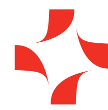

Superior Plus

2013 Annual Report

CREATING A SUSTAINABLE FOUNDATION

FINANCIAL RESULTS

(millions of dollars)	2013	2012
Revenues	3,752.8	3,624.3
Gross profit	868.8	846.3
EBITDA from operations [(1)]	284.4	289.4
Adjusted operating cash flow before restructuring costs [(1)]	207.6	200.4
Adjusted operating cash flow after restructuring costs [(1)]	192.3	190.4
Net earnings	52.7	90.0
Dividends	73.7	67.1
(dollar per basic share except shares outstanding)		
EBITDA from operations [(1)]	2.31	2.59
Adjusted operating cash flow before restructuring costs [(1)]	1.69	1.79
Adjusted operating cash flow after restructuring costs [(1)]	1.56	1.70
Net earnings	0.43	0.80
Dividends	0.60	0.60
Weighted average shares outstanding (millions)	123.1	111.9

FINANCIAL POSITION

(millions of dollars)	2013	2012
Total assets	2,141.1	2,032.1
Total liabilities	1,600.9	1,657.7
Net capital expenditures	71.9	39.3
Acquisitions	11.9	5.5
Senior debt [(2)]	578.7	489.6
Total debt [(2)]	1,073.2	1,181.1
Senior debt/Compliance EBITDA [(3)]	2.2x	1.9x
Total debt/Compliance EBITDA [(3)] before restructuring costs	3.9x	4.3x
Total debt/Compliance EBITDA [(3)] after restructuring costs	4.1x	4.5x

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA from operations and adjusted operating cash flow (AOCF) are not recognized financial measures under International Financial Reporting Standards (IFRS). See Superior's Management's Discussion and Analysis, "Non-IFRS Financial Measures" for additional details.

(2) Senior debt and total debt are stated before deferred issue costs.

(3) See Superior's Management's Discussion and Analysis for additional details and Superior's Consolidated Financial Statements for the calculation of Compliance EBITDA.

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President's Message

Luc Desjardins
President and
Chief Executive Officer

> **Improving our day-to-day operations is at the forefront of virtually every decision we make in order to create a solid foundation which will result in long-term sustainable financial improvements.**

As I look back at the year ended December 31, 2013 I am pleased to report that Superior has delivered improvements from both a financial and operational perspective. From a financial perspective, Superior recorded adjusted operating cash flow before restructuring costs of $1.69 per share in 2013 compared to $1.79 per share in 2012. When assessing Superior's 2013 financial performance relative to 2012, it is important to note that Superior's 2012 results included a one-time payment from TransCanada of $12.5 million or $0.11 per share. In addition, Superior's 2013 results reflect an additional 11.2 million average shares outstanding or 10% higher than in 2012, as a result of Superior's $138 million equity issuance in March 2013. Although this resulted in a modest dilution to our earnings per share, it provided a significant benefit in reducing Superior's total debt and leverage. With the benefit of the equity issuance and Superior's ongoing focus on reducing debt, we reduced our total debt leverage ratio, excluding restructuring costs, to 3.9x as at December 31, 2013, down from 4.3x at the prior year-end. The reduced leverage resulted in lower debt and improved financial flexibility, and it also reduced Superior's interest costs by $13 million for 2013.

While I am pleased with Superior's financial progress in 2013, I am even more encouraged by the progress on our key operational initiatives. As I highlighted in my 2012 letter, 2013 was a year of "heavy lifting". Improving our day-to-day operations is at the forefront of virtually every decision we make in order to create a solid foundation which will result in long-term sustainable financial improvements. We remain focused on our long-term plans and will not sacrifice our sustainability for short-term profitability.

Efforts to improve all aspects of Superior's businesses were underway throughout 2013. Here are specific examples I would like to highlight:

> Leadership team was enhanced in our Energy Services business;

> Significant investments were made in the sales and marketing functions in our Energy Services business;

> Successful implementation of the ADD IT system in the Atlantic and British Columbia regions of our Canadian Propane business, with the remaining regions scheduled for 2014;

> Improvements were made in distribution and logistics capabilities in our Canadian Propane business:

  > Average fill rate improved from 40% to 46%; and

  > 6,000 tank sensors were installed;

> Completion of a strategic supply agreement with Tronox LLC to purchase and market up to 130,000 metric tonnes of sodium chlorate per year; and

> Continuation of branch restructuring in our Construction Products Distribution business.

In addition, at the end of the third quarter, Superior announced that it would undertake additional restructuring in the Canadian Propane and Construction Products Distribution businesses. This is designed to accelerate ongoing operational improvements and will focus on improving day-to-day operations to ensure both businesses continue to build solid, sustainable platforms.

We are already beginning to see a number of initial financial and operational successes from these added measures. Although a significant amount of work remains to complete our overall plans, I am confident that we will execute our initiatives in a disciplined and timely manner.

Approximately 18 months ago we introduced *Destination 2015* and the accompanying goals for improving our businesses. The objective was and remains simple: to identify areas where we could improve our business in order to become best-in-class in each industry we operate in.

The mechanisms for reaching *Destination 2015* are a variety of ongoing operational and financial improvements that will form the basis for sustainable growth over the medium and long terms. Despite its title, our plan does not stop in 2015. We will work diligently to ensure the initiatives that we implement as part of *Destination 2015* evolve into an ongoing continuous improvement project which will ensure Superior's businesses continue progressing to best-in-class.

Destination 2015 is more than cost-cutting and more than improving the efficiency in which we conduct business day-to-day – although these are important parts of it. While it is extremely important that we remain focused on our operations, as it is through improved operations that we will sustainably reduce our cost structure, we are also focused on generating sustainable growth over the long term.

We will focus on growing our business through a combination of internal organic growth and external acquisitions. I firmly believe that all of Superior's businesses can grow at 2 percent above the annual industry average by focusing on their core competencies and maintaining a strong customer-centric focus. We will not lose sight that our businesses exist to service our customers and that we must provide our customers with an exceptional product or service. We intend to accomplish this through differentiation.

As we continue to execute our initiatives, we will also consider opportunities to grow through small acquisitions. It is unlikely that we will contemplate a significant acquisition in the short to medium term. In 2013 we executed several small "tuck-in" acquisitions in our Energy Services businesses. These are desirable as the market is highly fragmented with many small to medium-sized operators, making it easier to find acquisition targets that can be integrated successfully and that also complement our business mix. Focusing on small to mid-sized acquisitions minimizes our financial and operational execution risks.

Lastly, I would like to reiterate my commitment to fostering a culture of execution, accountability and continuous improvement. It is through this culture that we will build a business that will provide our shareholders with sustainable growth for many years.

This year, 2014, is an important one for Superior as we work to execute the initiatives that will underpin our future growth. We have much work to do to meet our objectives, but I am confident that we are up to the task.

Acknowledgements

Superior's success will ultimately be due to the hard work and dedication of our more than 4,600 employees. I would like to thank each of you for your commitment to your respective businesses. We are working hard to develop a culture in which every employee is empowered and can flourish. I look forward to working with all of Superior's employees as well as each of Superior's directors in the coming year. On behalf of the entire organization, I would like to thank securityholders for your continued support and confidence in Superior.

I would like to thank Norman Gish and Peter Green for their contributions to Superior's Board of Directors. Mr. Gish and Mr. Green have decided to not stand for re-election in 2014. Mr. Gish has been a member of Superior's Board of Directors since 2003 and Mr. Green has been a member of Superior's Board of Director's since 1996.

On behalf of the Board of Directors,

Luc Desjardins
President and Chief Executive Officer
February 19, 2014

Management Team

Luc Desjardins

President and
Chief Executive Officer

Mr. Desjardins joined Superior Plus as President and CEO in 2011. Prior to joining Superior Plus, Mr. Desjardins was a partner of the Sterling Group LLP, a private equity firm. Mr. Desjardins also served as President and CEO at Transcontinental Inc. from 2004 to 2008 and COO from 2000 to 2004. Mr. Desjardins holds a Masters of Business Administration degree from the University of Quebec and has taken the Harvard Business School Management Development Program.

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.

Greg L.McCamus

President, Energy Services
and Superior Propane

Mr. McCamus joined Superior Energy Management as President in 2005 before being appointed President, Energy Services and Superior Propane in 2012. 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.

Paul S. Timmons

President, Specialty Chemicals

Mr. Timmons has been with the Specialty Chemicals business or its predecessor organization, ERCO Worldwide, for 30 years, and was appointed as President in 2001. Mr. Timmons holds an Engineering Diploma from St. Francis Xavier University and a degree in Metallurgical Engineering from Technical University of Nova Scotia.

Dave Tims

President, Energy Supply and Oilfield

Mr. Tims joined Superior Plus in 2009. Prior to joining Superior Plus he was CEO of a natural gas storage development company. Mr. Tims has extensive energy marketing, trading and risk management experience as a Managing Director with BMO Nesbitt Burns and prior to that as Director of Supply Services with TransCanada. Mr. Tims holds a B.A. from the University of Calgary and an M.B.A. in Finance from the Simon School of Business at the University of Rochester.

