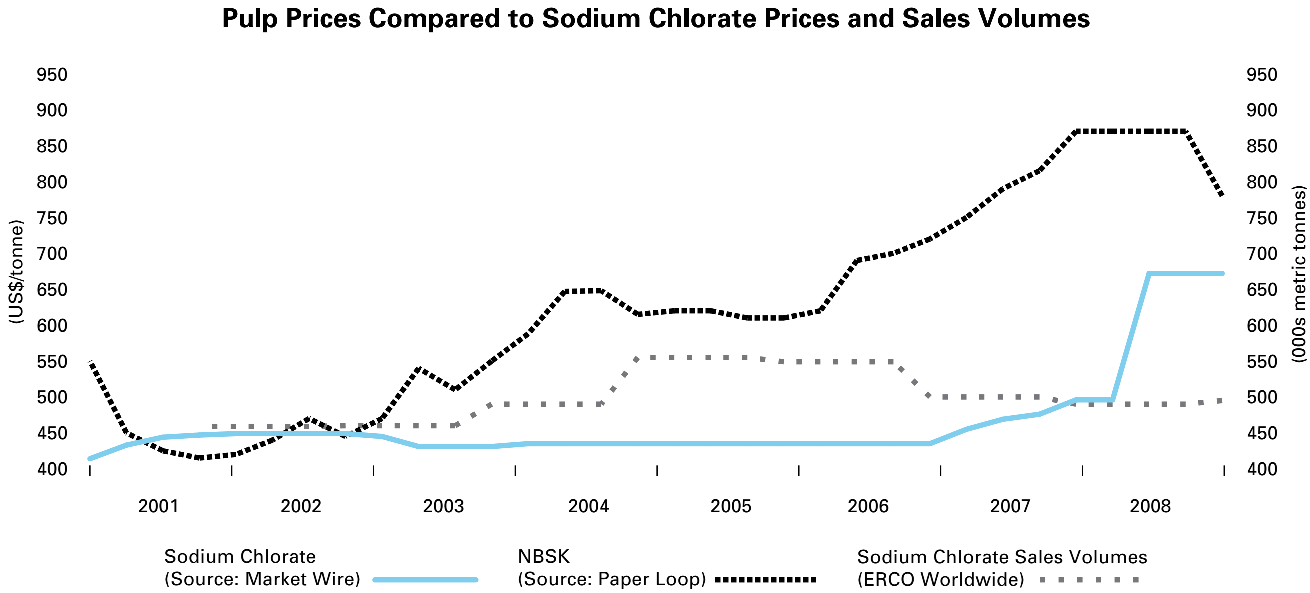
Chloralkali/potassium gross profits increased by $21.4 million or 30%, as an increase in the average aggregate sales price more than offset the 16,000-tonne or 7% decrease in sales volumes. Sales prices for potassium products have risen in response to the dramatic increase in the cost of potash, the primary input cost in producing potassium products. As a result of ERCO's acquisition of its Port Edwards, Wisconsin facility in 2005, ERCO had a contract to purchase potash at a favourable rate until the end of 2008. Upon expiration of the contract, ERCO's cost of potash will be at current market prices. Chloralkali/potassium sales volumes were impacted by reduced sales volumes of potassium products in the fourth quarter of 2008 as a result ERCO's inability to produce potassium products due to a force majeure that was imposed related to ERCO's potash supply contract. The force majeure was removed on November 6, 2008, allowing ERCO to restart production of potassium products in late December 2008. Technology gross profits of $7.5 million were $1.8 million lower than in the prior year due to reduced project activity.

Total chemical sales volumes were 727,000 tonnes in 2008, a decrease of 41,000 tonnes or 5% from the prior year, due to reduced sales volumes of sodium chlorate and chloralkali/potassium as noted above. Average chemical revenue was $633 per MT in 2008 compared to $557 per MT in 2007, an increase of 14%, reflecting improved overall pricing on sodium chlorate and chloralkali/potassium. Sodium chlorate and chloralkali/potassium production capacity utilization averaged 96% (2007 – 99%) and 96% (2007 – 97%), respectively.

Cash operating and administration costs were $118.8 million in 2008, an increase of $5.4 million or 5% from the prior year. Operating expenses were impacted by higher employee-related costs, increased provisions for bad debts and general inflationary pressures.

Chloralkali/potassium sales in 2008 contributed 43% of EBITDA from operations, an increase of 11% from the 32% contribution in 2007. Sodium chlorate sales in 2008 represented 57% of ERCO's EBITDA from operations, a decrease of 11% from the 68% contribution in 2007. Sodium chlorate is principally sold to bleached pulp manufacturers, as it is a required input to generate chlorine dioxide, which is in turn used to bleach pulp. Sodium chlorate represents approximately 5% of the variable cost to manufacture bleached pulp. As a result, sodium chlorate sales volumes and prices tend to be stable over time despite the volatility of bleached pulp prices (see the following chart). ERCO's top 10 customers comprised approximately 44% of its revenues in 2008, with its largest customer representing 6% of its revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS



During 2007, ERCO determined that it would convert its Port Edwards, Wisconsin chloralkali facility from mercury-based technology to membrane technology. The project maintains the facility's ability to produce both sodium and potassium products, provides increased production capacity of approximately 30%, provides a significant extension of the plant life and enhances the efficiency of ERCO's use of electrical energy. The cost of the conversion is estimated to be US$130 million, reflecting the substantial completion of the process engineering and significant completion of detailed engineering on the project, providing improved cost estimates. The conversion is anticipated to be completed in the second half of 2009. See "Consolidated Capital Expenditure Summary" for additional details on costs incurred related to Port Edwards.

OUTLOOK

ERCO expects EBITDA from operations for 2009 to be between $105 million and $115 million. ERCO's previous outlook as provided in the 2008 third quarter MD&A was $102 million to $112 million[(1)]. The increased 2009 outlook reflects the ongoing impact of higher sales prices on chloralkali/potassium products. ERCO's significant assumptions underlying its current outlook are:

- Current supply and demand fundamentals for sodium chlorate will weaken, resulting in declining sales volumes throughout 2009;
- Chloralkali/potassium gross profits are expected to continue to benefit from improved overall pricing;
- ERCO's average plant utilization is expected to be approximately 80-90%;
- The foreign currency exchange rate between the Canadian and United States dollar is expected to be 1.18 on all unhedged foreign currency transactions;
- ERCO's conversion of its Port Edwards, Wisconsin chloralkali facility from mercury-based technology to membrane technology for US$130 million is expected to be completed on-budget in the second half of 2009; and
- No incremental cash flow is anticipated as a result of the Port Edwards project in 2009.

(1) ERCO's 2009 outlook provided in its 2008 third quarter MD&A for distributable cash flow was $85 million to $95 million. Superior no longer reports distributable cash flow as a key performance measure; accordingly, Superior has restated ERCO's 2009 outlook from the third quarter of 2008 to EBITDA from operations of $102 million to $112 million due to the exclusion of $10 million in capital expenditures and $7 million in cash taxes. See "Non-GAAP Financial Measures" for additional details.

ERCO's EBITDA from operations of $116.5 million for 2008 was higher than the outlook provided in Superior's 2008 third quarter MD&A of $107 million to $112 million[1] due principally to improved chemical gross profits.

(1) ERCO's 2008 outlook provided in its 2008 third quarter MD&A for distributable cash flow was $85 million to $90 million. Superior no longer reports distributable cash flow as a key performance measure; accordingly, Superior has restated ERCO's 2008 outlook to EBITDA from operations of $107 million to $112 million due to the exclusion of $10 million in capital expenditures and $12 million in cash taxes. ERCO's 2008 distributable cash flow would have been approximately $106.5 million, inclusive of $10.0 million in capital expenditures and $13.4 million in cash taxes. See "Non-GAAP Financial Measures" for additional details.

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

CONSTRUCTION PRODUCTS DISTRIBUTION

Winroc generated EBITDA from operations of $37.4 million in 2008, an increase of $0.7 million or 2% from $36.7 million in 2007. EBITDA from operations was impacted by higher gross profits, offset in part, by higher operating and administrative expenses.

Condensed operating results for 2008 and 2007 are provided in the following table. See page 86 for selected historical information for the last five years.

(millions of dollars)	**2008**	2007
Distribution and direct sales revenue	**523.6**	512.3
Distribution and direct sales cost of sales	**(382.9)**	(382.5)
Distribution and direct sales gross profit	**140.7**	129.8
Less: cash operating and administrative costs	**(103.3)**	(93.1)
EBITDA from operations	**37.4**	36.7

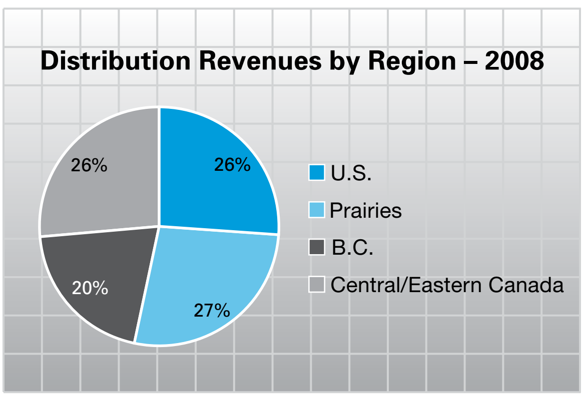
Distribution and direct sales revenues of $523.6 million were $11.3 million (2%) higher than in the prior year, as an increase in overall average selling prices more than offset a reduction in sales volumes. Distribution and direct sales gross profit was $140.7 million in 2008, an increase of $10.9 million or 8% from 2007, as the impact of the acquisition of Fackoury's Building Supplies Ltd. (Fackoury's) on May 9, 2008, and modestly higher gross margins, were only partially offset by a reduction in sales volumes at other operating locations. Distribution drywall sales volumes, an indicator of overall sales volumes, decreased by 9% from the prior year. The decrease in distribution sales volumes was principally due to weakness in the United States, reflecting the ongoing slowdown in new residential housing starts, particularly in the Southwest and Midwest U.S. Volumes were also negatively impacted by reduced sales volumes in the Prairies, offset in part, by improved sales volumes in Ontario and B.C. Sales volumes in the Prairies were impacted by a slowdown in new residential volumes from near-record levels in the prior year, while sales volumes in Ontario benefited from the acquisition of Fackoury's. Sales margins were modestly higher than in the prior year due to improved product mix and the continued focus on margin management.

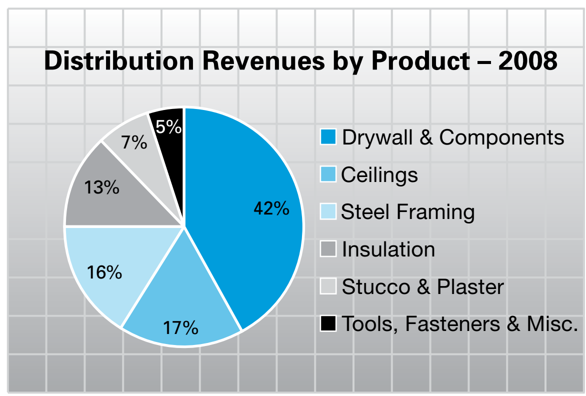
MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash operating and administration costs were $103.3 million for 2008, an increase of $10.2 million or 11% over 2007 due to increased costs associated with additional operating branches, increased fuel costs, higher provisions for bad debts, general inflationary pressures and the implementation of a comprehensive operating lease program in 2007. Winroc continues to actively manage its cost structure in response to the current economic uncertainty.

On May 9, 2008, Winroc acquired the shares of Fackoury's and associated entities, a privately held gypsum and related products distributor, with operating locations in Cambridge and Concord, Ontario, for consideration of $21.2 million (net of $2.2 million in cash acquired).

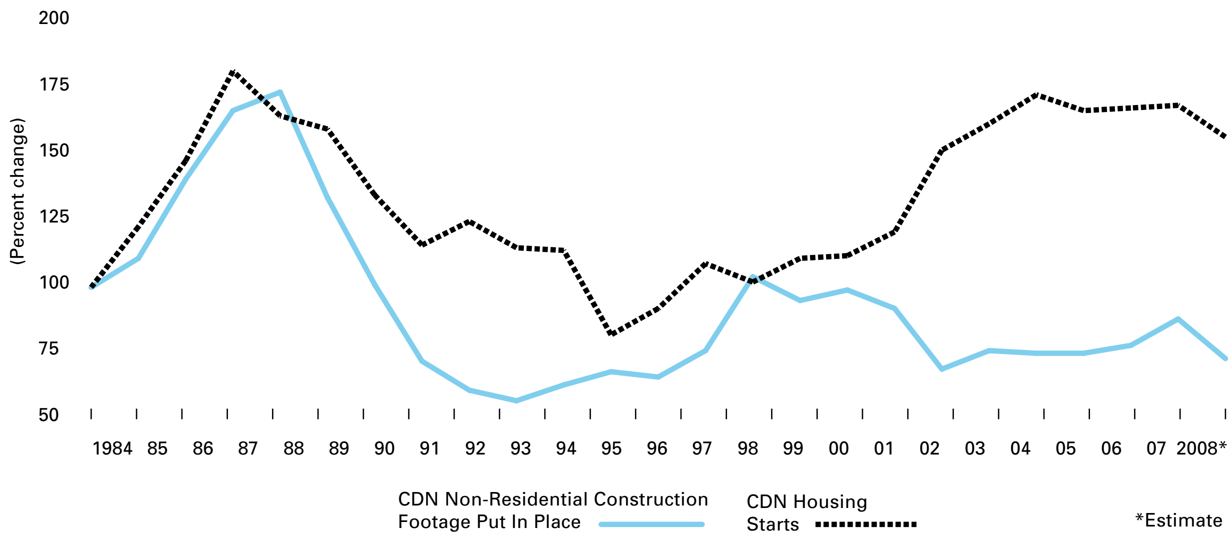
Winroc enjoys considerable geographical and customer diversification, servicing over 8,300 customers across 42 distribution branches. (See "Distribution Revenues by Region" pie chart below.) Winroc's 10 largest customers represent approximately 8% of its annual distribution sales. Winroc enjoys a strong position in the distribution markets where it operates, supported by its complete walls and ceilings product line and procurement capabilities. (See "Distribution Revenues by Product" pie chart below.)



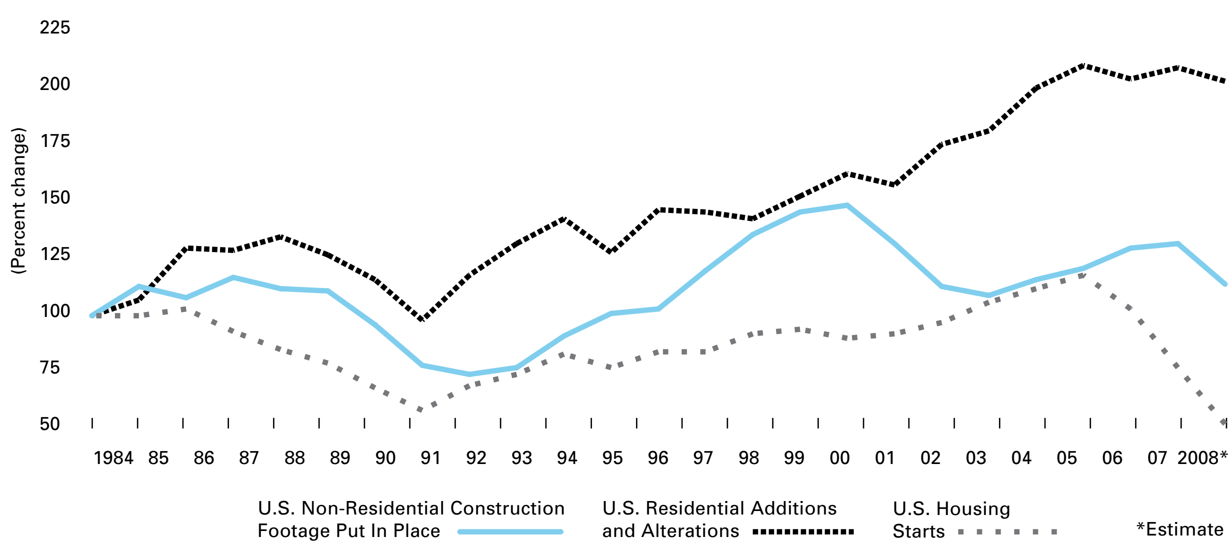


Sales to commercial builders and contractors are comprised of Winroc's full product line whereas sales to residential builders and contractors are principally comprised of drywall and components, insulation and plaster products. Demand for walls and ceiling construction products is influenced by overall economic conditions with approximately 50% of sales from servicing residential new construction and remodelling activity and 50% of sales from servicing commercial new construction and remodelling activity. Overall demand has grown steadily over time as new commercial construction demand trends have historically lagged new residential construction, while remodelling expenditures have increased steadily. (See "U.S. and Canadian demand profiles on next page.)

Canadian End-Use Construction Segments



U.S. End-Use Construction Segments



MANAGEMENT'S DISCUSSION AND ANALYSIS

OUTLOOK

Winroc expects EBITDA from operations for 2009 to be between $28 million and $35 million. Winroc's previous outlook as provided in the 2008 third quarter MD&A was $32 million to $39 million[1]. The reduction in Winroc's 2009 outlook reflects the ongoing impact of reduced sales volumes due to the current economic environment within North America, which is anticipated to negatively impact Winroc's operations. Winroc's significant assumption underlying its current outlook is:

- EBITDA from operations is expected to decline as volumes will continue to be negatively impacted by the ongoing decline in new home residential and commercial activity in both Canada and the United States.

(1) Winroc's 2009 outlook provided in its 2008 third quarter MD&A for distributable cash flow was $30 million to $37 million. Superior no longer reports distributable cash flow as a key performance measure; accordingly, Superior has restated Winroc's 2009 outlook from the third quarter of 2008 to EBITDA from operations of $32 million to $39 million due to the exclusion of $1 million in capital expenditures and $1 million in cash taxes. Winroc's 2008 distributable cash flow would have been approximately $36.8 million, inclusive of $0.6 million in capital expenditures and $0.4 million in cash taxes. See "Non-GAAP Financial Measures" for additional details.

Winroc's EBITDA from operations of $37.4 million for 2008 was consistent with the outlook provided in Superior's 2008 third quarter MD&A of $34 million to $39 million[1] as improved sales margins more than offset the impact of reduced sales volumes.

(1) Winroc's 2008 outlook provided in its 2008 third quarter MD&A for distributable cash flow was $32 million to $37 million. Superior no longer reports distributable cash flow as a key performance measure; accordingly, Superior has restated Winroc's 2008 outlook to EBITDA from operations of $34 million to $39 million due to the exclusion of $1.0 million in capital expenditures and $1.0 million in cash taxes. See "Non-GAAP Financial Measures" for additional details.

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

FIXED-PRICE ENERGY SERVICES

SEM generated EBITDA from operations of $6.5 million in 2008, a decrease of $5.6 million or 46% from $12.1 million in 2007, due to reduced gross profit.

Condensed operating results for 2008 and 2007 are provided in the following table. See page 86 for selected historical information for the last five years.

(millions of dollars)	**2008**	2007
Revenue	**323.6**	320.4
Cost of sales [1] [2]	**(296.0)**	(289.3)
Gross profit	**27.6**	31.1
Less: operating, administrative and selling costs	**(21.1)**	(19.0)
EBITDA from operations	**6.5**	12.1

(1) For the year ended December 31, 2008, Superior has reclassified $4.0 million of foreign currency translation losses (2007 – $1.0 million gain) related to U.S.-denominated working capital from operating and administrative expense to cost of sales. Reclassification of the translation gains or losses provides improved matching to the income statement recognition of the underlying working capital item that resulted in the translation gains or losses. For the year ended December 31, 2007, Superior has reclassified $1.0 million of translation gains.