Ross Wonnick

Chief Legal Officer and General Counsel

Mr. Wonnick joined Superior Plus in 2013. He previously was Senior Vice-President, General Counsel & Chief Compliance Officer of Styrolution Group GmbH, a global commodity chemical company in Frankfurt, Germany. Mr. Wonnick has held General Counsel and senior legal positions in the United States and Canada with global chemical companies. Mr. Wonnick holds a Bachelor of Business Administration (Honours) from Wilfrid Laurier University, an LLB from the University of Western Ontario and was admitted to the Ontario bar in 1991.

Keith Wrisley

President, U.S. Refined Fuels

Mr. Wrisley joined Superior Plus in 2009 as Director, U.S. Refined Fuels and was subsequently named President in 2012. Mr. Wrisley has held various executive positions within the energy sector over the past 25 years, most recently with Sunoco. Mr. Wrisley is a graduate of the State University of New York and the Leadership Philadelphia program.

Paul J. Vanderberg

President, Construction Products Distribution

Mr. Vanderberg has been President of the Construction Products Distribution business or its predecessor organization, Winroc, since 2000. He previously held various executive positions in general management and business development at USG Corporation, a leading building products manufacturer. Mr. Vanderberg holds B.A. and M.B.A. degrees.

Board of Directors

Catherine (Kay) Best [1]

Director since 2007; corporate director and consultant; former Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region; previous partner with Ernst & Young; Director of Canadian Natural Resources Limited, AltaGas Ltd., Aston Hill Financial Inc. and Wawanesa Insurance.

Grant D. Billing

Chairman and Chief Executive Officer of Superior since July 2006; On November 14, 2011, Mr. Billing retired as Chief Executive Officer and continues to serve as non-executive Chairman; prior to he was Executive Chairman since 1998; previously, President and CEO of Norcen Energy Resources Limited; Director of Pembina Pipeline Corporation and Cortex Business Solutions Inc.

Luc Desjardins

President and Chief Executive Officer of Superior since November 14, 2011. Previously, Mr. Desjardins was a partner of the Sterling Group, a private equity firm; Mr. Desjardins also served as CEO at Transcontinental Inc. from 2004 to 2008 and President and COO from 2000 to 2004. Mr. Desjardins is also a director of CIBC, a Canadian chartered bank.

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

Director since 1996; Deputy Chair Canada and Senior Partner of Norton Rose Fulbright Canada LLP, formerly Macleod Dixon LLP; Director of Parex Resources Inc.

Randall J. Findlay [2]

Director since 2007; corporate director; Past President of Provident Energy, Director of Pembina Pipelines Corporation, HNZ Group Inc., Whitemud Resources Inc., and Spyglass Resources Inc.

Norman R. Gish [3]

Director since 2003; corporate director and independent businessman; previous Chairman, President and CEO of Alliance Pipeline Ltd. and Aux Sable Liquid Products Inc.; Chairman of ICG Propane Inc., from 1998 to 2000; Chair of the Compensation Committee.

Peter A.W. Green [1] [2]

Lead Director since 2003; director since 1996; corporate director and business advisor; Chairman of Frog Hollow Group Inc., international business advisors; Director of Gore Mutual Insurance Company; Chair of the Governance and Nominating Committee.

James S.A. MacDonald [3]

Director in 1998 and since 2000; corporate director and Chairman of Cormark Securities Inc.; former Chairman and Managing Partner of Enterprise Capital Management Inc.; Director of ICG Propane Inc. from 1998 to 2000; Director of Cymbria Inc.

Walentin (Val) Mirosh [3]

Director since 2007; corporate director and President of Mircan Resources Ltd.; former Vice-President and Special Advisor to the President and COO of Nova Chemicals Corp.; former Partner at Macleod Dixon LLP; Director of TC Pipelines, LP and Murphy Oil Corporation.

David P. Smith [1]

Director since 1998; corporate director; former Managing Partner of Enterprise Capital Management Inc.; Chair of the Audit Committee.

Committees

[1] Audit Committee
[2] Governance and Nominating Committee
[3] Compensation Committee

Corporate Governance

Good governance involves all employees

Superior has earned a well-deserved reputation for honesty, integrity and maintaining a high standard of business conduct. Established and well-respected governance practices are essential to helping us maintain that reputation. It is the duty of our Board of Directors (the Board) and Senior Management to ensure that these governance practices are followed. It is a core principle of Superior to be socially responsible and lawful in all of our business dealings and operations. As such, we expect and demand that all of our employees understand and comply with all laws and corporate policies that are relevant to their responsibilities, that they abide by our company's principles and values and are good ambassadors for our company and industry in all dealings with our different stakeholders.

Superior has formally adopted corporate governance policies and guidelines that demonstrate the company's commitment to maintaining a high standard of honesty, integrity and governance. All directors, officers and employees of Superior must act in accordance with our Code of Business Conduct and Ethics (the Code). Our Code defines and summarizes what we expect of our businesses and people regardless of location or background. It provides both guidance in key areas and links to more detailed standards, policies, instructions and processes for further direction. While the Code establishes principles for business conduct that are applicable throughout the company, regardless of location, each of our employees is accountable for knowing and following the laws that apply to them where they work. Where differences exist as the result of local customs, norms, laws or regulations, our employees must apply either the Code or local requirements – whichever sets the highest standard of behaviour. As a minimum, we expect all of our employees to hold themselves to the highest standards of ethics, integrity, openness and accountability in the way they conduct business.

Our governance policies are forward-looking and our leadership team is committed to constantly evaluating and modifying these policies to ensure their effectiveness as our company continues to grow.

The Board has general authority over Superior's business and affairs. The Board's fundamental objectives are to enhance Superior's investments and ensure that Superior and its businesses meet their obligations and that management operates the underlying businesses of Superior in a responsible, reliable and safe manner while adhering to effective and sound governance

practises. The Board works directly with Senior Management to identify business risks and to oversee the appropriate strategies to maximize shareholder value, while exercising oversight of the company's compliance and governance practices.

The Board is comprised of 10 members, eight of whom are independent. Grant Billing, Chairman, is not considered to be independent until November 15, 2014, which is three years following his November 2011 retirement as Chief Executive Officer. Luc Desjardins is not considered to be independent as he is the President and Chief Executive Officer. As the Chairman is not independent, the Board maintains the position of Lead Director. The current Lead Director, Peter Green, is retiring from the Board following the Annual General Meeting of Superior on May 7, 2014 and a new Lead Director will be selected by the Board. The responsibilities of the Board are set forth in a written mandate of the Board which the Board reviews annually and changes as appropriate.

To assist the Board with its fiduciary responsibilities, the Board is supported by an Audit Committee, a Compensation Committee, and a Governance and Nominating Committee. In addition, in 2014 the Board established a Health, Safety and Environment Committee to exercise oversight of health, safety and environmental matters. Previously that oversight was exercised through Advisory Committees for each business, but those committees have been disbanded as their business can be more effectively overseen by the Board and through the Health, Safety and Environment Committee (the Advisory Committee was not a formal committee of the Board). Only independent directors serve on Board committees. Each committee has a mandate that sets out its duties and responsibilities and each committee chair, as well as the Chairman and Lead Director, have position descriptions. Each committee makes regular reports to the Board. The Board reviews Superior's policies upon the recommendation of the Governance and Nominating Committee. Each of Superior's businesses also maintains appropriate programs and standards pertaining to compliance quality, health and safety, while being committed to environmental and social responsibility and support for its local communities. These and other programs are also overseen by the Board and its committees.

For complete information on our corporate governance practices, please read our 2013 Information Circular. All Committee mandates, our Code of Business Conduct and Ethics and our corporate governance policies and categorical standards are available at www.superiorplus.com.

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) as at December 31, 2013 and for the years ended December 31, 2013 and 2012. The information in this MD&A is current to February 19, 2014. This MD&A should be read in conjunction with Superior's audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2013 and 2012.

The accompanying audited consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's audited consolidated financial statements as at and for the years ended December 31, 2013 and 2012 were prepared in accordance with *International Financial Reporting Standards* (IFRS) as issued by the International Accounting Standards Board (IASB). Dollar amounts in this MD&A are expressed in Canadian dollars and millions except where otherwise noted. All tables and graphs are for the 12 months ended December 31 of the year indicated, unless otherwise stated.

Overview of Superior

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

Summary of Adjusted Operating Cash Flow

(millions of dollars except per share amounts)	**2013** [5]	2012 [4][5]
EBITDA from operations: [1]		
Energy Services	**137.5**	136.4
Specialty Chemicals	**113.7**	125.7
Construction Products Distribution	**33.2**	27.3
	284.4	289.4
Interest expense	**(58.7)**	(71.7)
Cash income tax expense	**(0.2)**	(1.1)
Corporate costs	**(17.9)**	(16.2)
Adjusted operating cash flow [1] before restructuring costs	**207.6**	200.4
Restructuring costs	**(15.3)**	(10.0)
Adjusted operating cash flow [1]	**192.3**	190.4
Adjusted operating cash flow per share before restructuring costs, basic [2]	**$1.69**	$1.79
Adjusted operating cash flow per share before restructuring costs, diluted [3]	**$1.64**	$1.74
Adjusted operating cash flow per share, basic [2]	**$1.56**	$1.70
Adjusted operating cash flow per share, diluted [3]	**$1.53**	$1.66

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

(2) The weighted average number of shares outstanding for the year ended December 31, 2013, is 123.1 million (2012 – 111.9 million).

(3) For the year ended December 31, 2013, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.6 million shares (129.7 million total shares on a dilutive basis) with a resulting impact on AOCF before restructuring costs of $5.6 million ($213.2 million total on a dilutive basis) and on AOCF of $5.6 million ($197.9 million total on a dilutive basis). For the year ended December 31, 2012, the dilutive impact of the 7.50%, October 31, 2016 convertible debentures was 6.6 million shares (118.5 million total shares on a dilutive basis) with a resulting impact on AOCF before restructuring costs of $5.6 million ($206.0 million total on a dilutive basis) and on AOCF of $5.6 million (196.0 million total on a dilutive basis).

(4) The prior year has been restated for the impact of adopting International Accounting Standard (*IAS*) *19 Employee Benefits* effective January 1, 2013. The impact to EBITDA from operations was a decrease to Energy Services of $1.3 million as at December 31, 2012 and a decrease to Specialty Chemicals of $1.8 million as at December 31, 2012, see IAS 19 – *Employee Benefits, amendments* for further details.

(5) Superior has restated its 2012 financial results and presented its 2013 financial results on a before and after restructuring cost basis due to the one-time nature of these items. See Restructuring Costs for further details.

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

(millions of dollars)	**2013**	2012
Net cash flow from operating activities	**250.3**	347.9
Add: Non-cash interest expense	**8.8**	6.7
Less: Decrease in non-cash working capital	**(0.3)**	(84.7)
Income tax expense	**(0.2)**	(1.1)
Finance expense recognized in net earnings	**(71.8)**	(77.6)
Loss (gain) on debenture redemption	**5.5**	(0.8)
Adjusted operating cash flow	**192.3**	190.4

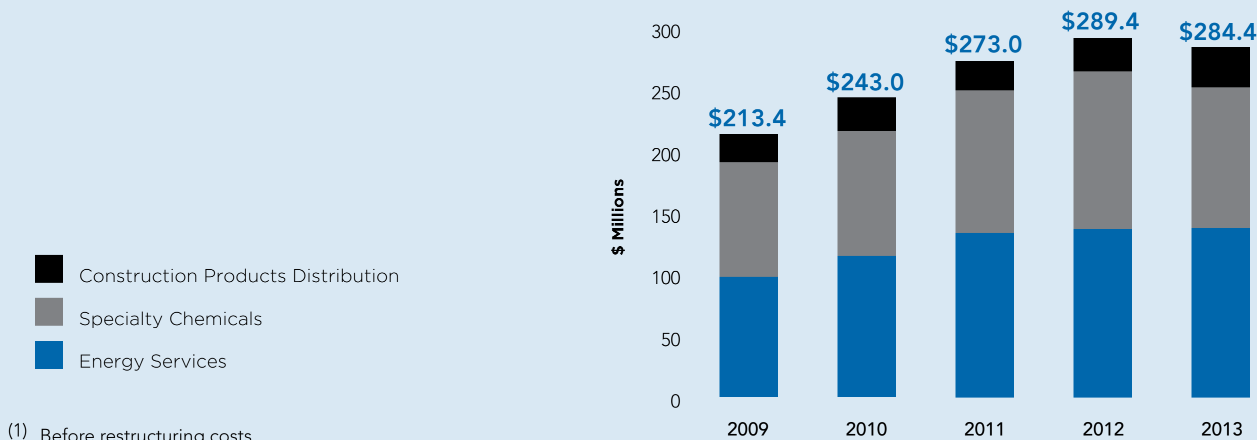
(1) See the audited consolidated financial statements for net cash flow from operating activities and changes in non-cash working capital.

Adjusted operating cash flow for the year ended December 31, 2013 (before restructuring costs of $15.3 million) was $207.6 million ($192.3 million after restructuring costs), an increase of $7.2 million or 4% from the prior year before restructuring costs. The increase in adjusted operating cash flow was due to increased EBITDA from operations of Construction Products Distribution and lower interest costs offset in part by higher corporate costs and a lower Specialty Chemicals contribution due to the one-time TransCanada Energy Ltd. settlement included in the prior year.

Adjusted operating cash flow per share (before restructuring costs) was $1.69 per share ($1.56 per share after restructuring costs) for the year ended December 31, 2013, a decrease of $0.10 per share or 6% before restructuring costs and a decrease of $0.14 per share or 8% after restructuring costs from the prior year. The increase in adjusted operating cash flow as noted above was more than offset by a 10% increase in the weighted average number of shares outstanding. The number increased in 2013 as a result of shares issued from Superior's Dividend Reinvestment Program and Optional Share Purchase Plan (DRIP) and the completion of an equity offering of 13.0 million shares on March 27, 2013 for gross proceeds of $137.6 million.

As demonstrated in the following chart, Superior is well diversified with Energy Services, Specialty Chemicals and Construction Products Distribution contributing respectively 48%, 40%, and 12% of EBITDA from operations before restructuring costs in 2013.

EBITDA from Operations(1)



(1) Before restructuring costs

Superior had net earnings of $52.7 million for 2013, compared to net earnings of $90.0 million for 2012. The decrease was primarily due to unrealized losses on financial instruments in 2013 as compared to gains in the prior year due to the appreciation of the U.S. dollar offset in part by higher gross profits and lower interest costs. Consolidated revenues of $3,752.8 million in 2013 were $128.5 million higher than in the prior year. This was due primarily to higher Energy Services' revenue as a result of increased commodity prices and sales volumes, higher Specialty Chemicals' revenue due to higher sales volumes and higher Construction Products Distribution revenue due to improved sales volumes and the benefit of sales initiatives. Gross profit of $868.8 million was $22.5 million higher than in the prior year due to improved gross profit at Energy Services and Construction Products Distribution due to increased sales volumes, higher revenues and margins offset in part by lower gross profits at Specialty Chemicals due to lower margins.

Operating expenses of $718.0 million in 2013 were $20.9 million higher than in the prior year, due to restructuring costs and higher operating expenses associated with increased volumes offset in part by lower amortization expense. The decrease in amortization expense was due to fully amortizing certain intangible assets during 2013. Total restructuring costs of $15.3 million were incurred by Energy Services and Construction Products Distribution as part of Superior's operational improvement efforts. Corporate costs were higher than in the prior year due to increased long-term incentive costs, which resulted from the increase in Superior's share price. Total interest expense of $71.8 million was $5.8 million lower than in the prior year due principally to lower average debt throughout the year and the benefit of redeeming Superior's 8.25% $150.0 million senior unsecured debentures on October 28, 2013 and completion of an equity offering on March 27, 2013. An intangible asset and goodwill impairment charge of $15.5 million was recognized during 2013 within the U.S. refined fuels business due to reductions in the short-term forecast for the business and challenging wholesale market conditions. Unrealized losses on derivative financial instruments were $5.1 million in 2013 compared to unrealized gains of $32.1 million in the prior year. The increase in unrealized losses from the prior year is primarily due to higher unrealized losses in the current year on Superior's foreign exchange forward contracts due to the appreciation of the U.S. dollar offset in part by unrealized gains on natural gas forward contracts from positive fluctuations in the spot prices of natural gas. Gains and 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 $5.7 million for 2013 compared to an expense of $9.0 million for 2012 and decreased due to lower net earnings in 2013 and the absence of adjustments associated with changes in enacted tax rates.

Annual Financial Results of Superior's Operating Segments

Energy Services

Energy Services' condensed operating results for 2013 and 2012:

(millions of dollars)	**2013**	2012 [2]
Revenue [1]	**2,372.9**	2,301.6
Cost of sales [1]	**(1,907.7)**	(1,854.2)
Gross profit	**465.2**	447.4
Less: Cash operating and administrative costs [2]	**(327.7)**	(311.0)
EBITDA from operations	**137.5**	136.4

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

(2) The prior year has been restated for the impact of adopting IAS 19 *Employee Benefits, amendments* effective January 1, 2013. Cash operating and administrative costs were increased by $1.3 million for year ended December 31, 2012.

(3) Energy Services' EBITDA from operations has been restated and restructuring costs have been excluded from EBITDA from operations. The above results exclude restructuring costs of $9.1 million from 2013 and $3.5 million from 2012. See Restructuring costs for further details.

Revenues were $2,372.9 million in 2013, an increase of $71.3 million from $2,301.6 million in 2012. The increase was primarily due to higher commodity prices and sales volumes. Total gross profit for 2013 was $465.2 million, an increase of $17.8 million or 4% from the prior year. The increase in gross profit is due to higher sales volumes at Canadian propane distribution, U.S. refined fuels and supply portfolio management due to colder weather and the benefit of improved customer sales and retention efforts, offset in part by lower gross profits from the fixed-price energy services business. A review of gross profit is provided on page 12.

Gross Profit Review

(millions of dollars)	**2013**	2012
Canadian propane distribution	**250.4**	235.7
U.S. refined fuels distribution	**130.2**	123.1
Other services	**42.1**	39.6
Supply portfolio management	**24.9**	18.3
Fixed-price energy services	**17.6**	30.7
Total gross profit	**465.2**	447.4

Canadian Propane Distribution

Canadian propane distribution gross profit for 2013 was $250.4 million, an increase of $14.7 million or 6% from 2012, due to higher gross margins and sales volumes. Residential and commercial sales volumes in 2013 were 37 million litres or 10% higher than in the prior year due to colder weather during the first quarter and fourth quarter of 2013 and the benefit of improved customer sales and retention efforts. Average weather across Canada for the year, as measured by degree days, was 6% colder than in the prior year and 3% colder than the five-year average. Industrial volumes decreased by 17 million litres or 2%, primarily due to lower oilfield services demand associated with gasification of certain customer sites and lower customer activity. Automotive propane volumes increased by 6 million litres or 8%. This increase is in contrast to the historical structural decline experienced in this end-use market, and is due to the continued favourable price spread between propane and gasoline.