(2) Effective January 1, 2007, Superior discontinued hedge accounting for all economic hedging activities. As such, amounts related to these contracts must be accounted for separately on Superior's financial statements (see Notes 10 and 19 to the Consolidated Financial Statements). Superior has reclassified these amounts for purposes of this MD&A to present its results as if it had accounted for these transactions as accounting hedges. As such, included in cost of sales for the year ended December 31, 2008 is $17.6 million in realized foreign currency forward contract losses and $34.3 million related to natural gas commodity realized fixed-price gains. Included in cost of sales for the year ended December 31, 2007 is $19.3 million in realized foreign currency forward contract losses and $14.9 million related to natural gas commodity realized fixed-price losses.

GROSS PROFIT BY SEGMENT

	2008			2007		
(millions of dollars except volume and per unit amounts)	**Gross Profit**	**Volume**	**Per Unit**	Gross Profit	Volume	Per Unit
Natural gas [1]	**26.74**	**33.2 GJ**	**80.5 ¢/GJ**	31.10	37.0 GJ	84.1 ¢/GJ
Electricity [2]	**0.86**	**69.9 kWh**	**1.23 ¢/kWh**	–	–	–
Total	**27.60**			31.10		

(1) Natural gas volumes are expressed in millions of gigajoules (GJ), while per unit amounts are expressed in gigajoules.
(2) Electricity volumes are expressed in millions of kilowatt hours (kWh), while per unit amounts are expressed in kWh.

SEM provides fixed-price, term natural gas sales to residential customers in Ontario and British Columbia and to commercial and light industrial consumers in Ontario and Quebec. On August 1, 2007, SEM began marketing fixed-price electricity sales contracts to residential and commercial customers in Ontario.

SEM's revenues of $323.6 million in 2008 were $3.2 million or 1% higher than in the prior year, as the impact of revenues associated with the start-up of SEM's electricity business more than offset lower natural gas revenues due to reduced sales volumes. Gross profit for 2008 was $27.6 million, a decrease of $3.5 million (11%) from $31.1 million in gross profit earned in 2007. Natural gas gross profit was $26.7 million, a decrease of $4.4 million from the prior year due to reduced margins and lower sales volumes. Gross profit was impacted by approximately $2.0 million in foreign currency translation losses due to the dramatic appreciation of the U.S. dollar relative to the Canadian dollar during the fourth quarter of 2008. Foreign currency fluctuations impacted SEM's EBITDA from operations due to the discontinuation of hedge accounting in the prior year, which results in a timing difference between the recognition of the accrual for the U.S. dollar cost of sales and the subsequent realization of the related foreign currency derivative gain or loss. In the absence of significant foreign exchange volatility, operating results with or without hedge accounting would not be significantly different. The impact of fluctuations in foreign currency can impact SEM's year-over-year results, but over the fullness of time, SEM's results are not significantly impacted by changes in foreign currency rates as SEM is fully hedged from an economic perspective. Additionally, Superior's decision to discontinue hedge accounting effective January 1, 2007 resulted in a one-time benefit of $0.5 million to SEM's 2007 gross profits. Gross profit per unit was 80.5 cents per GJ, a decrease of 3.6 cents per GJ (4%) from the prior year. The reduction in gross profit per GJ was impacted by lower gross profits as noted above combined with the impact of a change in sales mix, as a higher proportion of natural gas sales volumes in the current year were lower-margin, commercial volumes than in the prior year. Sales volumes of natural gas were 33.2 million GJ, 3.8 million GJ (10%) lower than in the prior year as reduced residential customer volumes more than offset the impact of higher commercial volumes. Residential and small commercial customer volumes comprised approximately 30% of natural gas sales volumes in 2008 compared to 32% in 2007.

Electricity gross profit in 2008 was $0.9 million, with no contribution from electricity in the prior year as electricity only began to flow to customers in 2008. SEM is continuing to work on further market penetration of the Ontario fixed-price electricity market. Operating, administrative and selling costs were $21.1 million in 2008, an increase of $2.1 million (11%) over 2007. The increase in costs is due principally to higher selling and marketing costs as a result of rebuilding sales channels, in addition to costs associated with SEM's entrance into the British Columbia fixed-price natural gas and Ontario fixed-price electricity markets. Amortization of customer acquisition costs of $6.5 million in 2008 was consistent with the prior year's $6.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEM invested $6.8 million in customer acquisition costs ($0.3 million net of amortization) during 2008, compared to $10.9 million ($4.3 million net of amortization) in 2007, resulting in a customer base of 91,800 residential natural gas customers, 6,300 commercial natural gas customers and 3,700 electricity customers. The acquisition of new customers and the retention of SEM's existing customers has been challenging in all of SEM's markets due in part to the low system price of natural gas compared to the fixed-rate alternative SEM is able to offer. Over the previous 12 months, the system price of natural gas has been both constant and low due to the low spot price of natural gas over the prior quarters. This has resulted in reduced customer demand for long-term, higher fixed-price natural gas contracts, as the immediate perceived benefit of entering into a long-term deal is reduced at the current fixed-price rates. Similar to the sign-up of natural gas customers, SEM's sign-up for fixed-price electricity customers has been lower than expected due to a low regulated price plan for electricity.

SEM's fixed-price natural gas contracts are for a maximum term of five years. As at December 31, 2008, the average remaining term of SEM's contracts was 28 months (December 31, 2007 – 37 months), due to the slowdown in the sign-up of new customers, and the retention of existing customers. SEM's largest customer represented 1% of 2008 gross profits (2007 – 1%). At December 31, 2008, SEM's largest fixed-price natural gas supplier represented 27% (December 31, 2007 – 30%) of its supply portfolio.

On January 7, 2008, SEM announced it had entered into a long-term natural gas supply agreement with Constellation Energy Commodities Group, Inc., providing SEM with a dependable long-term, fixed-price natural gas supply.

OUTLOOK

SEM expects EBITDA from operations for 2009 to be between $9 million and $12 million. SEM's previous outlook as provided in the 2008 third quarter MD&A was $12 million to $16 million(1). The reduction in SEM's 2009 outlook reflects reduced customer demand for fixed-price energy contracts due to the low system price for natural gas and electricity. SEM's significant assumptions underlying its current outlook are:

- SEM is able to access sales channel agents on acceptable contract terms;
- Natural gas markets in Ontario and British Columbia will provide growth opportunities for SEM; and
- The residential and commercial electricity markets in Ontario are expected to provide additional growth opportunities for SEM.

SEM's EBITDA from operations of $6.5 million for 2008 was less than the outlook provided in Superior's 2008 third quarter MD&A of $10 million to $13 million(1) principally due to the impact of losses on foreign currency translation and lower than expected sales volumes.

(1) SEM's 2008 and 2009 outlook provided in Superior's 2008 third quarter MD&A for distributable cash flow was $10 million to $13 million for 2008, and $12 million to $16 million for 2009. SEM's calculation of EBITDA from operations is unchanged from its prior reporting measure of distributable cash flow. SEM's distributable cash flow would have been approximately $6.5 million. See "Non-GAAP Financial Measures" for additional details.

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

CONSOLIDATED CAPITAL EXPENDITURE SUMMARY

(millions of dollars)	**2008**	2007
Efficiency, process improvement and growth-related	**26.8**	13.2
Other capital	**7.6**	7.7
Port Edwards expansion project	**49.8**	1.4
	84.2	22.3
Acquisitions	**24.5**	4.3
Transaction with Ballard	**46.3**	–
Proceeds on disposition of capital (1)	**(7.5)**	(4.4)
Total net capital expenditures	**147.5**	22.2
Capital-equivalent value of operating leases (2)	**27.4**	20.0
Total capital including operating leases	**174.9**	42.2

(1) Does not include $4.0 million of proceeds on the sale of ERCO's Bruderheim, Alberta facility. See "Corporate Conversion and Other Strategic Costs" for additional details.
(2) Capital-equivalent value of operating leases reflects the total dollar value of capital items that have been acquired through operating leases.

Efficiency, process improvement and growth-related expenditures were $26.8 million in 2008 compared to $13.2 million in 2007. Efficiency, process improvement and growth-related expenditures were principally incurred in relation to ERCO's electrical cell replacement program, ERCO's hydrogen capture and utilization projects and Superior Propane's business transformation project. Other capital expenditures were $7.6 million in 2008 compared to $7.7 million in the prior year, consisting primarily of required maintenance and general capital at ERCO and Superior Propane. Proceeds on the disposal of capital were $7.5 million in 2008 compared to $4.4 million in the prior year. Proceeds consisted principally of Superior Propane's disposition of excess properties. ERCO incurred $49.8 million (US$43.4 million) in 2008 related to its Port Edwards expansion project. To year-end 2008, ERCO had incurred US$44.8 million cumulatively on the project which is anticipated to cost US$130.0 million in aggregate.

Acquisitions for 2008 totalled $24.5 million and were comprised of Winroc's acquisition of Fackoury's for $21.1 million, as previously discussed in the review of Winroc, and Superior Propane's acquisition of certain propane assets in Atlantic Canada for $3.4 million.

Capital expenditures were funded from a combination of operating cash flow, proceeds received from Superior's trust unit reinvestment program and revolving term bank credit facilities.

CORPORATE AND INTEREST COSTS

Cash corporate and administrative costs were $14.6 million in 2008, an increase of $4.1 million from 2007. The increase over the prior year was due principally to $3.2 million of foreign currency translation losses on the revaluation of U.S. dollar cash transactions and U.S. dollar-denominated interest payables. Excluding the impact of foreign currency translation losses, the increase in corporate costs is due to higher long-term incentive plan costs, due in turn to additional long-term incentive plan grants, the addition of an Executive Vice-President of Business Development and the impact of performance-related shares as a result of Superior's share performance throughout 2008. Excluding the impact of foreign currency translation losses and long-term incentive plan costs, corporate and administrative costs were consistent with the prior year.

Interest expense on Superior's revolving term bank credits and term loans was $21.7 million for 2008 (net of $2.0 million in realized gains on interest rate swaps), a decrease of $3.5 million from $25.2 million incurred in the prior year. The decrease in interest expense was due to lower interest rates on floating-rate debt offset by the impact of higher average debt levels due to capital expenditures incurred in the year, including the expansion of ERCO's Port Edwards, Wisconsin facility and the impact of the appreciation of the U.S. dollar on U.S.-denominated interest costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Interest on Superior's convertible unsecured subordinated debentures (the debentures) was $14.8 million for 2008, a decrease of $4.7 million from 2007. The reduction in debenture interest is due to the maturity of $8.1 million in Series I, 8% debentures on July 31, 2007 and Superior's early redemption of $59.2 million in Series II, 8% debentures on November 5, 2007, comprising all of the Series II debentures.

CORPORATE CONVERSION AND OTHER STRATEGIC COSTS

Corporate conversion costs incurred in 2008 were $5.0 million and consisted primarily of professional fees related to the planning and execution of the transaction with Ballard.

During 2008, ERCO completed the sale of its Bruderheim, Alberta facility for proceeds of $4.0 million, which have been treated as a recovery of strategic plan costs previously expensed. ERCO has retained 130 acres of the surrounding property.

Superior did not incur any strategic plan costs during 2008. Strategic plan costs incurred in the prior year totalled $5.7 million and related to the completion of employee retention programs and ERCO's closure of its Bruderheim, Alberta sodium chlorate facility.

INCOME TAXES

On December 31, 2008, the Fund converted from a publicly traded income trust to a publicly traded corporation by way of a plan of arrangement with Ballard for cash consideration of $46.3 million. The transaction resulted in Superior increasing its tax basis by approximately $1,013.0 million. Additional consideration may be payable to Ballard in future periods based on the finalization of tax basis available to Superior. Superior's calculation of current and future income taxes for the year ended December 31, 2008 is based on the conversion to a corporate structure effective December 31, 2008, whereas Superior's calculation of current and future income taxes for the year ended December 31, 2007 is based on Superior being a publicly traded income trust. Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and future income taxes, including United States income tax, United States non-resident withholding tax and Chilean income tax.

Total income tax expense for the year ended 2008 was $9.9 million, comprised of $13.8 million in cash income taxes and a $3.9 million future income recovery, compared to a total income tax recovery of $5.1 million in the prior year, comprised of $5.3 million in cash income taxes and a $10.4 million future income tax recovery.

Cash income and withholding taxes for the year ended 2008 were $13.8 million, consisting of cash taxes in the United States of $12.3 million and withholding taxes of $1.5 million (2007 – $5.3 million in the United States). The increase in United States cash income taxes was due to higher U.S.-denominated taxable earnings as a result of improved operating results at ERCO.

Future income tax recovery for the year ended 2008 was $3.9 million (2007 – $10.4 million future income tax recovery), resulting in a corresponding net future income tax asset of $384.9 million as at December 31, 2008 and a net deferred credit of $307.7 million. The change in future income taxes and the deferred credit is principally the result of Superior's conversion to a corporation and related transaction with Ballard.

As at December 31, 2008, Superior had the following tax pools available to be used in future years:

(millions of dollars)	
Canada	
Tax basis	423.4
Non-capital losses	206.7
Capital losses	630.6
Canadian scientific research expenditures	590.7
Investment tax credits	192.3
United States	
Tax basis	46.0
Capital loss carry-forwards	56.8
Chile	
Tax basis	43.2
Non-capital loss carry-forwards	24.1

See the audited consolidated financial statements for the year ended December 31, 2008 for a summary of the expiration of the non-capital loss carry-forwards and investment tax credits. Capital loss carry-forwards, Canadian scientific research expenditures and Chilean non-capital losses are eligible to be carried forward indefinitely.

CONSOLIDATED OUTLOOK

Superior expects adjusted cash flow from operations for 2009 to be between $2.00 and $2.20 per share and for 2010 to be between $2.20 and $2.40 per share. Superior's previous outlook for 2009 as provided in the 2008 third quarter MD&A was between $2.10 and $2.35[1] per share. Prior to this outlook, Superior had not disclosed its expectations for 2010. Superior's consolidated adjusted operating cash flow outlook is dependent on the operating results of its four divisions. See the discussion of operating results by division for additional details on Superior's 2009 guidance. In addition to the operating results of Superior's four divisions, significant assumptions underlying Superior's current 2009 and 2010 outlook are:

- Current economic conditions in Canada and the United States prevail for 2009 with a modest improvement in 2010;
- Superior continues to attract capital and obtain financing on acceptable terms;
- The foreign currency exchange rate between the Canadian and U.S. dollar averages 1.18 in 2009 and 1.11 in 2010 on all unhedged foreign currency transactions;
- Superior's average interest rate on floating-rate debt remains stable to marginally lower throughout 2009, increasing modestly in 2010;
- Financial and physical counterparties continue to fulfill their obligations to Superior;
- Regulatory authorities do not impose any new regulations impacting Superior;
- EBITDA from operations of the divisions in 2010 is consistent, to modestly improved, compared to 2009; and
- Incremental EBITDA is generated in 2010 from the Port Edwards expansion project, which is due to be completed in the latter half of 2009.

(1) Superior's 2009 outlook provided in its 2008 third quarter MD&A for distributable cash flow per share was $1.95 to $2.20. Superior no longer uses distributable cash flow as a key performance measure; accordingly, Superior has restated its 2009 outlook to adjusted operating cash flow per share of $2.10 to $2.35. Adjusted operating cash flow per share does not have a deduction for capital expenditures, which differs from distributable cash flow per share which had a deduction for capital expenditures of $15 million. See "Non-GAAP Financial Measures" for additional details.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated adjusted operating cash flow for 2008 of $2.18 per share was consistent with Superior's outlook provided in its 2008 third quarter MD&A of $2.15 to $2.25[(1)].

(1) Superior's 2008 outlook provided in its 2008 third quarter MD&A for distributable cash flow per share was $2.05 to $2.15. Superior no longer uses distributable cash flow as a key performance measure; accordingly, Superior has restated its 2008 outlook to adjusted operating cash flow per share of $2.15 to $2.25. Adjusted operating cash flow per share does not have a deduction for capital expenditures, which differs from distributable cash flow per share which had a deduction for capital expenditures. Superior's 2008 distributable cash flow per share would have been approximately $2.04 per share, inclusive of $11.7 million in capital expenditures. Distributable cash flow was marginally below the outlook, due to lower operating results at SEM and higher corporate costs. See "Non-GAAP Financial Measures" 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

Superior's total and available sources of credit are detailed in the table below:

Available Credit Facilities	**As at December 31, 2008**			
(millions of dollars)	Total Amount	Borrowings	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities [(1)]	595.0	259.0	41.5	294.5
Term loans [(1)]	218.7	218.7	–	–
Accounts receivable sales program	100.0	100.0	–	–
Total	913.7	577.7	41.5	294.5

(1) Revolving term bank credit facilities and term loan balances are presented before deferred financing fees.

Superior has a secured revolving syndicated bank facility of $595.0 million with 10 banks. The facility matures on June 28, 2010 and can be expanded to $600.0 million.

Superior's revolving term bank credit and term loans before deferred financing fees, including $100.0 million related to the accounts receivable securitization program, totalled $577.7 million as at December 31, 2008, an increase of $137.2 million from the prior year. The increase in revolving term bank credits and term loans is predominately due to the non-cash impact of the appreciation of the U.S. dollar on U.S. dollar-denominated debt (approximately a $60 million impact), Superior's transaction with Ballard on December 31, 2008 for $46.3 million and the impact of other capital expenditures during the year, offset in part by operating cash flow in excess of distributions for the year. See "Summary of Cash Flows" for a complete summary of Superior's sources and uses of cash.

As at December 31, 2008, debentures before deferred issue costs issued by Superior totalled $247.6 million, $0.4 million higher than the balance at December 31, 2007. The change in the stated cost of the debentures is due to the accretion of the original discount to interest expense during 2008.

As at December 31, 2008, $294.5 million was available under the credit facilities and accounts receivable sales program, which is considered sufficient to meet Superior's net working capital funding requirements and expected capital expenditures. Principal covenants are described in "Contractual Obligations and Other Commitments" on page 39.

Consolidated net working capital was $168.9 million as at December 31, 2008, a decrease of $4.1 million from December 31, 2007 ($173.0 million). Net working capital was consistent with the prior year-end, as an increase in working capital at ERCO and Winroc as a result of the appreciation of the U.S. dollar on U.S.-denominated working capital was offset by reduced working capital requirements at Superior Propane as a result of a reduction in the retail cost of propane and reduced working capital at Corporate as a result of the requirement to fund the December 31, 2008 distribution to Superior's trust agent in advance of the payment on January 15, 2008, due to the transaction with Ballard. Superior's net working capital requirements are financed from revolving term bank credit facilities and by proceeds raised from a trade accounts receivable sales program.

Proceeds received from Superior's distribution reinvestment plan (DRIP) were $8.9 million for 2008 (2007 – $25.3 million). The reduction is a result of Superior announcing on February 28, 2008 that it would suspend the DRIP after the February 2008 distribution. In February 2009, Superior adopted a dividend reinvestment plan (also called DRIP) in relation to its conversion to a corporation. The current DRIP can be implemented at Superior's request, subject to meeting certain regulatory requirements.