Average propane sales margins for 2013 increased to 18.8 cents per litre from 18.2 cents per litre in the prior year. The increase was principally due to improved pricing management and favourable movement in the sales mix as 2013 included an increased proportion of higher-margin sales volumes.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [1]			**Volumes by Region** [2]		
(millions of litres)	**2013**	2012	(millions of litres)	**2013**	2012
Residential	**135**	121	Western Canada	**766**	751
Commercial	**278**	255	Eastern Canada	**465**	440
Agricultural	**73**	60	Atlantic Canada	**100**	101
Industrial	**764**	781			
Automotive	**81**	75			
	1,331	1,292		**1,331**	1,292

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

U.S. Refined Fuels Distribution

U.S. refined fuels gross profit for 2013 was $130.2 million, an increase of $7.1 million or 6% from the prior year. The increase in gross profit was due to higher sales volumes and gross margins. Sales volumes increased by 34 million litres or 2% from the prior year to 1,633 million litres, primarily due to colder weather during the first and fourth quarters of 2013 than in the prior year's quarters and continued growth of the propane customer offset in part by challenging market conditions for the wholesale business throughout the fourth quarter due to unusually low rack/spot market prices which resulted in wholesale customers purchasing directly from the rack at discounted prices. Weather as measured by heating degree days for the year was 18% colder than the prior year and 2% colder than the five-year average. Average U.S. refined fuels sales margins of 8.0 cents per litre increased slightly from the 7.7 cents per litre recorded in the prior year. The increase in sales margins was due to sales mix and pricing management.

U.S. Refined Fuels Distribution Sales Volumes

Volumes by End-Use Application [1]

(millions of litres)	**2013**	2012
Residential	**304**	274
Commercial	**775**	764
Automotive	**554**	561
	1,633	1,599

Volumes by Region [2]

(millions of litres)	**2013**	2012
Northeast United States	**1,633**	1,599
	1,633	1,599

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

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

Other Services

Other services gross profit was $42.1 million in 2013, an increase of $2.5 million or 6% from the prior year. The increase in other services gross profit is due to higher demand for installations offset in part by lower service contract business.

Supply Portfolio Management

Supply portfolio management gross profits were $24.9 million in 2013, an increase of $6.6 million or 36% from the prior year due to improved market-related opportunities associated with the cold weather experienced during 2013, the benefit of lower supply costs and gains realized on fixed-price settlements.

Fixed-Price Energy Services

Fixed-Price Energy Services Gross Profit

	2013			2012		
(millions of dollars except volume and per unit amounts)	**Gross Profit**	**Volume**	**Per Unit**	Gross Profit	Volume	Per Unit
Natural gas [1]	**11.1**	**18.8 GJ**	**59.0 ¢/GJ**	21.5	18.7 GJ	115.0 ¢/GJ
Electricity [2]	**6.5**	**891.4 KWh**	**0.73 ¢/KWh**	9.2	816.7 KWh	1.13 ¢/KWh
Total	**17.6**			30.7		

[1] Natural gas volumes are expressed in millions of gigajoules (GJ).

[2] Electricity volumes are expressed in thousands of kilowatt hours (KWh).

Fixed-price energy services gross profit was $17.6 million in 2013, a decrease of $13.1 million (43%) from $30.7 million in the prior year. Natural gas gross profit was $11.1 million, a decrease of $10.4 million (48%) from $21.5 million in the prior year due to lower margins. Gross profit per unit was 59.0 cents per gigajoule (GJ), a decrease of 56.0 cents per GJ (49%) from the prior year. The decrease in natural gas gross margins was due to the continued decline of higher-margin residential customers from the pool of previously contracted business. Sales volumes of natural gas were 18.8 million GJ, consistent with the prior year as the continued decline in residential volumes as a result of focusing marketing efforts towards the commercial segment was offset by commercial demand and colder weather. Electricity gross profit in 2013 was $6.5 million, a decrease of $2.7 million or 29% from the prior year due to lower gross margins offset in part by higher sales volumes. The decrease in gross margins was due to sales mix as the current year includes a higher proportion of lower-margin commercial customers. The increase in electricity sales volumes was due to colder weather and continued aggregation of commercial customers in Ontario and Pennsylvania and commercial customers in New York.

Operating Costs

Cash operating and administrative costs were $327.7 million in 2013, an increase of $16.7 million or 5% from the prior year. Operating costs were higher than in the prior year due to higher employee costs due to increased sales volumes, higher employee incentive costs, higher truck maintenance costs and consulting costs associated with the Canadian Propane distribution information technology project.

U.S. Refined Fuels Impairments

During the fourth quarter of 2013, Energy Services performed a detailed impairment review of its intangible assets and goodwill. This calculation was performed as part of the annual impairment test and resulted in indications of impairment in the U.S. refined fuels segment of Energy Services. As a result of a detailed cash flow evaluation, Energy Services recorded an impairment charge of $15.5 million to the intangible assets and goodwill of U.S. refined fuels.

On October 20, 2012, a kerosene leak was discovered in the bottom of a storage tank at U.S. refined fuels Marcy terminal location. The leak was investigated and contained by management. U.S. refined fuels then notified the Department of Environmental Conservation (DEC) which performed an independent review of the leak and other tanks at this location. On December 27, 2012, the DEC issued a notice of violation based on its inspections and subsequent to discussions between management and the DEC, a consent order was issued to U.S. refined fuels on February 4, 2013. The consent order stated that the secondary containment system and storage tanks were not in compliance with DEC design requirements and needed to be rebuilt to specific standards by September 1, 2013 in order to remain operational. The consent order was modified in October 2013 to extend the requirement to rebuild to specific standards by September 1, 2014. Repair of the facility has been suspended pending the outcome of a dispute between Superior and the previous owner and operator of the facility as to responsibility for the repair. This decision is not expected to have any material impact on the operations of U.S. refined fuels or operating results going forward.

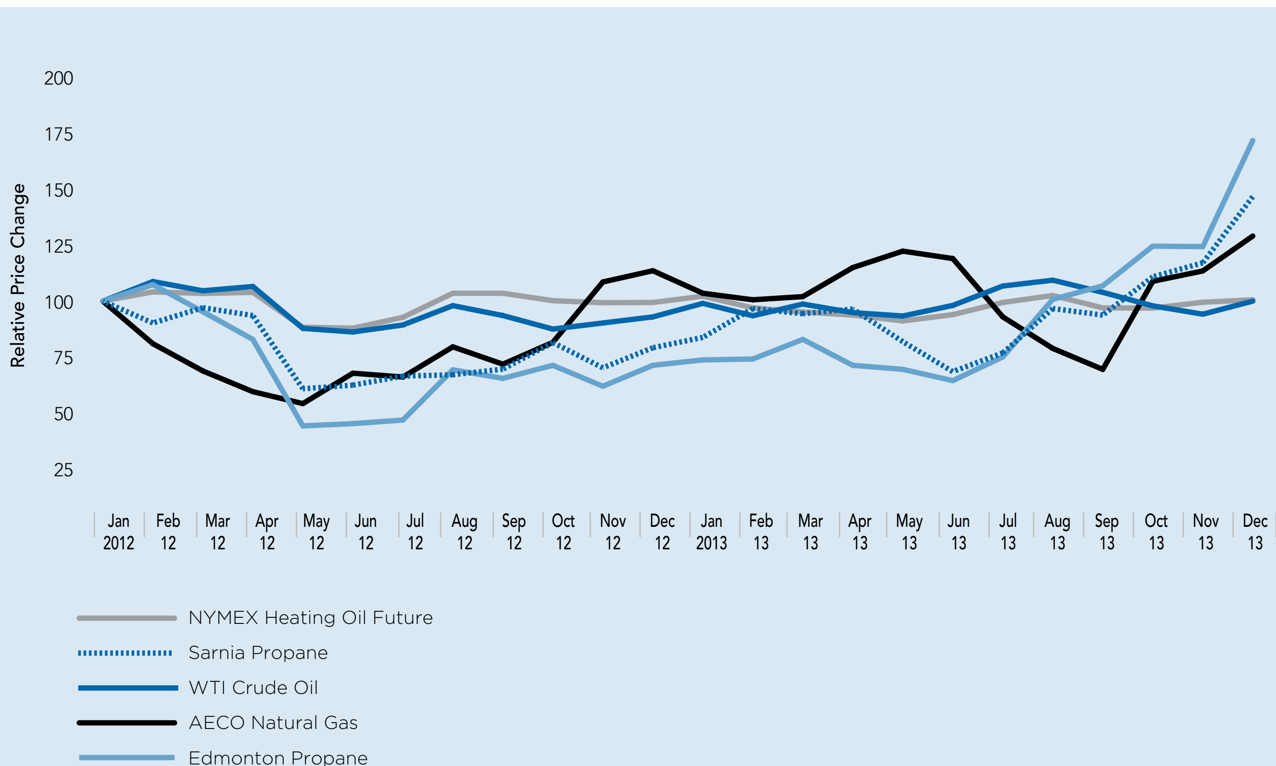
Due to the leak and receipt of the consent order, management has performed a detailed impairment review of the Marcy terminal to assess whether the carrying value of all the storage tanks does not exceed the recoverable amount. The recoverable amount of the assets was based on management's estimate of the fair value less costs to sell. Based on a detailed review by management, the fair value less costs to sell of the storage tanks was lower than the carrying value. An impairment charge of $4.7 million was recorded during the fourth quarter of 2012 against net earnings along with a $4.7 million reduction in the carrying value of the impaired storage tanks.

Operational Information

Overall, Energy Services' operations benefit from the segment's leading market share in the Canadian propane distribution market and considerable operational and customer diversification throughout Canada and the Northeast United States through Superior's U.S. refined fuels assets. Energy Services' customer base is well diversified geographically and across end-use applications, and its largest customer contributed approximately 3% of gross profits in 2013. Energy Services' top 10 customers comprised approximately 17% of its revenues in 2013, with its largest customer representing approximately 4% of its revenues.

As shown in the chart below, wholesale propane and heating oil prices fluctuated throughout 2013 and started to increase significantly during December due to extremely cold weather in part of Eastern Canada and North Eastern U.S. Approximately 28% of Superior's fuel distribution sales volumes are due to heating-related applications and 72% are due to general economic activity.

Relative Change in Edmonton Propane, WTI Crude Oil, Natural Gas, NYMEX Heating Oil vs. Sarnia Propane



Acquisitions

On November 27, 2013, Superior completed the acquisition of certain assets constituting a retail propane and commercial fuels distribution business (Townsend) in Le Roy, New York for an aggregate price of $9.6 million including deferred consideration and net of adjustments for net working capital. The operations will provide U.S. refined fuels with access to additional propane and fuel oil customers, improved geographic coverage in upstate New York and additional distribution facilities.

On July 17, 2012, Superior completed the acquisition of certain assets constituting a propane distribution business for an aggregate price of $5.5 million including adjustments for net working capital. The primary purpose of the acquisition was to expand Energy Services' business in British Columbia and benefit from synergies and certain operating assets.

Financial Outlook

EBITDA from operations for 2014 is anticipated to be higher than in 2013 due to improved results at the Canadian propane and U.S. refined fuels businesses. Improvement in EBITDA is anticipated as a result of modestly higher sales volumes and improved average sales margins due to the ongoing business operational improvements. EBITDA from the fixed-price energy services and wholesale supply business is anticipated to be consistent with 2013. Operating expenses are anticipated to be lower than in 2013 due to improved efficiency from the operational restructuring offset in part by costs associated with higher volumes. Average weather, as measured by degree days, is anticipated to be consistent with the five-year average in 2014. Operating conditions for 2014 are anticipated to be similar to 2013. Superior anticipates that the difficult wholesale propane supply conditions experienced at the beginning of 2014 which were due in part to lower than average propane storage levels and colder than average temperatures which in turn increased demand and caused difficulty in transporting product will moderate towards the end of the first quarter of 2014.

Initiatives to improve results in the Energy Services' business continued during the fourth quarter of 2013 in conjunction with Superior's *Destination 2015* initiative and Superior's goal for each of its businesses to become best-in-class. Business improvement projects for 2013 and 2014 include: a) improving customer service, b) improving overall logistics and procurement functions, c) enhancing the management of margins, d) working capital management e) improving existing and implementing new technologies to facilitate improvements to the business, f) headcount reductions and g) completing a detailed restructuring plan and commencing the related work.

The restructuring plan for the Canadian Propane distribution and U.S. refined fuels businesses will accelerate realization of operating efficiencies by implementing a more disciplined and consistent management operating system across the segment designed to leverage the new processes and information system investments and by sizing the organization to efficiently meet its operational business needs. The restructuring plan is expected to be completed by mid-2014.

System Conversion

In 2013, Canadian propane distribution commenced the implementation of an order-to-cash, billing and logistics IT system to replace the distribution and invoicing functions of the present enterprise system. To mitigate the risk associated with system changes, Canadian propane distribution will leverage what was learned in the U.S refined fuels organization, which has been using this system for several years. The total estimated cost of the implementation is $19.2 million. Approximately $16.5 million has been incurred to date and the estimated completion is the summer of 2014. During the third and fourth quarters of 2013, the new system was successfully implemented in the Atlantic and British Columbia regions. The remaining regions will be converted throughout the first half of 2014. The implementation has been phased in order to minimize the impact on the business during the heating season.

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

Specialty Chemicals

Specialty Chemicals' condensed operating results for 2013 and 2012:

	2013		2012	
(millions of dollars except per metric tonne (MT) amounts)		**$ per MT**		$ per MT
Chemical revenue [1]	**582.6**	**705**	542.2	703
Chemical cost of sales [1]	**(330.8)**	**(400)**	(283.9)	(368)
Chemical gross profit	**251.8**	**305**	258.3	335
Less: Cash operating and administrative costs [1]	**(138.1)**	**(167)**	(132.6)	(172)
EBITDA from operations	**113.7**	**138**	125.7	163
Chemical volumes sold (thousands of MTs)	**826**		771	

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

Chemical revenue was $582.6 million in 2013, $40.4 million or 7% higher than in the prior year, primarily as a result of increased sodium chlorate and chloralkali/potassium sales volumes and pricing.

Gross profit of $251.8 million in 2013 was $6.5 million or 3% lower than in the prior year primarily due to the one-time favourable net contribution from a settlement payment received from TransCanada Energy Ltd. in August 2012 (see Settlement). Sodium chlorate gross profit (excluding the settlement) increased by $10.1 million or 7%, due to higher sales volumes offset in part by lower gross margins. The sodium chlorate segment also benefited from the execution of a strategic supply agreement in October 2013 (see Strategic Supply Agreement).

Sodium chlorate sales volumes increased by 42,000 tonnes or 9% over the prior year due to higher demand in North America as a result of increased demand for pulp, increased Chilean sale volumes and the impact of the strategic supply agreement.

Average selling prices for sodium chlorate were 4% higher than in the prior year due to price increases from contract renewals, offset in part by lower U.S. dollar forward exchange contract settlements on U.S. dollar-denominated sales. See "Financial Instruments — Risk Management" for a discussion of hedge positions.

Cost of sales for sodium chlorate was higher than in the prior year due to increased inventory purchase costs, higher average electrical input costs and the one-time favourable net contribution from the settlement payment received from TransCanada Energy Ltd. during the third quarter of 2012 (see Settlement for further details). Electrical costs, which represent 70% to 85% of the variable costs of the production of sodium chlorate, were higher than in the prior year due to upward pressure on overall electricity pricing.

Chloralkali/potassium gross profits decreased by $4.1 million or 5%, due to lower gross margins and a higher proportion of lower priced chlorine sales offset in part by higher sales volumes. Chloralkali/potassium sales volumes increased by 13,000 tonnes or 5% due to strong potassium product demand for de-icing. Overall average selling prices were lower than in 2012 due primarily to weakness in the price of chlorine, which reduced results and margins.

Total chemical sales volumes were 826,000 tonnes in 2013, an increase of 55,000 tonnes or 7% from the prior year, due to higher sodium chlorate and chloralkali/potassium sales volumes as noted above. Average chemical revenue per MT was $705, consistent with the prior year of $703 per MT. Sodium chlorate and chloralkali/potassium production capacity utilization in 2013 averaged 90% (2012 — 92%) and 87% (2012 — 84%), respectively.

Cash operating and administrative costs were $138.1 million in 2013, an increase of $5.5 million or 4% from the prior year. Operating expenses were affected by higher maintenance expenditures, higher engineering costs and general inflationary increases.

Strategic Supply Agreement

In October 2013, Specialty Chemicals entered into a supply agreement with Tronox LLC (Tronox) to purchase up to 130,000 MT of sodium chlorate per year from Tronox's Hamilton, Mississippi facility, as nominated annually by Specialty Chemicals. The initial term of the agreement extends to December 31, 2016 and may be automatically extended in one year increments thereafter. Under the agreement, Tronox will continue to own and operate the facility, and Specialty Chemicals will purchase sodium chlorate to meet customer demands under certain customer contracts being assumed and to supply other existing and new customers. Specialty Chemicals paid an initial fee of $4.3 million and will incur a quarterly fee of $0.8 million during the initial term, plus a cost for sodium chlorate delivered. As part of the Agreement, Specialty Chemicals will acquire finished inventory and assume existing railcar leases and customer contracts, as assigned. Additionally, the parties have entered into a strategic long-term agreement for the supply of chloralalkali product by Specialty Chemicals to service Tronox's requirements in North America. Under the agreement, if the annual nominated volume by Specialty Chemicals is less than the specified volume of product set out in the agreement, Tronox may terminate the agreement early, at its sole option and its sole cost to permanently shut down the plant for the manufacture of sodium chlorate.