Superior has entered into an agreement to sell, with limited recourse, certain accounts receivables on a 30-day revolving basis to an entity sponsored by a Canadian chartered bank to finance a portion of its working capital requirements, which represents an off-balance-sheet obligation. The receivables are sold at a discount to face value based on prevailing money market rates. As at December 31, 2008, proceeds of $100.0 million (December 31, 2007 – $100.0 million) had been raised from this program and were used to repay revolving term bank credits (see Note 4 to the Consolidated Financial Statements). Superior is able to adjust the size of the sales program on a seasonal basis in order to match the fluctuations of its accounts receivable funding requirements. The program requires Superior to maintain a minimum secured credit rating of BB and meet certain collection performance standards. Superior is currently fully compliant with program requirements. The program expires on December 29, 2009.

On October 30, 2008, Superior announced its intention to convert from a trust to a corporation, completing this transaction on December 31, 2008. On October 30, 2008, DBRS confirmed Superior's senior secured notes rating at BBB (low) with a stable outlook. On October 31, 2008, Standard and Poor's confirmed Superior's BBB- (negative outlook) secured long-term debt credit rating. On November 14, 2008, Standard and Poor's removed Superior's negative outlook and confirmed its credit ratings of BBB- secured and BB+ unsecured.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

			Payments Due In			
(millions of dollars)	Notes (1)	Total	2009	2010-2011	2012-2013	Thereafter
Revolving term bank credits and term loans	7	477.7	13.0	308.3	83.0	73.4
Convertible debentures	8	249.9	–	–	174.9	75.0
Operating lease and capital commitments (2)	16(i)	164.7	37.7	61.3	39.2	26.5
CDN$ equivalent of US$ foreign currency forward purchase contracts	10	269.2	133.5	75.7	–	60.0
US$ foreign currency forward sales contracts (US$)	10	182.6	92.2	90.4	–	–
Fixed-price electricity purchase commitments	10	159.3	17.7	35.4	35.4	70.8
Natural gas, propane and electricity purchase commitments (3) (4)	10	332.1	211.5	112.0	8.6	–
Future employee benefits (5)	9	21.9	3.9	7.8	7.8	2.4
Total contractual obligations		1,857.4	509.5	690.9	348.9	308.1

(1) Notes to Consolidated Financial Statements.
(2) Operating lease and capital commitments together with the accounts receivable sales program comprise Superior's off-balance sheet obligations.
(3) Superior, with respect to its natural gas and propane commitments, is similarly committed to long-term natural gas and propane customer sales commitments.
(4) Does not include the impact of financial derivatives. See Note 10 to the Consolidated Financial Statements.
(5) Does not include the Superior Propane defined benefit pension asset.

Revolving term bank credits and term loans are secured by a general charge over the assets of Superior and certain of its subsidiaries. As at December 31, 2008, Superior's senior debt to bank compliance EBITDA ratio (see Bank Compliance EBITDA in "Non-GAAP Financial Measures") was 2.3 times after taking into account the impact of the off-balance sheet receivable sales program and the impact of cash on hand (December 31, 2007 – 1.9 times).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Senior bank debt covenants limit the incurrence of additional long-term debt and payments of distributions/dividends to Superior and its shareholders if Superior's consolidated senior debt (including proceeds raised from the accounts receivable sales program) exceeds 3.5 times bank compliance EBITDA for the last 12-month period as adjusted for the pro forma impact of acquisitions and dispositions. Senior secured notes covenants limit incurring the incurrence of additional long-term debt and payments of dividends to Superior's shareholders if Superior's consolidated senior debt (including proceeds raised from the accounts receivable sales program) exceeds 3.0 times bank compliance EBITDA for the last 12-month period as adjusted for the pro forma impact of acquisitions and dispositions. Additionally, Superior's distributions/dividends (including payments to debenture holders) cannot exceed bank compliance EBITDA plus $25.0 million. At December 31, 2008, senior debt and total debt ratios when calculated in accordance with Superior's senior credit agreements were 2.4 times to (December 31, 2007 – 2.0 times). Total debt to bank compliance EBITDA ratio for purposes of senior credit agreements does not include the debentures.

Debentures are obligations of Superior and consist of $174.9 million in Series I, 5.75% debentures maturing on December 31, 2012 and $75.0 million in Series 1, 5.85% debentures maturing on October 31, 2015. The 5.75% Series I and 5.85% Series I debentures are convertible at the option of the holder into common shares at $36.00 and $31.25 per common share, respectively. Superior may elect to satisfy interest and principal debenture obligations by the issuance of common shares.

As at December 31, 2008, Superior's total debt (including debentures) to bank compliance EBITDA ratio was 3.4 times (December 31, 2007 – 3.0 times) after taking into account the impact of the off-balance sheet receivable sales program amounts and the impact of cash on hand. Debt covenants limit incurring additional long-term debt and payments of dividends to Superior and its shareholders if Superior's total debt (including proceeds raised from the accounts receivable sales program) exceeds 5.0 times bank compliance EBITDA for senior bank debt and 5.5 times bank compliance EBITDA for senior secured notes for the last 12-month period as adjusted for the pro forma impact of acquisitions and dispositions.

As at December 31, 2008, approximately 16% of Superior's revolving term bank credits and term loans and debenture obligations were not repayable for at least five years and approximately 47% of Superior's total debt obligations (including accounts receivable sales program) are subject to fixed interest rates. Superior's policy is to target a fixed-to-floating interest rate profile of approximately 50%.

Operating leases consist of rail cars, distribution/delivery fleet, other vehicles, premises and other equipment. Rail car leases at December 31, 2008 comprised 22% (December 31, 2007 – 23%) of total operating lease commitments and are used to transport ERCO's finished product to its customer locations and by Superior Propane to transport propane from supply sources to its branch distribution locations. Distribution/delivery operating leases at December 31, 2008 comprised 31% (December 31, 2007 – 21%) of total operating lease commitment and are used by Superior Propane and Winroc to deliver product to customers.

Natural gas and propane fixed-price supply commitments are used to resource similar volume and term fixed-price sales commitments to customers of SEM and Superior Propane. ERCO has entered into fixed-price electricity contracts for a term of up to nine years representing 100% of its annual power requirements in deregulated jurisdictions.

Superior's operating lease and capital commitments, natural gas, propane and electricity purchase commitments and future employee benefits are normal course operating commitments. Superior expects to fund these commitments through a combination of cash flow from operations, proceeds on revolving term bank credits and proceeds on the issuance of common share equity.

At December 31, 2008 Superior had an estimated defined benefit pension solvency deficiency of approximately $40 million. Funding requirements required by applicable pension legislation are based upon 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 flows 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 outstanding was 88.3 million in 2008 compared to 86.5 million shares in 2007, an increase of 2% due to trust units/common shares issued under Superior's distribution reinvestment program. The quoted market value of Superior's share capital and debentures was $966.9 million and $194.2 million, respectively, based on closing prices on December 31, 2008 on the Toronto Stock Exchange.

As at March 10, 2009, December 31, 2008 and 2007, the following common shares and securities convertible into common shares were outstanding:

	March 10, 2009		**December 31, 2008**		December 31, 2007	
(millions)	**Convertible Securities**	**Shares**	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Shares outstanding		**88.4**		**88.4**		87.6
Series I, 5.75% debentures [(1)]	**$ 174.9**	**4.9**	**$ 174.9**	**4.9**	$ 174.9	4.9
Series I, 5.85% debentures [(2)]	**$ 75.0**	**2.4**	**$ 75.0**	**2.4**	$ 75.0	2.4
Warrants [(3)]	**–**	**–**	**–**	**–**	2.3	2.3
Shares outstanding and issuable upon conversion of debenture and warrant securities		**95.7**		**95.7**		97.2

(1) Convertible at $36.00 per share.
(2) Convertible at $31.25 per share.
(3) Warrants were exercisable at $20.00 per share and expired on May 8, 2008.

DISTRIBUTIONS/DIVIDENDS PAID TO UNITHOLDERS/SHAREHOLDERS

Superior's distributions/dividends to its unitholders/shareholders are dependent on its cash flow from operating activities with consideration for changes in working capital requirements, investing activities and financing activities of Superior. See "Summary of Adjusted Operating Cash Flow" on page 20 and "Summary of Cash Flows" on page 42 for additional details on the sources and uses of Superior's cash flow.

Distributions paid to unitholders for 2008 were $142.2 million or $1.61 per trust unit compared to $134.9 million or $1.56 per trust unit in 2007. The increase in distributions paid to unitholders over the prior year is the result of Superior increasing its monthly distribution to $0.135 per trust unit ($1.62 on an annualized basis) from $0.13 per trust unit effective the March 2008 distribution.

For income tax purposes, distributions paid in 2008 of $1.61 per trust unit are classified as other income. A summary of cash distributions since inception and related tax information is posted under the "Investor Information" section of Superior's website at www.superiorplus.com. For 2009, as a result of Superior's conversion to a corporation, Superior's Canadian taxable shareholders will receive the added benefit of a dividend tax credit on eligible dividends, compared to their prior tax treatment of trust unit distributions as other income. For the years ended December 31, 2008 and 2007 all distributions to unitholders were in the form of trust unit distributions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Summary of Cash Flows [1] (millions of dollars)	**2008**	2007
Cash flows from operating activities	**207.6**	134.3
Investing activities:		
Purchase of property, plant and equipment [2]	**(84.2)**	(22.3)
Proceeds on disposal of property, plant and equipment [2]	**7.5**	4.4
Transaction with Ballard	**(46.3)**	–
Acquisitions	**(24.5)**	(4.3)
Gain on sale of facility	**4.0**	–
Proceeds on the sale of JW Aluminum	**–**	1.4
Cash flows from investing activities	**(143.5)**	(20.8)
Financing activities:		
Distributions/dividends to shareholders	**(142.2)**	(134.9)
Repayment of 8%, Series I convertible debentures	**–**	(8.1)
Redemption of 8%, Series II convertible debentures	**–**	(59.2)
Proceeds from DRIP	**8.9**	25.3
Revolving term bank credits and term loans	**82.6**	38.4
Other	**(11.4)**	5.5
Cash flows from financing activities	**(62.1)**	(133.0)
Net increase (decrease) in cash	**2.0**	(19.5)
Cash, beginning of period	**14.1**	33.6
Cash, end of period	**16.1**	14.1

(1) See the Consolidated Statements of Cash Flows for additional details.

(2) See "Consolidated Capital Expenditure Summary" on page 35 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 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; as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading.

Effective 2008, SEM entered into natural gas financial swaps primarily with Constellation Energy Commodities Group, Inc. for distributor-billed natural gas business in Canada to manage its economic exposure of providing fixed-price natural gas to its customers. Additionally, SEM is maintaining its historical natural gas swap positions with seven additional counterparties. SEM monitors its fixed-price natural gas positions on a daily basis to evaluate compliance with established risk management policies. SEM maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

SEM enters into electricity financial swaps with counterparties to manage the economic exposure of providing fixed-price electricity to its customers. SEM monitors its fixed-price electricity positions on a daily basis to evaluate compliance with established risk management policies. SEM maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

ERCO has entered into fixed-price electricity purchase agreements to manage the economic exposure of certain of its chemical facilities to changes in the market price of electricity, in markets where the price of electricity is not fixed. Substantially all of the fair value with respect to these agreements is with a single counterparty.

Superior Propane enters into various propane forward purchase and sale agreements with more than 20 counterparties to manage the economic exposure of its wholesale customer supply contracts. Superior Propane monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Superior Propane maintains a substantially balanced fixed-price propane gas position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, enters into foreign currency forward contracts with ten counterparties to manage the economic exposure of Superior's operations to movements in foreign currency exchange rates. SEM and Superior Propane contract a portion of their fixed-price natural gas and propane purchases and sales in U.S. dollars and enter into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. ERCO enters into U.S. dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S. dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

As at December 31, 2008, SEM and Superior Propane had hedged virtually 100% of their U.S. dollar natural gas and propane purchase (sales) obligations and ERCO had hedged 75%[3] and 53%[3] of its estimated U.S. dollar exposure for the remainder of 2009 and 2010, respectively. The estimated distributable cash flow sensitivity for Superior, including divisional U.S. exposures and the impact on U.S.-denominated debt with respect to a $0.01 change in the Canadian to U.S. dollar exchange rate for 2009 is $0.2 million, after giving effect to United States forward contracts for 2009, as shown in the table below. Superior's sensitivities and guidance are based on an anticipated Canadian to U.S. dollar exchange rate of 1.18 for 2009.

(US$ millions)	2009	2010	2011	2012	2013	2014 and Thereafter	Total
SEM – US$ forward purchases (1)	111.2	61.9	5.4	–	–	–	178.5
Superior Propane – US$ forward purchases (sales)	(1.0)	(1.7)	–	–	–	–	(2.7)
Superior Plus LP (2)	–	–	–	–	–	60.0	60.0
ERCO – US$ forward sales (3)	(92.2)	(78.4)	(12.0)	–	–	–	(182.6)
Net US$ forward purchases	18.0	(18.2)	(6.6)	–	–	60.0	53.2
SEM – average US$ forward purchase rate (1)	1.21	1.16	1.11	–	–	–	1.19
Superior Propane – average US$ forward rate	1.08	1.22	–	–	–	–	1.17
Superior Plus LP (2)	–	–	–	–	–	1.00	1.00
ERCO – Average US$ forward sales rate (3)	1.06	1.06	1.26	–	–	–	1.07
Net average external US$/CDN$ exchange rate	1.13	1.10	1.21	–	–	1.00	1.11

(1) SEM is now sourcing its fixed-price natural gas requirements in Canadian dollars; as such, SEM will no longer be required to use U.S. dollar forward contracts to fix its Canadian dollar exposure.

(2) Superior has entered into a U.S. dollar forward purchase contract for $60.0 million in relation to the repayment profile of its U.S. dollar senior secured notes (see Note 7 of the consolidated financial statements).

(3) Does not include the impact of the U.S. dollar conversion of ERCO's Port Edwards, Wisconsin chloralkali facility, which is anticipated to cost US$130.0 million in aggregate, of which $49.8 million (US$43.4 million) was incurred in 2008 (US$44.8 million cumulatively), with the majority of the remaining costs expected in 2009.

Superior has interest rate swaps with a single counterparty to manage the interest rate mix of its total debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term maturity debt instruments. Superior reviews it mix of short-term and longer-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. Superior Propane and Winroc deal with a large number of small customers, thereby reducing this risk. ERCO, due to the nature of its operations, sells its products to a relatively small number of customers. ERCO mitigates its customer credit risk by actively monitoring the overall credit worthiness of its customers. SEM has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide SEM with invoicing, collection and the assumption of bad debts risk for residential and small commercial customers. SEM actively monitors the credit worthiness of its industrial customers.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's Consolidated Financial Statements and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 10 to the Consolidated Financial Statements.

SENSITIVITY ANALYSIS

Superior's estimated cash flow sensitivity in 2008 to the following changes is provided below:

	Change	Change	Impact on Adjusted Operating Cash Flow	Per Share
Superior Propane				
Change in sales margin	$0.005/litre	3%	$6.9 million	$0.08
Change in sales volume	50 million litres	4%	$7.0 million	$0.08
ERCO				
Change in sales price	$10.00/tonne	2%	$6.3 million	$0.07
Change in sales volume	15,000 metric tonnes	2%	$4.4 million	$0.05
Winroc				
Change in distribution sales margin	1% point change in average gross margin	3%	$4.3 million	$0.05
Change in sales volume	5% change in sales volume	5%	$4.7 million	$0.05
SEM				
Change in sales margin	$0.02/GJ	2%	$0.7 million	$0.01
Change in sales volume	2 million GJ	6%	$1.6 million	$0.02
Corporate				
Change in Cdn$/US$ exchange rate (1)	$0.01	1%	$0.1 million	–
Corporate change in interest rates	0.5%	10%	$1.3 million	$0.01

(1) After giving effect to US$ forward sales contracts for 2008. See "Financial Instruments – Risk Management."

CRITICAL ACCOUNTING ESTIMATES

Superior's significant accounting policies are contained in Note 2 to the Consolidated Financial Statements. Certain of these policies involve critical accounting estimates because they require Superior to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. Superior constantly evaluates these estimates and assumptions.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Superior expects that a certain portion of required customer payments will not be made and maintains an allowance for these doubtful accounts. This allowance is based on Superior's estimate of the likelihood of recovering its accounts receivable. It incorporates current and expected collection trends. If economic conditions change, or if actual results or specific industry trends differ from Superior's expectations, Superior will adjust its allowance for doubtful accounts and its bad debts expense accordingly.

EMPLOYEE FUTURE BENEFITS

The accrued benefit obligation is determined by independent actuaries using the projected benefit method prorated on service and based on management's best economic and demographic estimates. The benefit relates to Superior's defined benefit plans. The expected return on plan assets is determined by considering long-term historical returns, future estimates of long-term investment returns and asset allocations.

ASSET IMPAIRMENT

Superior reviews long-lived assets and intangible assets with finite lives whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be fully recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows, and measurement of an impairment loss is based on the fair value of the assets.

Goodwill is not amortized, but is assessed for impairment at the reporting unit level annually, or sooner if events or changes in circumstances indicate that the carrying amount could exceed fair value. Goodwill is assessed for impairment using a two-step approach, with the first step being to assess whether the fair value of the reporting unit to which the goodwill is assigned is less than its carrying value. If this is the case, a second impairment test is performed which requires a comparison of the fair value of goodwill to its carrying amount. If fair value is less than the carrying value, goodwill is considered to be impaired and an impairment charge would be recognized immediately.

VALUATION OF DERIVATIVES AND NON-FINANCIAL DERIVATIVES

The valuation of derivatives and non-financial derivatives is 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 determines fair value 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 observable market-based inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, Superior looks primarily to external readily observable market inputs including interest rate yield curves, currency rates, and price and rate volatilities as applicable. With respect to the valuation of ERCO's fixed-price electricity agreements, Superior makes assumptions about the long-term price of electricity in electricity markets for which active market information is not available. This assumption has a material impact on the fair value of these agreements. Any changes in the fair values of financial instruments classified or designated as held-for-trading are measured at fair value and are recognized in net income.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ASSET RETIREMENT OBLIGATIONS

Certain of ERCO's assets may be subject to asset retirement obligations as ERCO is required to remove or remedy the effect of its activities on the environment at its operating sites by dismantling and removing production facilities at the end of a respective plant's operating life, commonly referred to as asset retirement obligations. ERCO's potential asset retirement obligations could also be impacted by interpretation and changes to environmental laws and regulations in the countries in which ERCO operates. In certain instances, ERCO does not view the potential asset retirement obligations to be significant based on a combination of past experience related to the prior remediation of similar facilities and/or the existence of indemnification agreements related to environmental liabilities. Additionally, at some facilities, ERCO is currently unable to accurately estimate its potential asset retirement obligations, as these facilities currently have an indeterminate life. The asset retirement obligation for these assets is reviewed regularly, and will be recorded in the first period in which the lives of the assets and the extent of obligations are known. Accordingly, ERCO has not recorded a provision for asset retirement obligations.

CHANGES IN ACCOUNTING POLICIES

INVENTORY

On January 1, 2008, Superior adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3031 *Inventory*. This section provides increased guidance on the determination of the cost and financial statement presentation of inventory. The implementation of Section 3031 impacts the calculation of the cost of inventory at ERCO, due to the requirement to inventory the cost of certain fixed overhead items, principally, the amortization of property, plant and equipment. Additionally, Section 3031 requires that amortization that is inventoried be classified as a component of costs of product sold. Previously, all amortization was expensed and classified on the income statement as amortization. Superior adopted Section 3031 retrospectively, but did not restate prior periods. Accordingly, Superior increased the carrying value of its inventory as at January 1, 2008 by $1.2 million, with a corresponding decrease to Superior's opening accumulated deficit; comparative earnings and inventory balances for prior periods have not been restated.