Settlement

In August 2012, Specialty Chemicals received a payment of $15.8 million from TransCanada Energy Ltd., a subsidiary of TransCanada Corporation, in connection with the arbitration ruling related to the Sundance Power Purchase Agreement (PPA) between TransAlta Corporation and TransCanada Energy Ltd. The payment resulted from an electrical sales agreement between TransCanada Energy Ltd. and Superior whereby TransCanada Energy Ltd. supplies Superior with fixed-priced energy from the PPA. A one-time gain of $12.5 million, representing the payment net of certain settlement costs, was recorded in cost of goods sold.

Major Capital Projects

As announced in the first quarter of 2012, Superior approved an $18.0 million expansion of hydrochloric acid production capacity at the Port Edwards, Wisconsin chloralkali facility. The plant's capacity of 110,000 wet metric tonnes (WMT), or 36,000 dry metric tonnes, is being increased to approximately 220,000 WMT. The expansion project commenced in 2012, with commercial production expected early in the fourth quarter of 2014.

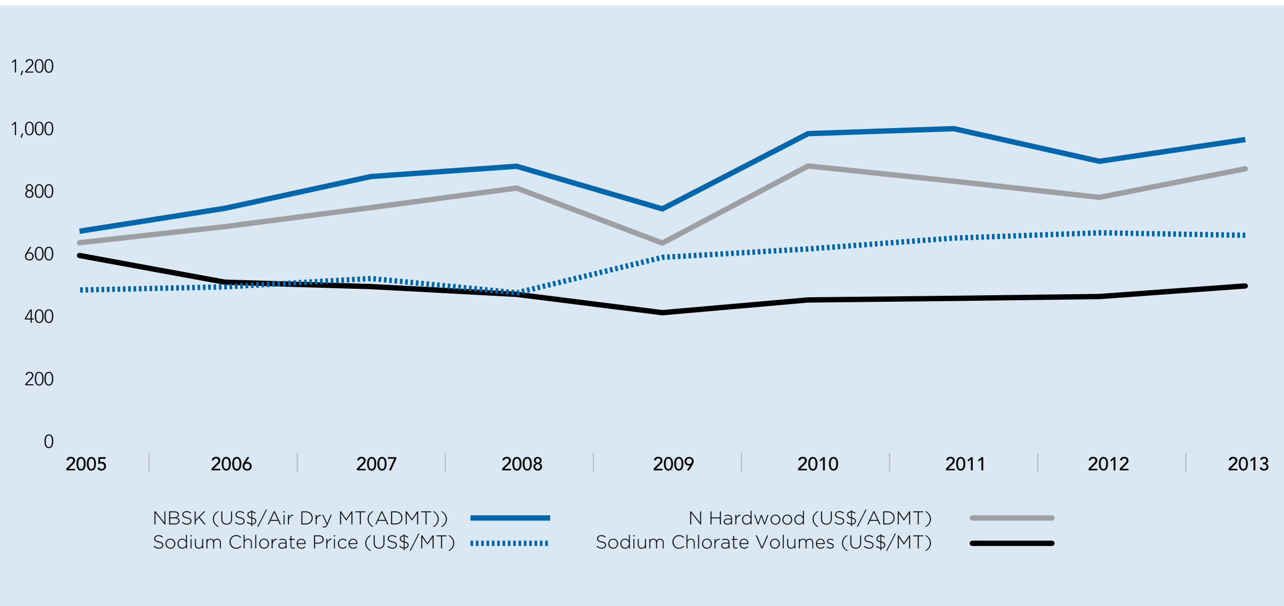
As announced in the third quarter of 2012, Superior has approved a $25.0 million expansion of hydrochloric acid production capacity at the Saskatoon, Saskatchewan chloralkali facility. The plant's capacity of 70,000 WMT, or 22,000 dry metric tonnes, will be increased to approximately 140,000 WMT. The expansion project commenced in 2012, with commercial production expected in the fourth quarter of 2014.

As at December 31, 2013, a total of $19.0 million had been spent on the two projects. Upon completion of both projects, Superior will have total hydrochloric acid production capacity of approximately 360,000 WMT. The two expansions will allow Superior to optimize overall returns at both facilities by converting a larger portion of its chlorine into higher-value hydrochloric acid.

Operational Information

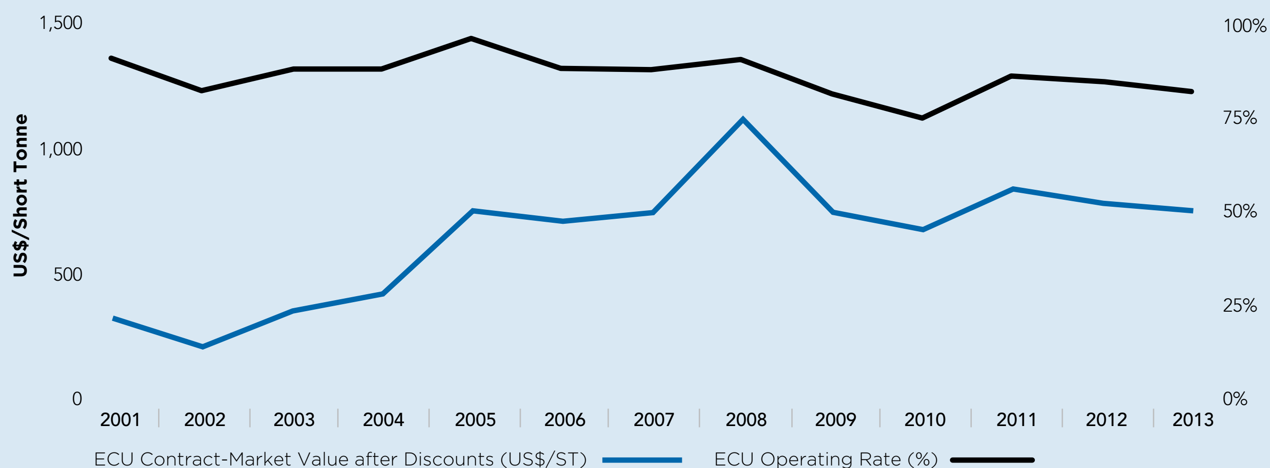
Sodium chlorate sales in 2013 represented 67% of Specialty Chemicals' EBITDA from operations, excluding the PPA settlement, an increase of 4% from the 63% contribution in 2011. Sodium chlorate is principally sold to bleached pulp manufacturers. It is used to generate chlorine dioxide for bleaching pulp. 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).

Pulp Prices Compared to Sodium Chlorate Prices and Sales Volumes



Chloralkali/potassium sales in 2013 contributed 33% of EBITDA from operations, a decrease of 4% from 37% in 2012. Operating rates of the North American Chloralkali segment and electrochemical unit (ECU) pricing have remained relatively stable in 2013.

Chloralkali ECU Pricing Compared to Operating Rates



Specialty Chemicals' top 10 customers comprised approximately 50% of its revenues in 2013, with its largest customer representing 8% of its revenues.

Financial Outlook

EBITDA from operations for 2014 is expected to be lower than in 2013 due to lower sodium chlorate contribution from higher average electricity prices, offset in part by the contribution from the strategic supply agreement described above. Contribution from the chloralkali segment is anticipated to be higher than in 2013 due to the completion of the hydrochloric acid facility expansions during 2014. Selling prices and sales volumes of caustic, chlorine and hydrochloric acid are anticipated to be similar to 2013 as supply and demand fundamentals in the chloralkali markets in which Superior operates are anticipated to remain consistent with the prior year.

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

Construction Products Distribution

Construction Products Distribution's condensed operating results for 2013 and 2012:

(millions of dollars)	**2013**	2012
Revenue (2)		
Gypsum Specialty Distribution (GSD) revenue (1)	**525.4**	517.9
Commercial and Industrial Insulation (C&I) revenue	**274.8**	261.0
Cost of sales (2)		
GSD cost of sales	**(400.0)**	(401.6)
C&I cost of sales	**(204.2)**	(193.4)
Gross profit	**196.0**	183.9
Less: Cash operating and administrative costs	**(162.8)**	(156.6)
EBITDA from operations	**33.2**	27.3

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

(2) The prior year's revenue and cost of sales classifications between GSD and C&I have been adjusted to align with the current year's classification.

(3) Construction Products Distribution EBITDA from operations has been restated on a before restructuring cost basis, and the above results exclude restructuring costs of $6.2 million in 2013 and $6.5 million in 2012. See Restructuring Costs for further details.

GSD and C&I revenues were $800.2 million for 2013, $21.3 million or 3% higher than in the prior year. GSD revenue increased due to higher sales volumes as a result of ongoing improvement in the U.S. residential markets offset in part by lower contribution from some Canadian regions due to a slowdown in Canadian residential markets and branch closures completed during 2012. C&I revenues were higher than in the prior year due to successful investments in sales and marketing and other initiatives to increase sales.

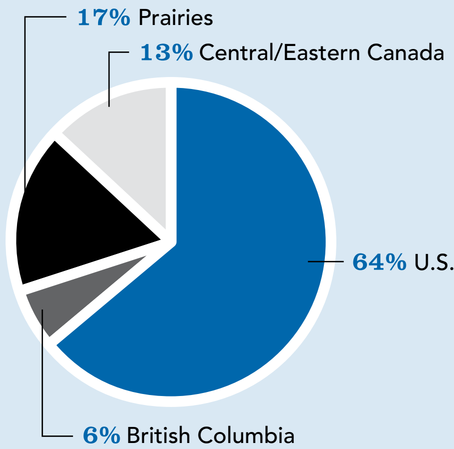
Gross profit was $196.0 million in 2013, was $12.1 million or 7% higher than in the prior year due to increased revenues as noted above and higher GSD gross margins. The increase in GSD gross margins was due to improved average selling prices, successful procurement initiatives and the benefit of exiting less profitable markets. C&I gross margins were consistent with the prior year.

Cash operating and administrative costs were $162.8 million in 2013, an increase of $6.2 million or 4% from the prior year. The increase was primarily due to higher employee costs associated with increased sales volumes, investment in additional sales capabilities, appreciation of the U.S. dollar, the system integration project costs and general inflationary increases.

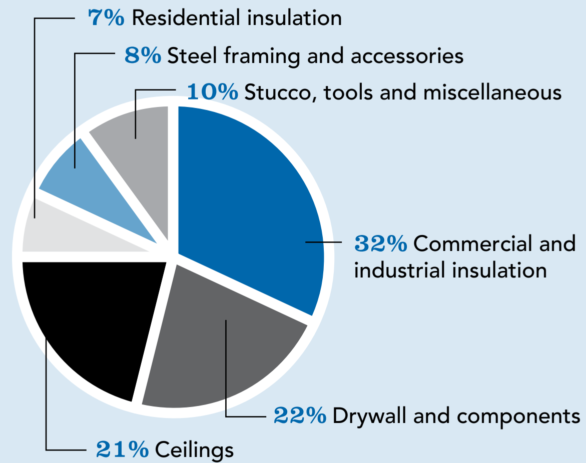
Operational Information

Construction Products Distribution enjoys considerable geographical and customer diversification, servicing over 17,000 customers from 115 distribution branches (see "Total Revenues by Region" pie chart). Its 10 largest customers represent approximately 7% of its annual distribution sales, with the largest customer generating approximately 1% of annual distribution sales. Construction Products Distribution enjoys a strong position in its operating markets, supported by its complete walls, ceilings, residential insulation, commercial and industrial insulation product lines, and by its procurement capabilities (see "Total Revenues by Product" pie chart).

Total Revenues by Region — 2013

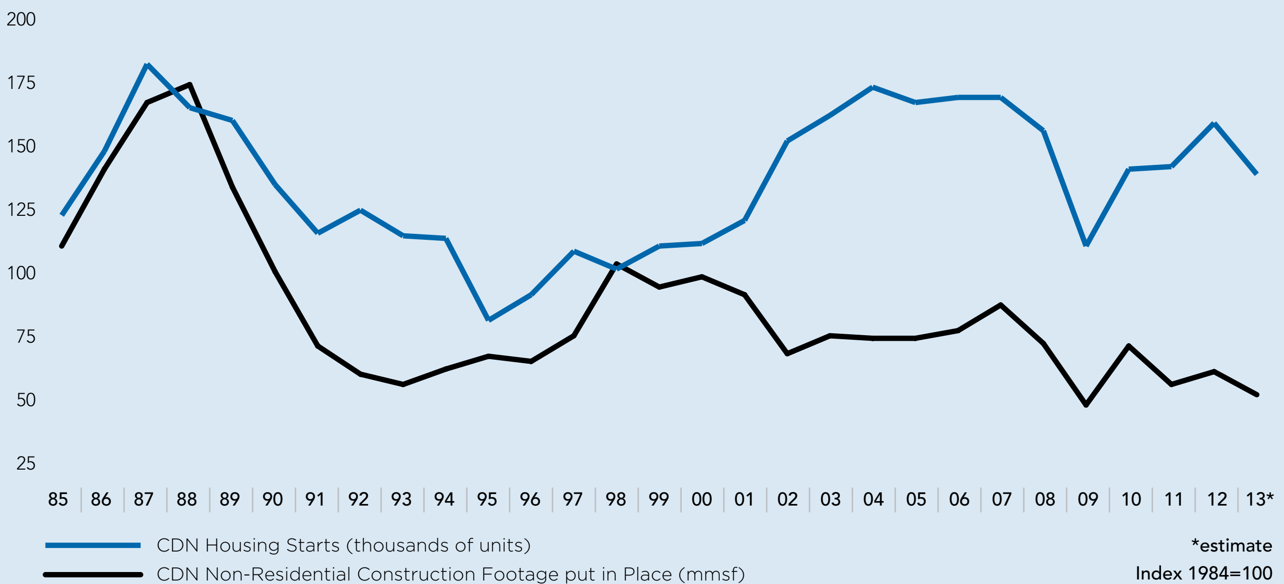


Total Revenues by Product — 2013

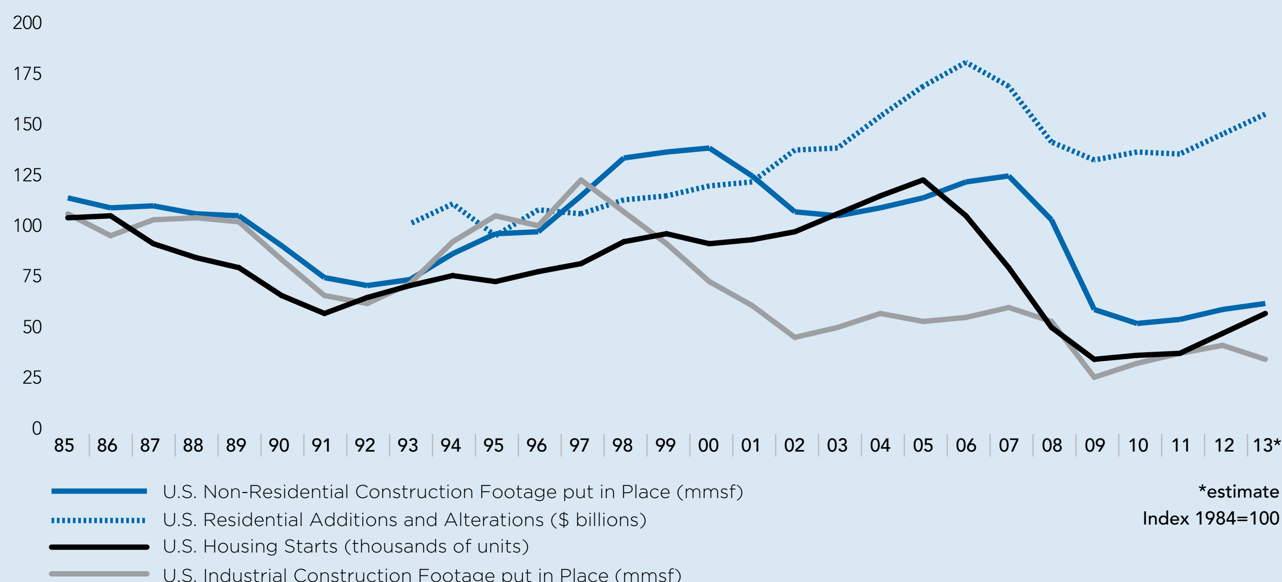


Sales to commercial and industrial builders and contractors are comprised of Construction Products Distribution's full product line, whereas sales to residential builders and contractors are principally comprised of drywall and components, insulation and plaster products. Demand for walls and ceiling construction products is influenced by overall economic conditions with approximately 58% of sales from servicing commercial new construction and remodelling activity, 25% from servicing residential new construction and remodelling activity and 17% from servicing industrial activity. New commercial construction and industrial demand trends have historically lagged new residential construction (see charts on the Canadian and U.S. end-use construction segments below).

Canadian End-Use Construction Segments



U.S. End-Use Construction Segments



Financial Outlook

Superior anticipates that EBITDA from operations in 2014 will be higher than in 2013 due to continued improvements in U.S. residential construction markets as well as benefits resulting from completing ongoing business initiatives. Superior anticipates that the U.S. commercial market will modestly improve in 2014 over 2013 and that the Canadian residential markets will continue to be challenging.

Initiatives to improve results in the Construction Products Distribution business continued during the fourth quarter of 2013. Ongoing business improvement projects for 2013 and 2014 include: a) assessment of overall logistics and existing branch network, b) review of supply chain management including procurement and transportation, c) review of product pricing, d) working capital management, e) sales growth in select focus products/markets, and f) completing the detailed restructuring plan.

In late 2013, CPD initiated a business transformation project to fully integrate its C&I and GSD operations. The project consists of realigning the management structure along geographic lines, adopting best practice common business processes, and integrating all operations onto a single ERP (computer) system. The project is expected to take approximately two years and conclude at the end of 2015.

As part of the business transformation project, the Calgary, Alberta corporate office will relocate to Dallas, Texas. This will position the corporate office in a central location and a major North American travel hub, closer to its customers and suppliers and the majority of its revenue base. The relocation commenced in the fourth quarter of 2013 and will be completed during the fall of 2014.

During 2012 and 2013, Construction Products Distribution underwent successful operational restructuring through branch rationalization to reduce operating expenses. In 2014, it will complete its management realignment to make the organization more agile and increase its ability to capitalize on the U.S. residential and commercial construction recovery. Common business processes and systems will be implemented across the business, a project that was delayed over the past several years due to challenging market conditions.

As part of Superior's plan to maximize shareholder value, Superior conducts an ongoing review of its portfolio of businesses and assesses the strategic fit of all its businesses from time-to-time. In light of the ongoing improvements in the U.S. construction industry, Superior is currently assessing strategic alternatives for its Construction Products Distribution segment and has hired a financial advisor.