FINANCIAL INSTRUMENTS – DISCLOSURE AND PRESENTATION

On January 1, 2008, Superior adopted CICA Handbook Section 3862 *Financial Instruments – Disclosures* and Handbook Section 3863 *Financial Instruments – Presentation*. These standards provide enhanced disclosure and presentation requirements, with an increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages these risks.

CAPITAL DISCLOSURES

On January 1, 2008, Superior adopted CICA Handbook Section 1535 *Capital Disclosures*. This section requires the disclosure of (i) Superior's objectives, policies and processes for managing capital; (ii) quantitative data about what Superior regards as capital; (iii) whether Superior has complied with any capital requirements; and (iv) if Superior has not complied, the consequences of such non-compliance.

FUTURE ACCOUNTING CHANGES

GOODWILL AND INTANGIBLE ASSETS

In February 2008, the CICA issued Handbook Section 3064 *Goodwill and Intangible Assets*, replacing Handbook Section 3062 *Goodwill and Other Intangible Assets* and Handbook Section 3450 *Research and Development Costs*. The purpose of Section 3064 is to provide more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The section harmonizes Canadian GAAP with International Financial Reporting Standards (IFRS) and applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Superior does not anticipate that this section will have a material impact on its consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Accounting Standards Board of Canada (AcSB) has announced plans that will require the convergence of Canadian GAAP with IFRS for publicly accountable enterprises, including Superior Plus Corp. The changeover date from Canadian GAAP to IFRS is for annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011.

During 2008, Superior formed an IFRS project team to develop an IFRS transition plan. Superior's approach is to assess and coordinate ongoing training requirements in conjunction with the development of a comprehensive diagnostic/planning document throughout the first and second quarters of 2009. Superior's diagnostic plan will include the assessment of differences between Canadian GAAP and IFRS, options available under IFRS, potential system requirements as a result of the adoption of IFRS, and the impact on internal controls and other business activities. Upon completion of a comprehensive diagnostic, Superior will focus its efforts on the development and execution of a detailed IFRS transition plan.

At this time, Superior is unable to reasonably estimate the impact that the adoption of IFRS may have on its future operating results or financial position. Superior's preliminary assessment of areas that may have a significant impact upon adoption of IFRS consist of, but may not be limited to:

- Property, plant and equipment may be impacted by the requirement to record, disclose and amortize on the basis of material components;
- Employee future benefit obligations will be impacted as IFRS does not allow the deferral of certain actuarial gains and losses which are currently deferred under Canadian GAAP;
- Asset impairments recorded in prior years, under certain circumstances, are eligible to be reversed under IFRS;
- The classification of financial statement items may differ under IFRS; and
- Financial statement disclosures under IFRS tend to be more robust than those under Canadian GAAP.

Superior will continue to assess the impact of IFRS throughout 2009, including the impact on its consolidated financial statements, financial reporting systems and internal control systems.

SELECTED FINANCIAL INFORMATION

(millions of dollars except per share amounts)	**2008**	2007	2006
Total assets (as at December 31)	**2,026.9**	1,542.8	1,536.9
Total revenue	**2,487.3**	2,350.5	2,264.3
Gross profit	**669.1**	661.8	630.9
Net earnings (loss) from continuing operations	**67.7**	119.4	(55.6)
Net earnings (loss)	**67.7**	119.8	(80.8)
Per share from continuing operations, basic and diluted	**$ 0.77**	$ 1.38	$ (0.65)
Per share, basic and diluted	**$ 0.77**	$ 1.38	$ (0.94)
Cash generated from continuing operations	**207.6**	134.3	151.7
Adjusted operating cash flow	**192.3**	179.5	194.2
Per share, basic and diluted	**$ 2.18**	$ 2.08	$ 2.27
Cash distributions per share (1)	**$ 1.61**	$ 1.56	$ 1.82
Current and long-term debt (2) (as at December 31)	**477.7**	340.5	346.7

(1) Cash distributions per share paid in fiscal year.

(2) Current and long-term debt before deferred financing fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOURTH QUARTER RESULTS

Fourth quarter 2008 adjusted operating cash flow was $65.0 million, an increase of $0.1 million from the prior year's quarter. Adjusted operating cash flow for the fourth quarter of 2008 was impacted by improved operating results at ERCO and Winroc and lower interest costs, offset by lower operating results at SEM and higher cash taxes and corporate costs. Superior Propane's operating results for the fourth quarter of 2008 were consistent with the prior year's quarter. ERCO's fourth quarter results benefited from improved chemical gross profits. Winroc's fourth quarter 2008 results benefited from strong gross margins and interest costs were lower than in the prior year's quarter due to lower interest rates on floating-rate debt. SEM's results were negatively impacted by foreign currency translation losses due to the appreciation of the U.S. dollar on U.S.-denominated working capital and a one-time adjustment related to previously unrecorded transportation charges. Higher cash taxes were due to increased U.S. taxable income as a result of ERCO's improved profits. Corporate costs were impacted by foreign currency translation losses and the higher long-term incentive plan costs due to fluctuations in Superior's share price. Adjusted operating cash flow per trust unit was $0.74 per share in the fourth quarter of 2008, consistent with the prior year's quarter.

Net loss for the fourth quarter was $19.9 million, compared to net earnings of $64.5 million in the prior year's quarter. In addition to the items noted in the analysis of adjusted operating cash flow, net earnings were impacted by $83.6 million in unrealized losses on financial instruments, compared to unrealized gains of $26.3 million in the prior year's quarter. The change in the unrealized gains and losses on financial instruments was due to losses on SEM's natural gas financial derivatives as a result of a decrease in the spot price for natural gas. Net loss was also impacted by a reduction in amortization expense due to the requirement to classify the majority of ERCO's amortization expense as a component of cost of goods sold in 2008 as opposed to classifying it as amortization in 2007. Income taxes for the fourth quarter of 2008 were a recovery of $15.8 million compared to an income tax expense of $9.3 million in the prior year's quarter. Income taxes were impacted by Superior's conversion to a corporation on December 31, 2008 and the unrealized losses on financial instruments in the fourth quarter of 2008 as discussed above. Further discussion of the 2008 fourth quarter results is provided in Superior's Fourth Quarter and 2008 Earnings Release, dated February 18, 2009.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

Quarterly financial and operating information for 2008 and 2007 is provided in the table below. Superior's overall adjusted operating cash flow and working capital funding requirements are modestly seasonal. Approximately 80% of Superior Propane's operating cash flow is generated during the first and fourth quarters of each year as approximately 50% of its sales are generated from space heating end-uses. Net working capital funding requirements follow a similar seasonal trend, peaking during the first quarter of each year and declining to seasonal lows during the third quarter. The seasonality of Winroc's operating cash flow and working capital funding requirements is modestly complementary to Superior Propane's as new construction and remodelling activity typically peaks during the second and third quarters of each year. ERCO and SEM's operating cash flow and net working capital requirements do not have significant seasonal fluctuations.

(millions of dollars except per share amounts and sales volumes)	**2008 Quarter** Fourth	Third	Second	First	2007 Quarter Fourth	Third	Second	First
Propane sales volumes (millions of litres)	**390**	**244**	**274**	**469**	416	256	280	477
Chemical sales volumes (thousands of MT)	**160**	**188**	**188**	**191**	194	187	193	194
Natural gas sales volumes (millions of GJs)	**8**	**8**	**8**	**9**	9	9	9	10
Electricity sales volumes (millions of kWh)	**28**	**18**	**14**	**10**	2	–	–	–
Gross profit	**193.1**	**152.8**	**153.3**	**169.9**	185.8	145.9	144.4	185.7
Net earnings (loss) from continuing operations	**(19.9)**	**(203.9)**	**164.3**	**127.2**	64.5	(25.9)	(25.5)	106.3
Net earnings (loss)	**(19.9)**	**(203.9)**	**164.3**	**127.2**	64.5	(26.9)	(25.5)	107.7
Per share from continuing operations, basic	**$ (0.23)**	**$ (2.31)**	**$ 1.86**	**$ 1.44**	$ 0.74	$ (0.30)	$ (0.30)	$ 1.24
Per share from continuing operations, diluted	**$ (0.23)**	**$ (2.31)**	**$ 1.86**	**$ 1.44**	$ 0.74	$ (0.30)	$ (0.30)	$ 1.24
Per share, basic	**$ (0.23)**	**$ (2.31)**	**$ 1.86**	**$ 1.44**	$ 0.74	$ (0.31)	$ (0.30)	$ 1.26
Per share, diluted	**$ (0.23)**	**$ (2.31)**	**$ 1.86**	**$ 1.44**	$ 0.74	$ (0.31)	$ (0.30)	$ 1.26
Adjusted operating cash flow	**65.0**	**33.5**	**38.1**	**55.7**	64.9	30.3	21.7	62.6
Per share, basic	**$ 0.74**	**$ 0.38**	**$ 0.43**	**$ 0.63**	$ 0.74	$ 0.35	$ 0.25	$ 0.73
Per share, diluted	**$ 0.74**	**$ 0.38**	**$ 0.43**	**$ 0.63**	$ 0.74	$ 0.35	$ 0.25	$ 0.73
Net working capital (1)	**168.9**	**252.2**	**231.4**	**273.9**	173.0	141.9	134.1	162.7

(1) Net working capital reflects amounts as at the quarter-end and is comprised of cash and cash equivalents, accounts receivable and inventories, less bank indebtedness, accounts payable and accrued liabilities.

RECONCILIATION OF NET EARNINGS (LOSS) TO EBITDA FROM OPERATIONS (1)

2008 (millions of dollars)	**Superior Propane**	**ERCO**	**Winroc**	**SEM**
Net earnings (loss)	**75.2**	**90.3**	**33.0**	**(61.0)**
Add: Amortization of property, plant and equipment, intangible assets and accretion of convertible debenture issue costs	**12.4**	**6.5**	**4.4**	**0.3**
Amortization included in cost of sales	**–**	**38.9**	**–**	**–**
Superior Propane non-cash pension expense	**2.4**	**–**	**–**	**–**
Unrealized (gains) losses on financial instruments	**6.8**	**(15.2)**	**–**	**67.2**
Strategic plan costs	**–**	**(4.0)**	**–**	**–**
EBITDA from operations	**96.8**	**116.5**	**37.4**	**6.5**

2007 (millions of dollars)	Superior Propane	ERCO	Winroc	SEM
Net earnings	83.9	38.8	32.5	18.6
Add: Amortization of property, plant and equipment, intangible assets and accretion of convertible debenture issue costs	15.7	42.6	4.2	–
Superior Propane non-cash pension expense	1.7	–	–	–
Unrealized (gains) losses on financial instruments	(2.3)	5.5	–	(6.9)
Strategic plan costs	0.4	4.9	–	0.4
EBITDA from operations	99.4	91.8	36.7	12.1

(1) See the Consolidated Financial Statements for net earnings (loss), amortization of property, plant and equipment, intangible assets and accretion of convertible debenture issue costs, tax expense (recovery), management internalization costs, non-cash pension expense and unrealized (gains) losses on financial instruments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RECONCILIATION OF NET EARNINGS (LOSS) TO BANK COMPLIANCE EBITDA [1]

(millions of dollars)	**2008**	2007
Net earnings from continuing operations	**67.7**	119.4
Adjusted for:		
Interest on revolving term bank credits and term loans	**23.7**	25.2
Interest on convertible unsecured subordinated debentures	**14.8**	19.5
Realized gains on interest rate swaps	**(2.0)**	–
Accretion of convertible debenture issue costs	**1.4**	2.8
Amortization of property, plant and equipment	**18.3**	57.6
Amortization included in cost of sales	**38.9**	–
Amortization of intangible assets	**5.3**	4.9
Income tax expense (recovery)	**9.9**	(5.1)
Unrealized (gains) losses on financial instruments	**61.2**	(2.7)
Management internalization costs	**–**	0.5
Gain on sale of facility	**(4.0)**	–
Superior Propane non-cash pension expense	**2.4**	1.7
Proforma impact of acquisitions	**2.5**	–
Bank compliance EBITDA	**240.1**	223.8

(1) See the Consolidated Financial Statements for additional details.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed by or designed under the supervision of Superior's Chairman and Chief Executive Officer (CEO) and the Executive Vice President and Chief Financial Officer (CFO) in order to provide reasonable assurance that all material information relating to Superior is communicated to them by others in the organizations as it becomes known and is appropriately disclosed as required under the continuous disclosure requirements of securities legislation and regulation. In essence, these types of controls are related to the quality and timeliness of financial and non-financial information in securities filings. The CEO and CFO are assisted in this responsibility by the Disclosure Committee (DC), which is composed of senior managers of Superior. The DC has established procedures so that it can be aware of any material information affecting Superior in order to evaluate and discuss this information and determine the appropriateness and timing of its public release. An evaluation of the effectiveness of the design and operation of Superior's disclosure controls and procedures was conducted as at December 31, 2008 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, are not effective (as a result of the two weaknesses in internal controls over financial reporting identified below) to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation and regulation is recorded, processed, summarized and reported within the times specified in those rules and forms.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Superior's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

The evaluation of the design of Superior's internal controls over financial reporting was conducted as at December 31, 2008 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the design of Superior's internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

The evaluation of effectiveness of Superior's internal controls over financial reporting was conducted as at December 31, 2008 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's internal controls over financial reporting, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, were not effective at December 31, 2008 due to the issues identified below.

In 2008, Superior's CEO and CFO became aware of two issues at SEM where key internal controls over financial reporting had been designed, however did not operate effectively. In 2008, SEM contributed approximately 2.5% of Superior's total EBITDA from operations. The first issue relates to a reconciliation that management considers to be a key internal control, which had not been completed in the year, and as a result, the financial accounts were not up to date. As part of its year-end review, management identified the deficiency and completed the account analysis as part of its regular year-end process. The second issue relates to the mark-to-market gain or loss on financial instruments which was calculated using incorrect market value data. The key internal control did not operate at December 31, 2008 and the error was subsequently identified during the year-end audit and the calculation corrected. On both issues, the CEO and the CFO have concluded that no material error resulted in the annual or interim financial statements and has overseen needed changes to ensure these controls will operate effectively. Management will test the operation of the controls in 2009.

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, 2008.

FORWARD-LOOKING INFORMATION

Certain information included herein is forward-looking, within the meaning of applicable Canadian securities laws. Forward-looking information includes, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, adjusted operating cash flow, EBITDA from operations, taxes, and plans and objectives of or involving Superior Plus Corp. (Superior) or Superior Plus LP (Superior LP or the Partnership). Much of this information can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words. Forward-looking information in this annual report includes but is not limited to consolidated and business segment outlooks, expected EBITDA from operations, expected adjusted operating cash flow, expected adjusted operating cash flow per share, future capital expenditures, business strategy and objectives, dividend strategy, expected senior debt and total debt to EBITDA ratios, future cash flows, anticipated taxes and statements regarding the future financial position of Superior and Superior LP. Specifically, under the heading "Outlook", each operating business and the company as a whole has disclosed certain forward-looking information. Superior and Superior LP believe the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Forward-looking information is based on various assumptions. Those assumptions are based on information currently available to Superior, including information obtained from third-party industry analysts and other third-party sources and include the historical performance of Superior's businesses, current business and economic trends, availability and utilization of tax basis, currency, exchange and interest rates, trading data, cost estimates and the other assumptions set forth under the "Outlook" sections contained in the MD&A included in this Annual Report. The reader is cautioned that the preceding list of assumptions is not exhaustive.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties some of which are described herein. Such forward-looking information necessarily involves known and unknown risks and uncertainties, which may cause Superior's or Superior LP's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking information. These risks and uncertainties include but are not limited to the risks referred to under "Risk Factors to Superior", the risks associated with the availability and amount of the tax basis and the risks identified in Superior's 2008 Annual Information Form under "Risk Factors". Any forward-looking information is made as of the date hereof and, except as required by law, neither Superior nor Superior LP undertakes any obligation to publicly update or revise such information to reflect new information, subsequent or otherwise.

NON-GAAP FINANCIAL MEASURES

ADJUSTED OPERATING CASH FLOW

Adjusted operating cash flow is equal to cash flow from operating activities as defined by Canadian GAAP, adjusted for changes in non-cash working capital and customer acquisition costs. Superior may deduct or include additional items to its calculation of adjusted operating cash flow; these items would generally, but not necessarily, be items of a non-recurring nature. Adjusted operating cash flow is the main performance measure used by management and investors to evaluate the performance of Superior. Readers are cautioned that adjusted operating cash flow is not a defined performance measure under GAAP 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 Superior Propane, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expense, which can differ significantly from quarter to quarter. Adjustments are also made to reclassify the cash flows related to natural gas and electricity customer acquisition costs in a manner consistent with the income statement recognition of these costs. Adjusted operating cash flow is reconciled to cash flow from operating activities on Page 19.

EBITDA

EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses, and is used by Superior to assess its consolidated results and the results of its operating divisions. EBITDA is not a defined performance measure under GAAP. Superior's calculation of EBITDA may differ from similar calculations used by comparable entities. EBITDA of Superior's operating businesses may be referred to as EBITDA from operations. Net earnings (loss) is reconciled to EBITDA from operations on Page 47.

BANK COMPLIANCE EBITDA

Bank 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. Bank compliance EBITDA is not a defined performance measure under GAAP. Superior's calculation of bank compliance EBITDA may differ from similar calculations used by comparable entities. Net earnings (loss) is reconciled to bank compliance EBITDA on Page 48.

DISTRIBUTABLE CASH FLOW

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

RISK FACTORS TO SUPERIOR

The risk factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as identified in Superior's 2008 Annual Information Form under "Risk Factors". For a detailed discussion of these risks see Superior's 2008 Annual Information Form, filed on the Canadian Securities Administrators' website, www.sedar.com and Superior's website, www.superiorplus.com.

RISKS TO SUPERIOR

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

Although Superior intends to distribute the income allocated from Superior LP, less the amount of its expenses, indebtedness and other obligations and less amounts, if any, Superior pays in connection with the redemption of common shares, there is no assurance regarding the amounts of cash to be distributed by Superior LP or generated by Superior LP and therefore funds available for dividends to shareholders. The actual amount distributed in respect of the limited partnership units will depend on a variety of factors including, without limitation, the performance of Superior LP's operating businesses, the effect of acquisitions or dispositions on Superior LP, and other factors that may be beyond the control of Superior LP or 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 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, uncertainties and assumptions under its term credit facilities may be impaired.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Superior maintains a substantial floating interest rate exposure through a combination of floating interest rate borrowings and the use of derivative instruments. Demand levels for approximately half of Superior Propane's sales and substantially all of ERCO and Winroc's sales are affected by general economic trends. Generally speaking, when the economy is strong, interest rates increase as does sales demand from Superior's customers, thereby increasing Superior's ability to pay higher interest costs and vice versa. In this way, there is a common relationship among economic activity levels, interest rates and Superior's ability to pay higher or lower rates.

A portion of Superior's net cash flows is denominated in U.S. dollars. Accordingly, fluctuations in the Canadian/U.S. dollar exchange rate can impact profitability.

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.

Superior is or may be exposed to third-party credit risk relating to any obligations of Ballard that are not transferred, or if transferred, from which obligations Superior has not been released. Superior has, through the contractual provisions in the Arrangement Agreement, the indemnity agreement and the divestiture agreement contemplated thereby, and through securing certain insurance coverage, attempted to ensure that the liabilities and obligations relating to the business of Ballard are transferred to and assumed by the new corporation which continued to carry on Ballard's business (New Ballard), that Superior is released from any such obligations and, even where such transfer or release is not effective or is not obtained, Superior is indemnified by New Ballard for all such obligations. However, in the event New Ballard fails or is unable to meet such contractual obligations to Superior and to the extent any applicable insurance coverage is not available, Superior may be liable for such obligations which could have a material adverse effect on the business, financial condition and results of operations of Superior.

Although Superior has conducted investigations of, and engaged legal counsel to review, the corporate, legal, financial and business records of Ballard and attempted to ensure, through the contractual provisions in the agreement entered into with Ballard in connection with Superior's corporate conversion (the Arrangement Agreement), the indemnity agreement and the divestiture agreement, and through securing certain insurance coverage, that the liabilities and obligations relating to the business of Ballard are transferred to and assumed by New Ballard, there may be liabilities or risks that Superior may not have uncovered in its due diligence investigations, or that may have an unanticipated material adverse effect on Superior. These liabilities and risks could have, individually or in the aggregate, a material adverse effect on the business, financial condition and results of operations of Superior.

The steps under the plan of arrangement pursuant to which the corporate conversion was completed (the Plan of Arrangement) were structured to be tax-deferred to the Fund and Fund unitholders based on certain proposals to facilitate tax deferred conversions of certain mutual fund trusts into taxable Canadian corporations (the SIFT Reorganization Amendments) proposed by the federal Department of Finance on July 14, 2008. Although there has been no suggestion that the Department of Finance is not committed to passing the SIFT Reorganization Amendments with its originally proposed effective date of July 14, 2008, if the SIFT Reorganization Amendments are not passed in their current form or other legislation or amendments to existing legislation are proposed or announced, there is a risk that the tax consequences contemplated by the Fund or the tax consequences of the Plan of Arrangement to the Fund and the unitholders may be materially different from the tax consequences described in the Plan of Arrangement. While Superior is confident in its position, there is a possibility that the Canada Revenue Agency could successfully challenge the tax consequences of the Plan of Arrangement or prior transactions of Ballard, or that legislation could be enacted or amended resulting in different tax consequences from those contemplated in the Plan of Arrangement for Superior. Such a challenge or legislation could potentially affect the availability or amount of the tax basis or other tax accounts of Superior.

RISKS TO THE BUSINESSES

Superior Propane

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, along with alternative energy sources that are currently under development. In addition to competition from other energy sources, Superior Propane competes with other retail marketers. Superior Propane's ability to remain an industry leader depends on its ability to provide reliable service at competitive selling prices.

Weather and general economic conditions affect propane market volumes. Weather influences the demand for propane primarily for space heating uses and also for agricultural applications.

The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Superior Propane's sales. 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 (the time between when Superior Propane purchases the propane and when the customer purchases the propane) may result in positive or negative gross margin fluctuations.

Superior Propane offers its customers various fixed-price propane programs. In order to mitigate the price risk from offering these services, Superior Propane uses its physical inventory position, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high propane price volatility the fixed price programs create exposure to over or under supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if propane prices decline significantly subsequent to customers signing up for a fixed price program there is a risk that customers will default on their commitments.

Superior Propane'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 Propane has established a comprehensive program directed at environmental, health and safety protection. This program consists of an environmental policy, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

Approximately 22% of Superior Propane's employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business.

ERCO

ERCO 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 ERCO's products are correlated to the general economic environment and the competitiveness of its customers, all of which are outside of its control.

ERCO 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 ERCO will continue to be 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 ERCO's Port Edwards, Wisconsin facility. Substantially all of ERCO's KCl is received from Potash Corporation of Saskatchewan. ERCO currently has a limited ability to source KCl from additional suppliers.

ERCO is exposed to fluctuations in the U.S. dollar and the euro to the Canadian dollar.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ERCO's 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. The potential exists for the release of highly toxic and lethal substances, including chlorine. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the facilities unsafe, they may order that such facilities be shut down.

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

Approximately 25% of ERCO employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business.

Winroc

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

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

Approximately 8% of Winroc's employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business.

SEM

New entrants in the energy retailing business may enter the market and compete directly for the customer base that SEM targets, slowing or reducing its market share.

SEM purchases natural gas to meet its estimated commitments to its customers based upon their historical consumption. Depending on a number of factors, including weather, customer attrition and poor economic conditions affecting commercial customers' production levels, customers' combined 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 balancing risk, SEM closely monitors its balancing position and takes measures such as adjusting gas deliveries and transferring gas between pools of customers, so that imbalances are minimized. In addition, SEM maintains a reserve for potential balancing costs. The reserve is reviewed on a monthly basis to ensure that it is sufficient to absorb any losses that might arise from balancing.

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 10% of the amount of energy that SEM estimated. In certain circumstances, there can be balancing issues for which SEM is responsible when customer aggregation forecasts are not realized.

SEM resources its fixed-price term natural gas sales commitments by entering into various physical natural gas and U.S. dollar foreign exchange purchase contracts for similar terms and volumes to create an effective Canadian dollar fixed-price cost of supply. SEM transacts with 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 SEM. However, the financial condition of each counterparty is evaluated and credit limits are established to minimize SEM's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become unmatched; however, this is monitored daily in compliance with SEM's risk management policy.

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

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

In November 2008, Ontario MPP David Ramsay's private member's Bill 131 was introduced and passed second reading. The bill was scheduled to go the Ontario Provincial Parliament's Standing Committee on Regulations and Private Bills in February 2009. If it were to pass through committee and pass third reading, it could receive Royal Assent. The bill contains several consumer protection measures, such as the requirement for a written re-affirmation with the customer. The bill, if passed, could negatively impact the acquisition of residential natural gas and power customers in Ontario.

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Consolidated Financial Statements of Superior Plus Corp. (Superior) and all of the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the Consolidated Financial Statements are presented fairly in all material respects.

Management has developed and maintains a system of internal controls to provide reasonable assurance that Superior's assets are safeguarded, transactions are accurately recorded, and the financial statements report Superior's operating and financial results in a timely manner. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the Consolidated Financial Statements.

The Board of Directors of Superior is responsible for reviewing and approving the financial statements and primarily through its Audit Committee ensures that management fulfills its responsibilities for financial reporting. The Audit Committee meets with management and Superior's external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The Committee reports its findings to the Board for the Board's consideration in approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

Deloitte & Touche LLP, an independent firm of chartered accountants, was appointed at Superior's last annual meeting to audit Superior's Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards. It has provided an independent professional opinion. Deloitte & Touche LLP has full and free access to the Audit Committee.

(signed) "Grant D. Billing"

Grant D. Billing
Chairman and Chief Executive Officer
Superior Plus Corp.

(signed) "Wayne M. Bingham"

Wayne M. Bingham
Executive Vice-President and Chief Financial Officer
Superior Plus Corp.

Calgary, Alberta
February 6, 2009

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SUPERIOR PLUS CORP. (FORMERLY SUPERIOR PLUS INCOME FUND):

We have audited the consolidated balance sheets of Superior Plus Corp. (the Company) as at December 31, 2008 and 2007 and the consolidated statements of net earnings, comprehensive income and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "Deloitte & Touche LLP"

Calgary, Alberta
February 6, 2009

Deloitte & Touche LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEETS

As at December 31 (millions of dollars)	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	**16.1**	14.1
Accounts receivable and other (Notes 4 and 10)	**246.8**	265.8
Future income tax asset (Note 11)	**65.9**	–
Inventories (Note 5)	**136.5**	105.2
Current portion of unrealized gains on financial instruments (Note 10)	**42.0**	48.0
	507.3	433.1
Property, plant and equipment (Note 6)	**553.8**	514.4
Customer acquisition costs (Note 6)	**17.7**	17.4
Intangible assets (Note 6)	**28.8**	23.5
Goodwill	**472.7**	451.8
Accrued pension asset (Note 9)	**19.5**	21.9
Future income tax asset (Note 11)	**319.0**	20.3
Long-term portion of unrealized gains on financial instruments (Note 10)	**108.1**	60.4
	2,026.9	1,542.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**230.5**	212.1
Current portion of term loans (Note 7)	**13.0**	3.9
Distributions and interest payable to shareholders and debenture holders	**0.7**	12.1
Current portion of deferred credit (Note 11)	**63.3**	–
Current portion of unrealized losses on financial instruments (Note 10)	**87.8**	51.1
	395.3	279.2
Revolving term bank credits and term loans (Note 7)	**462.8**	334.1
Convertible unsecured subordinated debentures (Note 8)	**241.7**	240.0
Future employee benefits (Note 9)	**18.0**	18.5
Deferred credit (Note 11)	**244.4**	–
Long-term portion of unrealized losses on financial instruments (Note 10)	**90.5**	54.3
Total liabilities	**1,452.7**	926.1
Shareholders' equity		
Shareholders' capital (Note 12)	**1,375.7**	1,366.8
Accumulated deficit	**(803.1)**	(729.8)
Accumulated other comprehensive income (loss) (Note 12)	**1.6**	(20.3)
	(801.5)	(750.1)
Total shareholders' equity	**574.2**	616.7
	2,026.9	1,542.8

(See Notes to Consolidated Financial Statements)

Approved by the Board of Directors of Superior Plus Inc.

(signed) "Grant D. Billing"
Grant D. Billing
Director

(signed) "Peter Valentine"
Peter Valentine
Director

CONSOLIDATED STATEMENTS OF NET EARNINGS, COMPREHENSIVE INCOME AND DEFICIT

Years ended December 31 (millions of dollars except per share amounts)	2008	2007
Revenues	**2,487.3**	2,350.5
Cost of products sold (Note 2(b))	**(1,860.1)**	(1,676.9)
Realized gains (losses) on financial instruments (Note 10)	**41.9**	(11.8)
Gross profit	**669.1**	661.8
Expenses		
Operating and administrative	**470.8**	439.7
Amortization of property, plant and equipment (Note 2(b))	**18.3**	57.6
Amortization of intangible assets	**5.3**	4.9
Interest on revolving term bank credits and term loans	**23.7**	25.2
Interest on convertible unsecured subordinated debentures	**14.8**	19.5
Accretion of convertible debenture issue costs	**1.4**	2.8
Gain on disposal of facility	**(4.0)**	–
Management internalization costs	**–**	0.5
Unrealized losses (gains) on financial instruments (Note 10)	**61.2**	(2.7)
	591.5	547.5
Net earnings from continuing operations before income taxes	**77.6**	114.3
Income tax recovery (expense) (Note 11)	**(9.9)**	5.1
Net earnings from continuing operations	**67.7**	119.4
Net earnings from discontinued operations (Note 18)	**–**	0.4
Net earnings	**67.7**	119.8
Net earnings	**67.7**	119.8
Other comprehensive income (loss), net of tax:		
Unrealized foreign currency gains (losses) on translation of self-sustaining foreign operations	**30.1**	(13.6)
Reclassification of derivative gains and losses previously deferred	**(8.2)**	11.3
Comprehensive income	**89.6**	117.5
Deficit, beginning of year	**(729.8)**	(714.7)
Cumulative impact of adopting new accounting requirements for inventory (Note 2(b))	**1.2**	–
Net earnings	**67.7**	119.8
Distributions to unitholders	**(142.2)**	(134.9)
Deficit, end of year	**(803.1)**	(729.8)
Net earnings per share from continuing operations, basic and diluted (Note 13)	**$ 0.77**	$ 1.38
Net earnings per share from discontinued operations, basic and diluted (Note 13)	**$ –**	$ –
Net earnings per share, basic and diluted (Note 13)	**$ 0.77**	$ 1.38

(See Notes to Consolidated Financial Statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31 (millions of dollars)	2008	2007
Operating activities		
Net earnings	**67.7**	119.8
Net earnings from discontinued operations	**–**	(0.4)
Items not affecting cash:		
Amortization of property, plant and equipment and intangible assets and accretion of convertible debenture issue costs	**25.0**	65.3
Amortization of customer acquisition costs	**6.5**	6.6
Amortization included in cost of sales (Note 2(b))	**38.9**	–
Pension expense	**2.4**	1.7
Unrealized losses (gains) on financial instruments	**61.2**	(2.7)
Future income tax recovery	**(3.9)**	(10.4)
Customer acquisition costs	**(6.8)**	(10.9)
Proceeds on disposal of facility	**(4.0)**	–
Decrease (increase) in non-cash operating working capital items (Note 15)	**20.6**	(34.7)
Cash flows from operating activities of continuing operations	**207.6**	134.3
Investing activities		
Purchase of property, plant and equipment	**(84.2)**	(22.3)
Proceeds on disposal of property, plant and equipment	**7.5**	4.4
Proceeds on disposal of facility	**4.0**	–
Transaction with Ballard Power Systems Inc. (Note 11)	**(46.3)**	–
Acquisitions (Note 3)	**(24.5)**	(4.3)
Proceeds on sale of JW Aluminum Company (Note 18)	**–**	1.4
Cash flows from investing activities	**(143.5)**	(20.8)
Financing activities		
Revolving term bank credits and term loans	**82.6**	38.4
Repayment of 8%, Series I subordinated unsecured convertible debentures	**–**	(8.1)
Repayment of 8%, Series II subordinated unsecured convertible debentures	**–**	(59.2)
Net proceeds of accounts receivable sales program	**–**	5.0
Receipt of management internalization loans receivable	**–**	0.5
Proceeds from distribution reinvestment plan	**8.9**	25.3
Distributions to unitholders	**(142.2)**	(134.9)
Decrease in non-cash operating working capital	**(11.4)**	–
Cash flows from financing activities	**(62.1)**	(133.0)
Net increase (decrease) in cash	**2.0**	(19.5)
Cash and cash equivalents beginning of year	**14.1**	33.6
Cash and cash equivalents end of year	**16.1**	14.1
Supplementary cash flow information:		
Cash income taxes paid	**14.1**	7.8
Cash interest paid	**37.8**	43.4

(See Notes to Consolidated Financial Statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in Canadian millions of dollars, unless noted otherwise, except per share amounts.
Tables labelled "2008" and "2007" are for the full years ended December 31.)

1. ORGANIZATION

Superior Plus Corp. (Superior) is an incorporated entity under the Canada Business Corporations Act. Superior, directly and indirectly, owns 100% interest in Superior Plus LP. 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.

On December 31, 2008, Superior Plus Income Fund (the Fund) completed a transaction with Ballard Power Systems Inc. (Ballard) which resulted in Superior converting from a publicly traded income trust to a publicly traded corporation. The transaction resulted in the unitholders of the Fund becoming shareholders of Superior with no substantive changes to the underlying business operations.

2. ACCOUNTING POLICIES

(A) BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements have been prepared according to Canadian generally accepted accounting principles (GAAP), applied on a consistent basis, and include the accounts of Superior and its wholly owned subsidiaries. Superior Plus Corp. is considered a continuation of Superior Plus Income Fund; as such, these consolidated financial statements follow the continuity of interests method of accounting. Under the continuity of interests method of accounting, Superior's transfer of the assets, liabilities and equity from the Fund to Superior are recorded at their net book values as at December 31, 2008. As a result of the application of the continuity of interests method of accounting, certain terms such as shareholder/unitholder and dividend/distribution may be used interchangeably throughout these Consolidated Financial Statements. For the years ended December 31, 2008 and 2007 all dividends/distributions to shareholders/unitholders were in the form of trust unit distributions. The accounting principles applied are consistent with those as set out in Superior's annual financial statements for the year ended December 31, 2007, except as noted in Note 2(b). All transactions and balances between Superior and Superior's subsidiaries have been eliminated on consolidation.

(B) CHANGES IN ACCOUNTING POLICIES

Inventory

On January 1, 2008, Superior adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3031 *Inventory*. This section provides increased guidance on the determination of the cost and financial statement presentation of inventory. The implementation of Section 3031 impacts the calculation of the cost of inventory at ERCO Worldwide, due to the requirement to inventory the cost of certain fixed overhead items, principally, the amortization of property, plant and equipment. Additionally, Section 3031 requires that amortization that is inventoried be classified as a component of costs of product sold. Previously, all amortization was expensed and classified on the income statement as amortization. Superior adopted Section 3031 retrospectively, but did not restate prior periods. Accordingly, Superior increased the carrying value of its inventory as at January 1, 2008 by $1.2 million, with a corresponding decrease to Superior's opening accumulated deficit; comparative earnings and inventory balances for prior periods have not been restated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Instruments – Disclosure and Presentation

On January 1, 2008, Superior adopted CICA Handbook Section 3862 *Financial Instruments – Disclosures* and Handbook Section 3863 *Financial Instruments – Presentation*. These standards provide enhanced disclosure and presentation requirements, with an increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages these risks.

Capital Disclosures

On January 1, 2008, Superior adopted CICA Handbook Section 1535 *Capital Disclosures*. This section requires the disclosure of (i) Superior's objectives, policies and processes for managing capital; (ii) quantitative data about what Superior regards as capital; (iii) whether Superior has complied with any capital requirements; and (iv) if Superior has not complied, the consequences of such non-compliance.

(C) BUSINESS SEGMENTS

Superior operates four distinct business segments: a propane distribution and related services business operating under the Superior Propane trade name; a specialty chemicals manufacturer operating under the ERCO Worldwide trade name (ERCO); a construction products distribution business operating under the Winroc trade name; and a fixed-price energy services business operating under the Superior Energy Management (SEM) trade name. (See Note 19.)

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid short-term investments which, on acquisition, have a term to maturity of three months or less.

(E) ACCOUNTS RECEIVABLE SALES PROGRAM

Superior has a revolving trade accounts receivable sales program under which all transactions are accounted for as sales. Losses on sales depend in part on the previous carrying amount of trade accounts receivable involved in the sales and have been included in interest on revolving term bank credits and term loans. The carrying amount is allocated between the assets sold and retained interests based on their relative fair value at the date of the sale which is calculated by discounting expected cash flows at prevailing money market rates.

(F) INVENTORIES

Superior Propane

Propane inventories are valued at the lower of weighted average cost and market determined on the basis of estimated net realizable value. Appliances, materials, supplies and other inventories are stated at the lower of cost and market determined on the basis of estimated replacement cost or net realizable value, as appropriate.

ERCO

Inventories are valued at the lower of cost and net realizable value. The cost of chemical inventories is determined on a first-in, first-out basis. Stores and supply inventories are costed on an average basis. Transactions are entered into from time to time with other companies to exchange chemical inventories in order to minimize working capital requirements and to facilitate distribution logistics. Balances related to quantities due to or payable by ERCO are included in accounts receivable.

Winroc

Inventories of building products are valued at the lower of cost and net realizable value. Cost is calculated on a weighted average cost basis.

(G) FINANCIAL INSTRUMENTS AND DERIVATIVES

Financial Instruments

Financial instruments are recognized at fair value upon their initial recognition. Measurement in subsequent periods is dependent on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. After initial recognition, items classified as held-for-trading or available-for-sale are revalued at fair values, while items classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading. For other financial instruments, transaction costs are recorded as part of the underlying financial instrument and are amortized or accreted into net income.

Derivatives

Financial and non-financial derivatives, including derivatives that are embedded in financial or non-financial contracts that are considered to be derivatives, are recognized at fair value upon their initial recognition. Measurement in subsequent periods is at fair value with changes in fair value recorded to net income. Superior does not formally designate and document economic hedges in accordance with the requirements of applying hedge accounting under GAAP.

(H) PROPERTY, PLANT AND EQUIPMENT

Cost

Property, plant and equipment is recorded at cost less accumulated amortization. Major renewals and improvements which extend the useful lives of equipment are capitalized, while repair and maintenance expenses are charged to operations as incurred. Disposals are removed at carrying costs less accumulated amortization with any resulting gain or loss reflected in operations.

Interest Capitalization

Interest costs relating to major capital projects are capitalized as part of property, plant and equipment. Capitalization of interest ceases when the related asset is substantially complete and ready for its intended use.

Amortization

Superior Propane and Winroc

Property, plant and equipment assets are amortized over their respective estimated useful lives using the straight-line method except for loaned propane dispensers which use the declining balance method at a rate of 10%. The estimated useful lives of major classes of property, plant and equipment are:

Buildings	20 to 40 years
Tanks and cylinders	20 years
Truck tank bodies, chassis and other Winroc distribution equipment	7 to 10 years

ERCO

Property, plant and equipment assets are amortized on a straight-line basis. The estimated useful lives of major classes of property, plant and equipment are:

Furniture and fixtures	3 to 5 years
Plant and equipment	15 to 30 years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Asset Retirement Obligations

Certain of ERCO's assets may be subject to asset retirement obligations as ERCO is required to remove or remedy the effect of its activities on the environment at its operating sites by dismantling and removing production facilities at the end of a respective plant's operating life, commonly referred to as asset retirement obligations. ERCO's potential asset retirement obligations could also be impacted by interpretation and changes to environmental laws and regulations in the countries in which ERCO operates. In certain instances, ERCO does not view the potential asset retirement obligations to be significant based on a combination of past experience related to the prior remediation of similar facilities and/or the existence of indemnification agreements related to environmental liabilities. Additionally, at some facilities, ERCO is currently unable to accurately estimate its potential asset retirement obligations, as these facilities currently have an indeterminate life. The asset retirement obligation for these assets is reviewed regularly, and will be recorded in the first period in which the lives of the assets and the extent of obligations are known. Accordingly, ERCO has not recorded a provision for asset retirement obligations.

Impairment

Superior reviews long-lived assets and intangible assets with finite lives whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be fully recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows, and measurement of an impairment loss is based on the fair value of the assets.

(I) INTANGIBLE ASSETS AND CUSTOMER ACQUISITION COSTS

ERCO

The value of acquired royalty assets is amortized over the remaining term of the royalty agreements up to 10 years. The costs of patents are amortized on a straight-line basis over their estimated useful lives, which is approximately 10 years.

Customer Acquisition Costs

Costs incurred by SEM to acquire natural gas and electricity customer contracts are capitalized as deferred costs at the time the cost is incurred. The costs are recognized into net earnings as an operating and administrative expense over the term of the underlying contracts. The contracts range from one to five years with the average remaining life approximately three years.

(J) GOODWILL

All business combinations are accounted for using the purchase method. Goodwill is carried at cost, is not amortized and represents the excess of the purchase price and related costs over the fair value assigned to the net tangible assets of businesses acquired. Goodwill is tested for impairment on an annual basis using a two-step approach, with the first being to assess whether the fair value of the reporting unit to which goodwill is associated is less than its carrying value. If this is the case, a second impairment test is performed which requires a comparison of the fair value of goodwill to its carrying amount. If the fair value is less than the carrying value, goodwill is considered to be impaired and an impairment charge would be recognized immediately.

(K) REVENUE RECOGNITION

Superior Propane

Revenues from sales are recognized at the time of delivery, or when related services are performed and there is evidence of an arrangement at a fixed or determinable price and the collectability of the sale is assured.

ERCO

Revenues from chemical sales are recognized at the time of delivery and when there is evidence of an arrangement at a fixed or determinable price and the collectability of the sale is assured. Revenues associated with the construction of chlorine dioxide generators are recognized using the percentage-of-completion method based on cost incurred compared to the total estimated cost.

Winroc

Revenue is recognized when products are delivered to the customer and when there is evidence of an arrangement at a fixed or determinable price and the collectability of the sale is assured. Revenue is stated net of discounts and rebates granted.

SEM

Natural gas revenues are recognized as gas is delivered to local natural gas distribution companies and when there is evidence of an arrangement at a fixed or determinable price and the collectability of the sale is assured. Costs associated with balancing the amount of gas used by SEM's customers with the volumes delivered by SEM to the local distribution companies are recognized as period costs. Electricity revenues are recognized as the electricity is consumed by the end-use customer or sold to third parties.

(L) REBATES – WINROC

Purchase rebates are recognized as a reduction of cost of goods sold when the related performance is completed and the inventory is sold. Vendor rebates that are contingent upon completing a specified level of purchases are recognized as a reduction of cost of goods sold based on a systematic and rational allocation of the cash consideration to each of the underlying transactions that results in progress toward earning that rebate or refund, assuming that the rebate can be reasonably estimated and it is probable that the specified target will be obtained. Otherwise, the rebate is recognized as the milestone is achieved and the inventory is sold.

(M) FUTURE EMPLOYEE BENEFITS

Superior has a number of defined benefit and defined contribution plans providing pension and other post-employment benefits to most of its employees, and accrues its obligations under the plans and the related costs, net of plan assets. Past service costs and actuarial gains and losses in excess of 10% of the greater of the accrued benefit obligation and the fair value of the plan assets, are amortized into income over the expected average remaining life of the active employees participating in the plans.

(N) INCOME TAXES

Current income taxes are recorded based on the estimated income taxes payable on taxable income for the current year. Future income tax assets and liabilities are determined based on differences between the accounting and tax bases of assets and liabilities, and are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. A future tax asset is recognized if it is more likely than not to be realized. The effect of a change in tax rates on future income tax assets and liabilities is recorded in the period in which the change occurs.

(O) FOREIGN CURRENCY TRANSLATION

The accounts of the operations of ERCO and Winroc in the United States and ERCO's operations in Chile are considered to be self-sustaining foreign operations and are translated using the current rate method, under which all assets and liabilities are translated at the exchange rate prevailing at the balance sheet date, and revenues and expenses at average rates of exchange during the period. Exchange gains and losses arising from this translation, representing the net unrealized foreign currency translation gain or loss on Superior's net investment in these foreign operations, are recorded as a component of accumulated other comprehensive income. Other monetary assets and liabilities held by Superior are converted using the current rate method.

Transactions denominated in a foreign currency, other than the translation of self-sustaining operations, are translated into the functional currency at rates in effect at the date of the transaction. At the balance sheet date, monetary foreign currency assets and liabilities are translated at exchange rates then in effect. The resulting translation gains or losses are recognized in the determination of earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(P) SHARE-BASED COMPENSATION

Superior has established share-based compensation plans whereby restricted shares and/or performance shares may be granted to employees. The fair value of these shares is estimated and recorded as an expense with an offsetting amount to accrued liabilities, with the payments settled in cash.

(Q) NET EARNINGS PER SHARE

Basic net earnings per share is calculated by dividing the net earnings by the weighted average number of shares outstanding during the period. The weighted average number of shares outstanding during the year is calculated using the number of shares outstanding at the end of each month during the year. Diluted net earnings per share is calculated by factoring in the dilutive impact of the dilutive instruments, including the conversion of debentures to shares using the converted method to assess the impact of dilution. Superior uses the treasury stock method to determine the impact of dilutive options, which assumes that the proceeds from in-the-money share options are used to repurchase shares at the average market price during the period.

(R) USE OF ESTIMATES AND ASSUMPTIONS

The preparation of Superior's Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net income and related disclosures. Certain estimates, including the calculation of the fair value of various financial instruments, the allowance for doubtful accounts, employee future benefits, future income tax assets and liabilities and asset impairments, require management to make subjective or complex judgments. Accordingly, actual results could differ from these and other estimates, thereby impacting Superior's Consolidated Financial Statements.

(S) FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

The Accounting Standards Board of Canada (AcSB) has announced plans that will require the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) for publicly accountable enterprises, including Superior. The changeover date from Canadian GAAP to IFRS is for annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011. Superior is currently assessing the future impact of these new standards on its consolidated financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 *Goodwill and Intangible Assets*, replacing Handbook Section 3062 *Goodwill and Other Intangible Assets* and Handbook Section 3450 *Research and Development Costs*. The purpose of Section 3064 is to provide more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The section harmonizes Canadian GAAP with IFRS and applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Superior does not anticipate that this section will have a material impact on its consolidated financial statements.

3. ACQUISITIONS

On June 4, 2008 Superior Propane acquired certain propane assets of Irving Oil Limited and Irving Oil Marketing Limited for consideration of $3.4 million.

On May 9, 2008 Winroc acquired the shares of Fackoury's Building Supplies Ltd. and associated entities, a privately held gypsum and related products distributor, for consideration of $21.1 million (net of $2.2 million in cash acquired).

Using the purchase method of accounting for acquisitions, Superior consolidated the assets and liabilities from the acquisitions and included earnings as of the closing date. The allocation of the consideration paid for these acquisitions is as follows:

	Acquisition of Propane Assets	Acquisition of Fackoury's	Total
Cash consideration paid	3.1	20.9	24.0
Transaction costs	0.3	0.2	0.5
Total consideration	3.4	21.1	24.5
Working capital, net	0.4	3.8	4.2
Property, plant and equipment	1.0	1.0	2.0
Intangible asset	–	1.3	1.3
Goodwill	2.0	15.1	17.1
Future income tax liability	–	(0.1)	(0.1)
	3.4	21.1	24.5

During 2007, Winroc acquired the assets of two gypsum supply dealers, for consideration of $4.3 million.

4. ACCOUNTS RECEIVABLE AND OTHER

Superior sells, with limited recourse, certain trade accounts receivable on a revolving basis to an entity sponsored by a Canadian chartered bank. The accounts receivable are sold at a discount to face value based on prevailing money market rates. Superior has retained the servicing responsibility for the accounts receivable sold and has therefore recognized a servicing liability. The level of accounts receivable sold under the program fluctuates seasonally with the level of accounts receivable. As at December 31, 2008 proceeds of $100.0 million (December 31, 2007 – $100.0 million) had been received. The accounts receivable program expires on December 29, 2009.

Included in accounts receivable and other as at December 31, 2008 is $15.4 million (December 31, 2007 – $15.1 million) of prepaid expenses.

A summary of accounts receivable and other is as follows:

December 31,	**2008**	2007
Accounts receivable trade	**225.5**	241.0
Accounts receivable other	**5.9**	9.7
Prepaid expenses	**15.4**	15.1
Accounts receivable and other	**246.8**	265.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. INVENTORIES

December 31,	**2008**	2007
Propane	**55.2**	36.8
Propane retailing materials, supplies, appliances and other	**12.6**	13.9
Chemical finished goods and raw materials	**15.7**	7.9
Chemical stores, supplies and other	**11.9**	11.0
Walls and ceilings construction products	**41.1**	35.6
	136.5	105.2

6. PROPERTY, PLANT AND EQUIPMENT, CUSTOMER ACQUISITION COSTS AND INTANGIBLE ASSETS

December 31,		**2008**			2007	
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Land	**22.5**	**–**	**22.5**	22.9	–	22.9
Buildings	**98.8**	**35.5**	**63.3**	94.3	31.7	62.6
ERCO plant and equipment	**646.8**	**248.2**	**398.6**	558.3	211.8	346.5
Superior Propane retailing equipment	**344.0**	**294.7**	**49.3**	367.6	306.0	61.6
Winroc distribution equipment	**29.7**	**9.6**	**20.1**	28.0	7.2	20.8
Property, plant and equipment	**1,141.8**	**588.0**	**553.8**	1,071.1	556.7	514.4
Customer acquisition costs	**24.2**	**6.5**	**17.7**	28.9	11.5	17.4
ERCO royalty assets and patents	**51.1**	**30.8**	**20.3**	41.5	20.9	20.6
SEM intangible assets	**2.8**	**–**	**2.8**	1.2	–	1.2
Winroc intangible assets	**3.3**	**1.4**	**1.9**	2.1	0.9	1.2
Superior Propane intangible assets	**6.3**	**2.5**	**3.8**	2.8	2.3	0.5
Intangible assets	**63.5**	**34.7**	**28.8**	47.6	24.1	23.5
Total property, plant and equipment, customer acquisition costs and intangible assets	**1,229.5**	**629.2**	**600.3**	1,147.6	592.3	555.3

7. REVOLVING TERM BANK CREDITS AND TERM LOANS

	Year of Maturity	Effective Interest Rate	**December 31, 2008**	December 31, 2007
Revolving Term Bank Credits (1)				
Bankers Acceptances ("BA")	2010	Floating BA rate plus applicable credit spread	**168.9**	96.5
LIBOR Loans (US$71.6 million; 2007 – US$66.7 million)	2010	Floating LIBOR rate plus applicable credit spread	**90.1**	65.9
			259.0	**162.4**
Other Debt				
Notes payable	2009-2010	Prime	**6.2**	6.8
Deferred consideration	2009-2010	Non-interest bearing	**4.8**	7.0
Loan payable	2009-2014	6.3%	**11.8**	5.2
Mortgage payable (2007 – US$1.0 million)	–	7.53%	**–**	1.0
			22.8	20.0
Senior Secured Notes				
Senior secured notes subject to floating interest rates (US$60.0 million; 2007 – US$85.0 million) (2)	2009-2015	Floating LIBOR rate plus 1.7%	**73.5**	84.0
Senior secured notes subject to fixed interest rates (US$100.0 million; 2007 – US$75.0 million) (2)	2009-2015	6.65%	**122.4**	74.1
			195.9	158.1
Total revolving term bank credits and term loans before deferred financing fees			**477.7**	340.5
Deferred financing fees			**(1.9)**	(2.5)
Revolving term bank credits and term loans			**475.8**	338.0
Current maturities			**(13.0)**	(3.9)
Revolving term bank credits and term loans			**462.8**	334.1

(1) Superior and its wholly-owned subsidiaries, Superior Plus US Holdings Inc. and Commercial e Industrial (Chile) Limitada, have revolving term bank credit borrowing capacity of $595.0 million. These facilities are secured by a general charge over the assets of Superior and certain of its subsidiaries. As at December 31, 2008, Superior had $41.5 million of outstanding letters of credit (December 31, 2007 – $31.7 million). The fair value of Superior's revolving term bank credits and other debt approximates its carrying value as a result of the market-based interest rates and the short-term nature of the underlying debt instruments.

(2) Senior secured notes (the notes) totalling US$160.0 million (CDN$195.9 million at December 31, 2008 and CDN$158.1 million at December 31, 2007) are secured by a general charge over the assets of Superior and certain of its subsidiaries. Principal repayments begin in 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 at December 31, 2008 was CDN$208.0 million (December 31, 2007 – CDN$163.8 million). In conjunction with the issue of the notes, Superior swapped US$60.0 million (CDN$73.5 million) (December 31, 2007 – US$85.0 million (CDN$84.0 million)) of the fixed rate obligation into a U.S. dollar floating rate obligation. Additionally, at December 31, 2008, Superior has entered into US$60.0 million (December 31, 2007 – US$60.0 million) of foreign currency contracts in relation to future principal repayments at a rate of US$1.00 to CDN dollar.

Repayment requirements of the revolving term bank credits and term loans are as follows:

Current portion	13.0
Due in 2010	266.7
Due in 2011	41.6
Due in 2012	41.7
Due in 2013	41.3
Subsequent to 2013	73.4
Total	477.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Superior has issued two series of debentures denoted as 5.75% Series I and 5.85% Series I as follows:

	Series I	Series I	Unamortized Discount	Total Carrying Value
Maturity date	December 31, 2012	October 31, 2015		
Interest rate	5.75%	5.85%		
Conversion price per share	$ 36.00	$ 31.25		
Debentures outstanding at December 31, 2007	174.9	75.0	(3.3)	246.6
Conversion and repayment/redemption of debentures and accretion of discount during 2008	–	–	1.0	1.0
Deferred issue costs	(3.9)	(2.0)		(5.9)
Debentures outstanding December 31, 2008	171.0	73.0	(2.3)	241.7
Quoted market value December 31, 2008	141.7	52.5		
Quoted market value December 31, 2007	152.2	67.5		

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.

9. FUTURE EMPLOYEE BENEFITS

Superior Propane and ERCO have defined benefit (DB) and defined contribution (DC) pension plans covering most employees. The benefits provided under DB pension plans are based on the employees' years of service and on the highest average earnings for a specified number of consecutive years. Information about Superior's DB and other post-retirement benefit plans as at December 31, 2008 and 2007 in aggregate is as follows:

	Superior Propane Pension Benefit Plans		ERCO Pension Benefit Plans		Other Benefit Plans	
	2008	2007	**2008**	2007	**2008**	2007
Accrued benefit obligation, beginning of year	**51.2**	53.9	**64.0**	60.9	**24.7**	26.3
Current service cost	**0.1**	0.1	**2.3**	2.7	**0.3**	0.5
Past service cost	**–**	–	**–**	–	**–**	(2.5)
Interest cost	**2.7**	2.7	**3.6**	3.3	**1.3**	1.4
Benefits paid	**(3.8)**	(4.1)	**(3.2)**	(1.7)	**(1.3)**	(1.1)
Actuarial loss	**(8.3)**	(1.4)	**(13.6)**	(1.2)	**(2.2)**	0.1
Accrued benefit obligation, end of year	**41.9**	51.2	**53.1**	64.0	**22.8**	24.7
Fair value of plan assets, beginning of year	**57.1**	63.6	**55.9**	53.2	**–**	–
Actual return on plan assets	**(8.1)**	0.2	**(7.4)**	0.6	**–**	–
Transfers to defined contribution plan	**(2.7)**	(2.6)	**–**	–	**–**	–
Employer contributions	**–**	–	**5.0**	3.8	**1.3**	1.1
Benefits paid	**(3.8)**	(4.1)	**(3.2)**	(1.7)	**(1.3)**	(1.1)
Fair value of plan assets, end of year	**42.5**	57.1	**50.3**	55.9	**–**	–
Funded status – plan surplus (deficit)	**0.6**	5.9	**(2.8)**	(8.1)	**(22.8)**	(24.7)
Unamortized net actuarial loss (gain)	**18.9**	16.0	**(0.5)**	1.8	**6.5**	9.4
Unamortized past service costs	**–**	–	**–**	0.3	**(2.3)**	(2.5)
Accrued net pension asset	**19.5**	21.9				
Accrued net benefit obligation			**(3.3)**	(6.0)	**(18.6)**	(17.8)
Current portion of accrued net benefit obligation recorded in accounts payable and accrued liabilities			**(2.6)**	(4.2)	**(1.3)**	(1.1)
Long-term accrued net benefit obligation (2008 – $18.0 million; 2007 – $18.5 million)			**(0.7)**	(1.8)	**(17.3)**	(16.7)

The accrued net pension asset related to the Superior Propane pension benefit plan in 2008 was $19.5 million (2007 – $21.9 million), and the expense for 2008 was $2.4 million (2007 – $1.8 million). The accrued net benefit obligation related to the ERCO Worldwide pension benefit plan in 2008 was $3.3 million (2007 – $6.0 million), and the expense for 2008 was $2.3 million (2007 – $2.5 million).

The accrued net benefit obligation related to the total other benefit plans of Superior Propane and ERCO Worldwide in 2008 was $18.6 million (2007 – $17.8 million), and the expense for 2008 was $2.1 million (2007 – $2.5 million).

Superior's DC pension plans are fully funded by their nature. Accordingly, DC pension plan assets equal the related obligation. The total cost of Superior's DC plans in 2008 was $4.5 million (2007 – $3.9 million).

The significant actuarial assumptions adopted in measuring accrued benefit obligations are as follows:

	DB Plans		Other Benefit Plans	
	2008	2007	**2008**	2007
Discount rate	**7.50%**	5.50%	**7.50%**	5.50%
Expected long-term rate-of-return on plan assets (1)	**7.00%**	7.00%	**–**	–
Rate of compensation increase	**3.50%**	3.50%	**3.50%**	3.50%

(1) Based on market-related values.

The weighted average annual assumed health care cost inflation trend used in the calculation of accrued other benefit plan obligations is 10% initially, decreasing gradually to 5% in 2018 and thereafter. A 1% change in the health care trend rate would result in a change to the accrued benefit obligation of $2.2 million and a change to the current service expense of $0.2 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The most recent funding valuation dates for Superior's DB plans range from January 1, 2006 to January 1, 2007. The next funding valuation dates are scheduled between January 1, 2009 and January 1, 2010.

The fair values of DB plan assets at December 31, 2008 is comprised of the following major investment categories: cash and cash equivalents 3% (2007 – 3%); bonds 41% (2007 – 34%); equities 56% (2007 – 63%).

10. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be 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 the use of 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 factors such as interest rate yield curves, currency rates, and price and rate volatilities as applicable. With respect to the valuation of ERCO's fixed-price electricity agreements, the valuation of these agreements 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 these agreements. Any changes in the fair values of financial instruments classified or designated as held-for-trading are recognized in net income.

FINANCIAL AND NON-FINANCIAL DERIVATIVES

Description	Notional (1)	Term	Effective Rate	**Asset (Liability) as at December 31, 2008**	Asset (Liability) as at December 31, 2007
Natural gas financial swaps – NYMEX	25.0 GJ (2)	2009-2011	US$7.54/GJ	**(33.5)**	33.4
Natural gas financial swaps – AECO	36.0 GJ (2)	2009-2014	CDN$7.93/GJ	**(34.8)**	(18.7)
Foreign currency forward contracts, net	US$53.2 (4)	2009-2015	1.11	**(11.5)**	(46.0)
Interest rate swaps – USD	US$60.0 (4)	2013-2015	Floating LIBOR rate plus 1.7%	**11.7**	2.6
Propane wholesale purchase and sale contracts, net	5.2 USG (5)	2009-2010	$1.67/USG	**(1.3)**	5.5
ERCO fixed-price electricity purchase agreement	45 MW (3)	2009-2017	$45-$52/MWh	**42.1**	26.6
SEM electricity swaps	0.5 MWh (6)	2009-2014	$65.69/MWh	**(0.9)**	(0.4)

(1) Notional values as at December 31, 2008.
(2) Millions of gigajoules purchased.
(3) Mega watts (MW) on a 24/7 continual basis per year purchase.
(4) Millions of dollars purchased.
(5) Millions of United States gallons purchased.
(6) Millions of mega watt hours (MWh).

All financial and non-financial derivatives are designated as held for trading upon their initial recognition.

Description	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities
Natural gas financial swaps – NYMEX and AECO	9.5	6.2	46.7	37.3
SEM electricity swaps	0.1	0.8	0.9	0.9
Foreign currency forward contracts, net	7.7	53.9	20.8	52.3
Interest rate swaps	–	11.7	–	–
Propane wholesale purchase and sale contracts	18.1	–	19.4	–
ERCO fixed-price power purchase agreements	6.6	35.5	–	–
As at December 31, 2008	**42.0**	**108.1**	**87.8**	**90.5**
As at December 31, 2007	48.0	60.4	51.1	54.3

	2008		2007	
Description	**Realized Gain (Loss)**	**Unrealized Gain (Loss)**	Realized Gain (Loss)	Unrealized Gain (Loss)
Natural gas financial swaps – NYMEX and AECO	**34.7**	**(66.7)**	(14.9)	7.3
SEM electricity swaps	**(0.4)**	**(0.5)**	–	(0.4)
Foreign currency forward contracts, net	**(16.4)**	**26.5**	(4.5)	(33.3)
Interest rate swaps	**2.0**	**9.0**	–	3.8
Propane wholesale purchase and sale contracts	**–**	**(6.8)**	–	2.3
ERCO fixed-price power purchase agreements	**22.0**	**15.1**	7.6	(0.7)
Total realized and unrealized gains (losses) on financial and non-financial derivatives	**41.9**	**(23.4)**	(11.8)	(21.0)
Foreign currency translation of senior secured notes	**–**	**(37.8)**	–	27.7
Foreign currency translation of ERCO royalty assets	**–**	**–**	–	(4.0)
Total realized and unrealized gains (losses)	**41.9**	**(61.2)**	(11.8)	2.7

NON-DERIVATIVE FINANCIAL INSTRUMENTS

Superior's accounts receivables have been designated as available for sale due to Superior's accounts receivable securitization program while Superior's accounts payable, distributions and interest payable to shareholders and debenture holders, revolving term bank credits and term loans and debentures have been designated as other liabilities. The carrying value of Superior's cash and cash equivalents, accounts receivable, accounts payable, and distributions and interest payable to shareholders and debenture holders approximates their fair value due to the short-term nature of these amounts. The carrying value and the fair value of Superior's revolving term bank credits and term loans, and debentures, is provided in Notes 7 and 8 of the Consolidated Financial Statements.

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 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; as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Effective 2008, SEM enters into natural gas financial swaps primarily with Constellation Energy Commodities Group, Inc. for distributor-billed natural gas business in Canada to manage its economic exposure of providing fixed-price natural gas to its customers. Additionally, SEM maintains its historical natural gas swap positions with seven additional counterparties. SEM monitors its fixed-price natural gas positions on a daily basis to monitor compliance with established risk management policies. SEM maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

SEM enters into electricity financial swaps with two counterparties to manage the economic exposure of providing fixed-price electricity to its customers. SEM monitors its fixed-price electricity positions on a daily basis to monitor compliance with established risk management policies. SEM maintains a substantially balanced fixed-price electricity position in relation to its customer supply commitments.

ERCO has entered into fixed-price electricity purchase agreements to manage the economic exposure of certain of its chemical facilities to changes in the market price of electricity, in markets where the price of electricity is not fixed. Substantially all of the fair value with respect to these agreements is with a single counterparty.

Superior Propane enters into various propane forward purchase and sale agreements with more than 20 counterparties to manage the economic exposure of its wholesale customer supply contracts. Superior Propane monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Superior Propane maintains a substantially balanced fixed-price propane gas position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, enters into foreign currency forward contracts with 10 counterparties to manage the economic exposure of Superior's operations to movements in foreign currency exchange rates. SEM and Superior Propane contract a portion of their fixed-price natural gas and propane purchases and sales in U.S. dollars and enter into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. ERCO enters into U.S. dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S. dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

Superior has interest rate swaps with a single counterparty to manage the interest rate mix of its total debt portfolio and related overall cost of borrowing. Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and longer-term maturity debt instruments. Superior reviews its mix of short-term and longer-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

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. Superior Propane and Winroc deal with a large number of small customers, thereby reducing this risk. ERCO, due to the nature of its operations, sells its products to a relatively small number of customers. ERCO mitigates its customer credit risk by actively monitoring the overall credit worthiness of its customers. SEM has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide SEM with invoicing, collection and the assumption of bad debts risk for residential and small commercial customers. SEM actively monitors the credit worthiness of its industrial customers.

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

Pursuant to their respective terms, accounts receivable are aged as follows:

	December 31, 2008	December 31, 2007
Current	**150.5**	170.9
Past due less than 90 days	**67.6**	66.0
Past due over 90 days	**16.7**	9.2
Accounts receivable trade	**234.8**	246.1

Superior's accounts receivable are stated after deducting a provision of $9.3 million as at December 31, 2008 (December 31, 2007 – $5.1 million). The movement in the provision for doubtful accounts was as follows:

	December 31, 2008	December 31, 2007
Allowance for doubtful accounts, opening	**(5.1)**	(2.9)
Bad debt expense, net of recoveries	**(8.1)**	(4.3)
Written-off	**3.9**	2.1
Allowance for doubtful accounts, ending	**(9.3)**	(5.1)

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

	2009	2010	2011	2012	2013	2014 and Thereafter	Total
Revolving term bank credits and term loans	13.0	266.7	41.6	41.7	41.3	73.4	477.7
Convertible unsecured subordinated debentures	–	–	–	–	174.9	75.0	249.9
CDN$ equivalent of US$ foreign currency forward purchase contracts	133.5	69.7	6.0	–	–	60.0	269.2
US$ foreign currency forward sales contracts (US$)	92.2	78.4	12.0	–	–	–	182.6
Fixed-price electricity purchase commitments	17.7	17.7	17.7	17.7	17.7	70.8	159.3
CDN$ natural gas purchases	50.1	43.7	7.6	5.0	3.6	–	110.0
US$ natural gas purchases (US$)	98.8	46.8	2.3	–	–	–	147.9
CDN$ propane purchases	1.2	–	–	–	–	–	1.2
US$ propane purchases (US$)	32.0	0.5	–	–	–	–	32.5

Superior's contractual obligations are considered to be 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 to changes in foreign currency exchange rates, interest rates and various commodity prices and the impact to net earnings are detailed below:

	Year Ended December 31, 2008
Increase (decrease) to net earnings of a $0.01 increase in the CDN$ to the US$	**0.9**
Increase (decrease) to net earnings of a 0.5% increase in interest rates	**(1.3)**
Increase (decrease) to net earnings of a $0.40/GJ increase in the spot price of natural gas	**24.0**
Increase (decrease) to net earnings of a $0.04/litre increase in the spot price of propane	**0.8**
Increase (decrease) to net earnings of a $1.00/kWh increase in the spot price of electricity	**2.2**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The calculation of Superior's sensitivity to changes in foreign currency exchange rates, interest rates and various commodity prices represents the change in fair value of the financial instrument without consideration of the value of the underlying variable, for example, the underlying customer contracts. The recognition of the sensitivities identified above would have impacted Superior's unrealized gain or loss on financial instruments and would not have had a material impact on Superior's cash flow from operations.

11. INCOME TAXES OF SUPERIOR

On December 31, 2008, Superior converted from a publicly traded income trust to a publicly traded corporation by way of a plan of arrangement with Ballard Power Systems Inc. (Ballard) for cash consideration of $46.3 million. The transaction resulted in Superior increasing its tax basis by approximately $1,013.0 million. Additional consideration may be payable to Ballard in future periods based on the finalization of tax basis available to Superior. Superior's calculation of current and future income taxes for the year ended December 31, 2008 is based on the conversion to a corporate structure effective December 31, 2008, whereas Superior's calculation of current and future income taxes for the year ended December 31, 2007 is based on Superior being a publicly traded income trust. Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and future income taxes, including United States income tax, United States non-resident withholding tax and Chilean income tax.

Total income taxes are different than the amount computed by applying the corporate Canadian enacted statutory rate for 2008 of 31.2% (2007 – 31.5%). The reduction in statutory rates reflects previously enacted federal tax rate reductions. The reasons for these differences are as follows:

	2008	2007
Net earnings (loss) from continuing operations	**67.7**	119.4
Less: net earnings of Superior taxed directly in the hands of the unitholders	**(40.4)**	(89.1)
Income tax expense (recovery) of Superior	**9.9**	(5.1)
Earnings of Superior before taxes and after distribution of income to unitholders	**37.2**	25.2
Computed income tax expense (recovery) as a corporate entity	**11.6**	7.9
Establishment of future income tax due to conversion to a corporation [1]	**(18.7)**	–
Establishment of future income tax due to taxation of trusts effective 2011 [1]	**–**	(12.9)
Higher effective foreign tax rates	**2.6**	1.7
Changes in future income tax rates	**14.4**	0.3
Non-deductible costs and other	**–**	(2.1)
Income tax expense (recovery) of Superior	**9.9**	(5.1)

(1) For the year ended December 31, 2008, Superior's income tax expense or recovery was calculated on the basis of Superior converting to a corporation on December 31, 2008. For the year ended December 31, 2007, Superior's income tax expense or recovery was calculated on the basis of Superior being a publicly traded income trust in accordance with legislation related to the taxation of certain income trusts.

Income tax expense or recovery of Superior for the years ended December 31, 2008 and 2007 is comprised of the following:

	2008	2007
Current income tax expense (recovery)	**13.8**	5.3
Future income tax expense (recovery)	**(3.9)**	(10.4)
Total income tax expense (recovery)	**9.9**	(5.1)

The components of the net future income tax asset as at December 31, 2008 and 2007 are as follows:

	2008	2007
Tax values over carrying value of tangible assets	**(3.3)**	18.0
Accounting reserves, deductible when paid	**15.5**	1.3
Benefit of capital and non-capital tax loss carry-forwards	**340.5**	4.9
Canadian federal and provincial investment tax credits	**133.1**	–
Unrealized gains/losses on financial instruments	**9.4**	(3.0)
Capitalized customer acquisition costs	**(5.2)**	(1.0)
Other	**1.4**	0.1
Total future income tax asset	**491.4**	20.3
Less:		
Valuation allowance – Canadian capital loss carry-forwards	**(84.4)**	–
Valuation allowance – United States capital loss carry-forwards	**(22.1)**	–
Future income tax asset [(1)]	**384.9**	20.3

(1) As at December 31, 2008, Superior had a total deferred credit of $307.7 million related to its transaction with Ballard.

The future income tax asset relates to the following tax jurisdictions as at December 31, 2008 and 2007:

	2008	2007
Canada	**377.0**	12.8
United States	**7.8**	6.7
Chile	**0.1**	0.8
Total income tax asset	**384.9**	20.3

Superior has available to carry forward the following as at December 31, 2008 and 2007:

	2008	2007
Canadian non-capital losses	**206.7**	–
Canadian scientific research expenditures	**590.7**	–
Canadian capital losses	**630.6**	–
United States capital losses	**56.8**	45.8
Chilean non-capital losses	**24.1**	5.0
Canadian federal and provincial investment tax credits	**192.3**	–

As at December 31, 2008, Superior had non-capital loss carry-forwards available to reduce future years' taxable income, which expire as follows:

2009	12.0
2010	15.5
2011	–
2012	–
2013	–
Thereafter	179.2
	206.7

The Canadian scientific research expenditures, Canadian and United States capital losses and the Chilean non-capital losses may be carried forward indefinitely.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2008, Superior had Canadian federal and provincial investment tax credits available to reduce future years' taxable income, which expire as follows:

2009	–
2010	6.7
2011	11.5
2012	10.7
2013	10.9
Thereafter	152.5
	192.3

12. SHAREHOLDERS' EQUITY

AUTHORIZED

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 of holders of common shares, to be paid rateably with holders of each other series of preferred shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series upon liquidation, dissolution or winding up of Superior to be paid rateably with holders of each other series of preferred shares the amount, if any, specified as being payable preferentially to holders of such series. Superior does not have any preferred shares outstanding.

	Issued Number of Common Shares (Millions) (1)	Shareholders' Equity (1)
Unitholders' equity, December 31, 2006	85.5	595.6
Distribution reinvestment program	2.0	25.3
Conversion of 8%, Series I debentures ($0.7 million converted at $16 per trust share)	–	0.7
Transitional adjustment to accumulated other comprehensive income (loss) upon implementation of financial instruments	–	(18.1)
Cumulative impact of deficit upon implementation of financial instruments	–	30.6
Other comprehensive income (loss)	–	(2.3)
Net earnings	–	119.8
Distributions to unitholders (2)	–	(134.9)
Unitholders' equity, December 31, 2007	87.5	616.7
Distribution reinvestment program	0.8	8.9
Cumulative impact of implementing revised inventory standard	–	1.2
Net earnings	–	67.7
Other comprehensive income	–	21.9
Distributions to unitholders (2)	–	(142.2)
Shareholders' equity, December 31, 2008	**88.3**	**574.2**

(1) On December 31, 2008, Superior redeemed its outstanding trust units in exchange for shares as a result of its conversion from a publicly traded income trust to a publicly traded corporation. (See Note 2(a).)

(2) Dividends/distributions to shareholders are declared at the discretion of Superior.

Shareholders' capital, deficit and accumulated other comprehensive income (loss) as at December 31, 2008 and December 31, 2007 consist of the following components:

	2008	2007
Shareholders' capital		
Share capital	**1,372.1**	1,362.0
Conversion feature on warrants and convertible debentures	**3.6**	4.8
	1,375.7	1,366.8
Accumulated deficit		
Retained earnings from operations	**531.6**	463.9
Cumulative impact to deficit upon implementation of new accounting requirements for inventory (Note 2(b))	**1.2**	–
Accumulated distributions	**(1,335.9)**	(1,193.7)
	(803.1)	(729.8)
Accumulated other comprehensive income (loss)		
Balance at beginning of period	**(20.3)**	–
Transitional adjustment upon implementation of financial instruments	**–**	(18.0)
Unrealized foreign currency gains (losses) on translation of self-sustaining foreign operations	**30.1**	(13.5)
Reclassification of derivative gains and losses previously deferred	**(8.2)**	11.2
	1.6	(20.3)

As at December 31, 2008, Superior had nil share/trust unit warrants outstanding (December 31, 2007 – 2.3 million). The share/trust unit warrants, exercisable at $20 per share/trust unit warrant, expired on May 8, 2008.

ADDITIONAL CAPITAL DISCLOSURES

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 Superior's 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 income) (AOCI), 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 and/or increase or decrease the amount of securitized accounts receivable.

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 other public reports of Superior.

Superior is subject to various financial covenants in its credit facility agreements, including senior debt and total debt to EBITDA ratios, which are measured on a quarterly basis. As at December 31, 2008 and December 31 2007, Superior was in compliance with all of its financial covenants.

Superior's financial objectives and strategy related to managing its capital as described above have 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	December 31, 2008	December 31, 2007
Total shareholders' equity	**574.2**	616.7
Exclude accumulated other comprehensive loss (income)	**(1.6)**	20.3
Shareholders' equity (excluding AOCI)	**572.6**	637.0
Current portion of term loans	**13.0**	3.9
Revolving term bank credits and term loans (1)	**464.7**	336.6
Accounts receivable securitization program	**100.0**	100.0
Total senior debt	**577.7**	440.5
Convertible unsecured subordinated debentures (1)	**247.6**	247.3
Total debt	**825.3**	687.8
Cash	**(16.1)**	(14.1)
Total capital	**1,381.8**	1,310.7

	2008	2007
Net earnings from continuing operations	**67.7**	119.4
Adjusted for:		
Interest on revolving term bank credits and term loans	**23.7**	25.2
Interest on convertible unsecured subordinated debentures	**14.8**	19.5
Realized gain on interest rate swaps	**(2.0)**	–
Accretion of convertible debenture issue costs	**1.4**	2.8
Amortization of property, plant and equipment	**18.3**	57.6
Amortization included in cost of sales	**38.9**	–
Amortization of intangible assets	**5.3**	4.9
Income tax expense (recovery)	**9.9**	(5.1)
Unrealized (gains) losses on financial instruments	**61.2**	(2.7)
Management internalization costs	**–**	0.5
Gain on sale of facility	**(4.0)**	–
Superior Propane non-cash pension expense	**2.4**	1.7
Proforma impact of acquisitions	**2.5**	–
EBITDA (2)	**240.1**	223.8

	Target	**December 31, 2008**	December 31, 2007
Senior debt to EBITDA ratio (2)	1.5:1 – 2.0:1	**2.4:1**	2.0:1
Total debt to EBITDA ratio (2)	2.5:1 – 3.0:1	**3.4:1**	3.1:1

(1) Revolving term bank credits and term loans and convertible unsecured subordinated debentures are before deferred issue costs.

(2) EBITDA, as defined by Superior's revolving term credit facility, is calculated on a trailing 12-month basis taking into consideration the proforma 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.

13. NET EARNINGS PER SHARE

	2008	2007
Net earnings per share computation, basic and diluted [(1)]		
Net earnings from continuing operations	**67.7**	119.4
Net earnings from discontinued operations	**–**	0.4
Net earnings	**67.7**	119.8
Weighted average shares outstanding	**88.3**	86.5
Net earnings from continuing operations per share, basic and diluted	**$ 0.77**	$ 1.38
Net earnings from discontinued operations per share, basic and diluted	**$ –**	$ –
Net earnings per share, basic and diluted	**$ 0.77**	$ 1.38

(1) All convertible debentures, trust unit options and warrants were excluded from this calculation as they were anti-dilutive.

14. SHARE-BASED COMPENSATION

(i) RESTRICTED/PERFORMANCE SHARES

Under the terms of Superior's long-term incentive program, restricted shares (RSs) and/or performance shares (PSs) can be granted to directors, senior officers and employees of Superior. Both types of units entitle the holder to receive cash compensation in relation to the value of a specified number of underlying notional shares. RSs vest evenly over a period of three years commencing from the date of grant, except for RSs issued to directors which vest three years from the date of grant. Payments are made on the anniversary dates of the RS to the holders entitled to receive them on the basis of a cash payment equal to the value of the underlying notional shares. PSs vest three years from the date of grant and their notional value is dependant on Superior's performance vis-à-vis other companies/trusts' performance based on certain benchmarks. As at December 31, 2008 there were 921,446 RSs outstanding (December 31, 2007 – 738,827 RSs) and 583,576 PSs outstanding (December 31, 2007 – 220,992 PSs). For the year ended December 31, 2008 total compensation expense related to RSs and PSs was $6.2 million (2007 – $4.7 million).

(ii) TRUST UNIT INCENTIVE PLAN (TUIP)

During 2008, in conjunction with Superior's conversion to a corporation, Superior's trust unit incentive plan was terminated and all outstanding trust unit options were cancelled. During 2008 and 2007, no options were issued and no trust units were issued as a result of the TUIP.

A summary of the status of Superior's TUIP as at December 31, 2008 and 2007 and changes during these years is provided below:

	2008		2007	
	Options (000s)	**Weighted Average Exercise Price**	Options (000s)	Weighted Average Exercise Price
Options outstanding at beginning of year	**501**	**$ 23.87**	1,086	$ 22.69
Granted	**–**	**–**	–	–
Exercised	**–**	**–**	–	–
Forfeited/cancelled	**(501)**	**$ 23.87**	(585)	21.67
Options outstanding at end of year	**–**	**–**	501	$ 23.87
Options exercisable at end of year	**–**	**–**	432	$ 22.96

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING WORKING CAPITAL CHANGES

	2008	2007
Changes in non-cash working capital:		
Accounts receivable and other	**19.0**	(19.7)
Inventories	**(31.3)**	37.6
Accounts payable and accrued liabilities	**18.4**	(31.5)
Other	**14.5**	(21.1)
	20.6	(34.7)

16. COMMITMENTS

(i) Lease and capital commitments for rail cars, vehicles, premises and other equipment for the next five years and thereafter are as follows:

2009	37.7
2010	33.5
2011	27.8
2012	22.0
2013	17.2
2014 and thereafter	26.5

(ii) Purchase commitments under long-term natural gas and propane contracts for the next five years and thereafter are as follows:

	CDN$ [1] Natural Gas	US$ [1] Natural Gas	CDN$ Propane	US$ Propane
2009	50.1	98.8	1.2	32.0
2010	43.7	46.8	–	0.5
2011	7.6	2.3	–	–
2012	5.0	–	–	–
2013	3.6	–	–	–
2014 and thereafter	–	–	–	–

(1) Does not include the impact of financial derivatives. (See Note 10.)

Superior is similarly committed to long-term natural gas and propane sales contracts to supply customers.

(iii) ERCO Worldwide has entered into a fixed-price electricity purchase contract for its Alberta power requirements, for nine years at an average cost of $45.00 to $52.00 per MWh. Commitments for the next five years and thereafter are as follows:

2009	17.7
2010	17.7
2011	17.7
2012	17.7
2013	17.7
2014 and thereafter	70.8

17. RELATED-PARTY TRANSACTIONS AND AGREEMENTS

(i) MANAGEMENT INTERNALIZATION TRANSACTION

On May 8, 2003, Superior completed the internalization of its management and administration agreements. The internalization process resulted in the elimination of management incentive and administration fees effective January 1, 2003. The funds paid to the Manager and Administrator to terminate the contracts were immediately re-invested into trust units and warrants. As part of the internalization transaction, non-interest-bearing loans aggregating $6.5 million were advanced to the executive officers and were used to fund the purchase of 0.325 million trust units at $20.00 per trust unit. The loans are repayable over a four-year period in the form of annual retention bonuses of which $Nil was repaid in 2008 (2007 – $0.5 million). As at December 31, 2008 and 2007 the remaining loans receivable was $Nil.

18. DISPOSITION – JW ALUMINUM

In July 2006 Superior announced the results of its strategic review designed to maximize unitholder/shareholder value which included the decision to sell JW Aluminum in order to reduce debt levels and refocus its operations on its existing Canadian businesses. Accordingly, effective July 1, 2006, JWA's balance sheet, results of operations and cash flows were classified as discontinued operations on a retroactive basis.

On December 7, 2006, Superior completed the sale of all the issued and outstanding shares of JW Aluminum on a cash and debt-free basis to Wellspring Capital Management LLC, for total consideration of $356.1 million (US$310.1 million), net of $4.9 million (US$4.3 million) in disposition costs. Final post-closing adjustments were completed during 2007 and, accordingly, $0.4 million in net earnings and $1.4 million of proceeds on disposition from discontinued operations for the year ended December 31, 2007 were recorded. There was no impact on the balance sheet for the year ended December 31, 2007.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. BUSINESS SEGMENTS

Superior operates four distinct business segments: a propane distribution and related services business operating under the Superior Propane trade name; a specialty chemicals manufacturer operating under the ERCO Worldwide trade name (ERCO); a construction products distribution business operating under the Winroc trade name; and a fixed-price energy services business operating under the Superior Energy Management trade name (SEM). Superior's corporate office arranges intersegment foreign exchange contracts from time to time between its business segments. Realized gains and losses pertaining to intersegment foreign exchange gains and losses are eliminated under the Corporate cost column.

2008	**Superior Propane**	**ERCO**	**Winroc**	**SEM**	**Corporate**	**Total Consolidated**
Revenue	**1,170.4**	**469.7**	**523.6**	**323.6**	**–**	**2,487.3**
Cost of products sold	**(863.3)**	**(305.2)**	**(382.9)**	**(308.7)**	**–**	**(1,860.1)**
Realized gains (losses) on financial instruments	**(2.8)**	**26.0**	**–**	**16.7**	**2.0**	**41.9**
Gross profit	**304.3**	**190.5**	**140.7**	**31.6**	**2.0**	**669.1**
Expenses						
Operating and administrative	**209.9**	**112.9**	**103.3**	**25.1**	**19.6**	**470.8**
Amortization of property, plant and equipment	**12.4**	**2.0**	**3.9**	**–**	**–**	**18.3**
Amortization of intangible assets	**–**	**4.5**	**0.5**	**0.3**	**–**	**5.3**
Interest on revolving term bank credits and term loans	**–**	**–**	**–**	**–**	**23.7**	**23.7**
Interest on convertible unsecured subordinated debentures	**–**	**–**	**–**	**–**	**14.8**	**14.8**
Gain on disposal of facility	**–**	**(4.0)**	**–**	**–**	**–**	**(4.0)**
Accretion of convertible debenture issue costs	**–**	**–**	**–**	**–**	**1.4**	**1.4**
Unrealized (gains) losses on financial instruments	**6.8**	**(15.2)**	**–**	**67.2**	**2.4**	**61.2**
	229.1	**100.2**	**107.7**	**92.6**	**61.9**	**591.5**
Net earnings (loss) before income taxes	**75.2**	**90.3**	**33.0**	**(61.0)**	**(59.9)**	**77.6**
Income tax recovery (expense)	**–**	**–**	**–**	**–**	**(9.9)**	**(9.9)**
Net earnings (loss)	**75.2**	**90.3**	**33.0**	**(61.0)**	**(69.8)**	**67.7**

2007	Superior Propane	ERCO	Winroc	SEM	Corporate	Total Consolidated
Revenue	1,075.7	442.1	512.3	320.4	–	2,350.5
Cost of products sold	(782.7)	(255.6)	(382.5)	(256.1)	–	(1,676.9)
Realized gains (losses) on financial instruments	1.2	21.2	–	(34.2)	–	(11.8)
Gross profit	294.2	207.7	129.8	30.1	–	661.8
Expenses						
Operating and administrative	196.9	120.8	93.1	18.4	10.5	439.7
Amortization of property, plant and equipment	15.7	38.0	3.9	–	–	57.6
Amortization of intangible assets	–	4.6	0.3	–	–	4.9
Interest on revolving term bank credits and term loans	–	–	–	–	25.2	25.2
Interest on convertible unsecured subordinated debentures	–	–	–	–	19.5	19.5
Accretion of convertible debenture issue costs	–	–	–	–	2.8	2.8
Management internalization costs	–	–	–	–	0.5	0.5
Unrealized (gains) losses on financial instruments	(2.3)	5.5	–	(6.9)	1.0	(2.7)
	210.3	168.9	97.3	11.5	59.5	547.5
Net earnings (loss) before income taxes from continuing operations	83.9	38.8	32.5	18.6	(59.5)	114.3
Income tax recovery (expense)	–	–	–	–	5.1	5.1
Net earnings (loss) from continuing operations	83.9	38.8	32.5	18.6	(54.4)	119.4
Net earnings from discontinued operations (Note 18)						0.4
Net Earnings						119.8

TOTAL ASSETS, NET WORKING CAPITAL, ACQUISITIONS AND PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Superior Propane	ERCO	Winroc	SEM	Corporate	Total Consolidated
As at December 31, 2008						
Net working capital	**69.2**	**27.6**	**76.5**	**4.8**	**(9.2)**	**168.9**
Total assets	**658.2**	**618.3**	**211.3**	**69.5**	**469.6**	**2,026.9**
As at December 31, 2007						
Net working capital	73.9	19.0	65.7	8.8	5.6	173.0
Total assets	663.0	533.1	195.2	115.2	36.3	1,542.8
For the year ended December 31, 2008						
Acquisitions	**3.4**	**–**	**21.1**	**–**	**–**	**24.5**
Purchase of property, plant and equipment	**8.2**	**72.2**	**1.8**	**2.0**	**–**	**84.2**
For the year ended December 31, 2007						
Acquisitions	–	–	4.3	–	–	4.3
Purchase of property, plant and equipment	4.1	14.7	2.0	1.5	–	22.3

GEOGRAPHIC INFORMATION

	Canada	United States	Other	Total Consolidated
Revenues for the year ended December 31, 2008	**2,056.0**	**348.0**	**83.3**	**2,487.3**
Property, plant and equipment as at December 31, 2008	**391.8**	**92.4**	**69.6**	**553.8**
Goodwill as at December 31, 2008	**454.6**	**18.1**	**–**	**472.7**
Total assets as at December 31, 2008	**1,761.1**	**188.7**	**77.1**	**2,026.9**
Revenues for the year ended December 31, 2007	1,929.1	346.4	75.0	2,350.5
Property, plant and equipment as at December 31, 2007	428.1	28.8	57.5	514.4
Goodwill as at December 31, 2007	437.2	14.6	–	451.8
Total assets as at December 31, 2007	1,360.2	117.8	64.8	1,542.8

SELECTED HISTORICAL INFORMATION

SUPERIOR PROPANE

	Years Ended December 31				
(millions of dollars except litres of propane and per litre amounts)	**2008**	2007	2006	2005	2004
Litres of propane sold (millions)	**1,377**	1,429	1,386	1,468	1,546
Total sales margin (cents per litre)	**22.1**	20.6	19.7	19.4	18.6
Revenues	**1,167.6**	1,075.7	985.4	856.2	720.2
Cost of products sold	**863.3**	781.5	712.5	571.8	433.5
Gross profit	**304.3**	294.2	272.9	284.4	286.7
Cash operating, and administrative costs	**207.5**	194.8	181.9	186.6	173.9
EBITDA from operations	**96.8**	99.4	91.0	97.8	112.8

ERCO WORLDWIDE

	Years Ended December 31				
(millions of dollars except thousands of metric tonnes (MT) and per MT amounts)	**2008**	2007	2006	2005	2004
Total chemical sales (MT)	**727**	768	756	742	649
Average chemical selling price (dollars per MT)	**633**	557	540	550	571
Revenues	**479.6**	453.2	437.2	431.6	396.0
Cost of products sold	**244.3**	252.9	233.1	224.7	202.8
Gross profit	**235.3**	205.2	204.1	206.9	193.2
Cash operating, and administrative costs	**118.8**	113.4	117.1	101.9	92.2
EBITDA from operations	**116.5**	91.8	87.0	105.0	101.0

WINROC

	Years Ended December 31				
(millions of dollars)	**2008**	2007	2006	2005	2004 (1)
Revenues	**523.6**	512.3	518.7	486.6	384.3
Cost of products sold	**382.9**	382.5	386.5	368.8	300.0
Gross profit	**140.7**	129.8	132.2	117.8	84.3
Cash operating, and administrative costs	**103.3**	93.1	87.1	78.9	52.0
EBITDA from operations	**37.4**	36.7	45.1	38.9	32.3

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

SUPERIOR ENERGY MANAGEMENT

	Years Ended December 31				
(millions of dollars except per gigajoule (GJ) and per GJ amounts)	**2008**	2007	2006	2005	2004
Natural gas sold (millions of GJs)	**33**	37	40	37	28
Natural gas sales margin (cents per GJ)	**80.5**	84.1	54.3	39.2	47.7
Revenues	**323.6**	320.4	325.6	288.4	211.3
Cost of products sold	**296.0**	289.3	303.9	273.9	197.9
Gross profit	**27.6**	31.1	21.7	14.5	13.4
Cash operating, administrative and selling costs	**21.1**	19.0	11.4	9.2	5.7
EBITDA from operations	**6.5**	12.1	10.3	5.3	7.7

CONSOLIDATED FINANCIALS

(millions of dollars except average number of shares/trust units and per share/trust unit amounts)	Years Ended December 31 **2008**	2007	2006	2005	2004
Revenues	**2,487.3**	2,355.4	2,264.3[1]	2,059.2[1]	1,552.8
Gross profit	**669.1**	661.8	630.9[1]	623.6[1]	542.8
EBITDA from operations	**257.2**	240.0	233.4[1]	247.0[1]	239.6
Adjusted operating cash flow	**192.3**	179.5	197.0	195.0[1]	200.3
Per share/trust unit	**$ 2.18**	$ 2.08	$ 2.30	$ 2.45	$ 2.76
Average number of shares/trust units outstanding (millions)	**88.3**	86.5	85.5	79.7	72.7
Capital expenditures, net	**147.5**	22.2	66.8[1]	522.9[1]	142.1
Total assets	**2,026.9**	1,542.8	1,536.9	2,373.6	1,579.7
Total revolving term bank credit and term loans [2]	**577.7**	441.0	441.7	744.7	546.2

(1) Adjusted for discontinued operations.

(2) Includes accounts receivable securitization program.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Superior Plus Corp.

Grant D. Billing
Chairman and CEO
Calgary, Alberta

Catherine (Kay) M. Best [1]
Calgary, Alberta

Robert J. Engbloom, Q.C. [2]
Calgary, Alberta

Randall J. Findlay [2]
Calgary, Alberta

Norman R. Gish [3]
Calgary, Alberta

Peter A.W. Green [1] [2]
Lead Director
Campbellville, Ontario

James S.A. MacDonald [3]
Toronto, Ontario

Walentin (Val) Mirosh [3]
Calgary, Alberta

David P. Smith [1]
Toronto, Ontario

Peter Valentine [1]
Calgary, Alberta

(1) Member of Audit Committee
(2) Member of Governance and Nominating Committee
(3) Member of Compensation Committee

OFFICERS

Superior General Partner Inc.
General Partner of Superior Plus LP

Grant D. Billing
Chairman and CEO

Wayne M. Bingham
Executive Vice-President
and Chief Financial Officer

Eric McFadden
Executive Vice-President
Business Development

John D. Gleason
President, Superior Propane
a division of Superior Plus LP

Greg L. McCamus
President, Superior Energy Management
a division of Superior Plus LP

Paul S. Timmons
President, ERCO Worldwide
a division of Superior Plus LP

Paul J. Vanderberg
President, Winroc
a division of Superior Plus LP

Jay Bachman
Corporate Controller

A. Scott Daniel
Vice-President, Treasurer and
Investor Relations

Craig S. Flint
Vice-President, Business Process
and Compliance

DIVISIONS OF SUPERIOR PLUS LP

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Website: www.winroc.com

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Telephone: 866-772-7727
Facsimile: 905 542-7715
Website: www.superiorenergy.ca

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Website: www.superiorplus.com

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Facsimile: 1-888-453-0330
E-mail inquiries: careregistryinfo@computershare.com
Website: www.computershare.com

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Chartered Accountants
3000 Scotia Centre
700 – 2nd Street SW
Calgary, Alberta T2P 0S7

ANNUAL MEETING OF SHAREHOLDERS

The Corporation's Annual Meeting of Shareholders will be held in the Grand Lecture Theatre of The Metropolitan Centre, 333 – 4 Avenue SW, Calgary, Alberta on Wednesday, May 6, 2009 at 2:00 p.m. (MDT).

CASH DIVIDENDS

Superior Plus pays dividends on a monthly basis. The record date for each dividend will be the last day of the month and the payment will be made on or before the fifteenth day of the following month.

TORONTO STOCK EXCHANGE (TSX) LISTINGS

SPB: Superior Plus Corp. shares

SPB.db.b: 5.75% Convertible Debentures Convertible at $36.00 per share
Maturity date: December 31, 2012

SPB.db.c: 5.85% Convertible Debentures Convertible at $31.25 per share
Maturity date: October 31, 2015

Superior Plus Unit Price and Volumes – TSX

Quarterly high, low, close and volumes for 2008 and 2007.

The table below sets forth the high and low prices, as well as the volumes, for the trust units as traded on the TSX, on a quarterly basis.

	2008			2007		
	High	**Low**	**Volume**	High	Low	Volume
First quarter	**$ 14.32**	**$ 10.49**	**11,739,584**	$ 12.93	$ 10.62	18,350,330
Second quarter	**$ 14.08**	**$ 11.38**	**15,115,504**	$ 15.80	$ 12.46	20,360,232
Third quarter	**$ 13.85**	**$ 11.05**	**7,829,906**	$ 16.27	$ 12.50	14,856,184
Fourth quarter	**$ 13.31**	**$ 8.51**	**13,271,784**	$ 13.48	$ 10.99	10,183,631
Year	**$ 14.32**	**$ 8.51**	**47,956,778**	$ 16.27	$ 10.62	63,750,377

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Superior Plus

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