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

Consolidated Capital Expenditure Summary

(millions of dollars)	**2013**	2012
Efficiency, process improvement and growth-related	**44.3**	11.4
Other capital	**34.2**	32.4
	78.5	43.8
Investment in supply agreement	**4.3**	–
Acquisitions	**7.6**	5.5
Proceeds on disposition of capital	**(6.6)**	(4.5)
Total net capital expenditures	**83.8**	44.8
Capital-equivalent of finance leases	**36.9**	8.1
Total expenditures including finance leases	**120.7**	52.9

Efficiency, process improvement and growth-related expenditures were $44.3 million in 2013 compared to $11.4 million in the prior year. The increase was primarily related to the expansion projects at Specialty Chemicals' and Energy Services' purchases of rental assets, truck related expenditures and expenditures on the Canadian Propane distribution system conversion.

Other capital expenditures were $34.2 million in 2013, compared to $32.4 million in the prior year, consisting primarily of required maintenance and general capital across Superior's segments.

During October, Specialty Chemicals entered into a strategic supply agreement which required an initial investment of $4.3 million (see Strategic Supply Agreement).

On November 27, 2013, Superior completed the acquisition of certain assets constituting a retail propane and commercial fuels distribution business (Townsend) in Le Roy, New York for an aggregate price of $9.6 million including deferred consideration and net of adjustments for net working capital. The operations will provide U.S. refined fuels with access to additional propane customers. In July 2012, the Energy Services' segment completed the acquisition of the assets of a small regional propane distribution business for $5.5 million, excluding $1.0 million in net working capital.

Proceeds on the disposal of capital were $6.6 million in 2013 and consisted of Superior's disposition of surplus tanks, cylinders and other assets.

During 2013, Superior entered into new leases with capital-equivalent value of $36.9 million, primarily related to delivery vehicles for the Energy Services and Construction Products Distribution segments and a finance lease of $21.5 million related to the strategic supply agreement.

Capital expenditures were funded from a combination of operating cash flow, the issuance of common shares and revolving-term bank credit facilities.

Corporate and Interest Costs

Corporate costs were $17.9 million in 2013, an increase of $1.7 million over the prior year. The increase was due to higher long-term incentive plan costs associated with the increase in Superior's share price during the year.

Interest expense on borrowing and interest on finance lease obligations was $30.2 million for 2013, a decrease of $8.2 million from the $38.4 million in the prior year. The decrease was due to lower average debt as a result of Superior's $143.9 million equity offering ($137.8 million net of issuance costs) which closed on March 27, 2013, higher cash flows, redemption of Superior's 8.25% $150 million senior unsecured notes on October 28, 2013 with lower rate revolving debt and the benefit of debt repayments during the past year. See "Liquidity and Capital Resources" for further details on the change in average debt levels.

Interest on Superior's convertible unsecured subordinated debentures ("Debentures" which include all series of convertible unsecured subordinated debentures) was $28.5 million for 2013, a decrease of $4.8 million from $33.3 million in the prior year. The decrease was due to the redemption of $49.9 million of Superior's 5.75% convertible subordinated debentures due December 31, 2012 on August 1, 2012, $50.0 million of Superior's 5.85% convertible subordinated debentures due October 31, 2015 on January 3, 2013, $25.0 million of Superior's 5.85% convertible subordinated debentures due October 31, 2015 on April 9, 2013 and $68.9 million of Superior's 7.50% convertible subordinated debentures due December 31, 2014 on September 3, 2013. The above noted decrease was offset in part by the issuance of $97.0 million of 6.00% convertible subordinated debentures on July 22, 2013 which mature on June 30, 2019.

Restructuring Costs

Superior's restructuring costs have been categorized together and excluded from segmented results. Below is a table summarizing these costs:

(millions of dollars)	**2013**	2012
Severance costs	**5.7**	4.3
Branch closure costs and lease termination costs	**4.7**	5.7
Consulting costs	**1.3**	–
Inventory write-downs	**3.6**	–
Total restructuring costs	**15.3**	10.0

Superior recognized $15.3 million of restructuring costs during 2013 as compared to $10.0 million in the prior year. The increase was due to the completion of a comprehensive restructuring plan during the fourth quarter of 2013 for the Energy Services and Construction Products Distribution segments. Total costs of $9.1 million were recognized by Energy Services primarily related to employee severance costs, consulting costs and inventory write-downs due to exiting a certain portion of the service business. Construction Products Distribution recognized a total of $6.2 million in costs related to employee severance, branch closure and lease termination costs. Superior expects to incur between $7 million and $10 million of additional restructuring costs during the first half of 2014. Superior disclosed in the third quarter MD&A that it anticipated incurring between $15 million and $20 million of restructuring costs. This estimate was before inventory write-downs, including inventory write-downs Superior anticipates incurring a total of between $22 million and $25 million during 2013 and 2014.

Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and future income taxes, including U.S. income tax, U.S. non-resident withholding tax and Chilean income tax.

Total income tax expense for 2013 was $5.7 million, comprised of $0.2 million in cash income tax expense and $5.5 million in deferred income tax expense. This compares to a total income tax expense of $9.0 million in the prior year, which consisted of $1.1 million in cash income tax expense and a $7.9 million deferred income tax expense.

Cash income taxes for 2013 were $0.2 million, consisting of income taxes in the U.S. of $0.2 million (2012 — $1.1 million of U.S. cash tax expense). Deferred income tax expense for 2013 was $5.5 million (2012 — $7.9 million deferred income tax expense), resulting in a corresponding net deferred income tax asset of $288.3 million as at December 31, 2013. Deferred income taxes in 2013 were impacted by lower net earnings in 2013 and the absence of adjustments associated with changes in enacted tax rates.

As at December 31, 2013, Superior had the following tax pools available to be used in future years:

Canada	(millions of dollars)
Tax basis	258.3
Non-capital losses	115.4
Capital losses	582.5
Canadian scientific research expenditures	604.6
Investment tax credits	163.1
United States	
Tax basis	173.0
Non-capital losses	119.1
Chile	
Tax basis	20.1
Non-capital loss carry-forwards	14.6

See the audited consolidated financial statements for the year ended December 31, 2013 for a summary of the expiry 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.

Canada Revenue Agency (CRA) Income Tax Update

As previously disclosed, on April 2, 2013 Superior received from the CRA Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of Superior's corporate conversion transaction (Conversion) which occurred on December 31, 2008. The CRA's position is based on the acquisition of control rules, in addition to the general anti-avoidance rules in the Income Tax Act (Canada).

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notices of Reassessment, must be remitted to the CRA.

Taxation Year	Taxes Payable [1][2]	50% of the Taxes Payable [1][2]	Payment Dates
2009/2010	$ 13.0	$ 6.5	Paid in April 2013
2011	$ 10.0 [3]	$ 5.0	2015
2012	$ 10.0 [3]	$ 5.0	2015
2013	$ 10.0 [3]	$ 5.0	2015
2014	$ 20.0 [3]	$ 10.0	2015
Total	**$ 63.0**	**$ 31.5**	

(1) In millions of dollars.
(2) Includes estimated interest and penalties.
(3) Estimated based on Superior's previously filed tax returns, Superior's 2013 results and the midpoint of Superior's 2014 outlook.

During 2013, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notice of Reassessments received on May 8, 2013. Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard in the first quarter of 2015, with a decision rendered by the end of fiscal 2015. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional 2 years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest and if Superior is unsuccessful then any remaining taxes payable plus interest and penalties will have to be remitted.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such position and intends to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

Interim tax payments made by Superior will be recorded to the balance sheet and will not materially impact either adjusted operating cash flow or net earnings.

Based on the midpoint of Superior's current 2014 financial outlook of AOCF per share of $1.80, if the tax pools from the Conversion were not available to Superior, the impact would be an increase to cash income taxes of approximately $0.15 per share for 2014. As previously stated, Superior intends to file its future income tax returns on a basis consistent with its view of the outcome of the Conversion.

Financial Outlook

Superior achieved adjusted operating cash flow per share for 2013 of $1.69 (before restructuring costs), within the 2013 financial outlook range provided in its 2013 third-quarter MD&A. See the detailed discussion on each segment for a breakdown of the results achieved.

Superior's outlook is for adjusted operating cash flow for 2014 to be between $1.65 per share and $1.95 per share, before restructuring costs, consistent with the outlook included in Superior's 2013 third-quarter MD&A. Achieving Superior's adjusted operating cash flow depends on the operating results of its three operating segments.

In addition to the operating results of Superior's three operating segments, significant assumptions underlying Superior's 2014 outlook are:

- Economic growth in Canada and the U.S. is expected to be similar to or modestly higher than in 2013;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior's estimated total debt to EBITDA ratio is based on maintenance and growth related expenditures of $72.0 million in 2014 and working capital funding requirements which do not contemplate any significant commodity price changes;
- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average 1.05 in 2014 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior;
- Superior's average interest rate on floating-rate debt is expected to remain consistent with 2013 levels; and
- Canadian and U.S. based cash taxes are expected to be minimal for 2014 based on existing statutory income tax rates and the ability to use available tax basis.

Energy Services

- Average temperatures across Canada and the Northeast U.S. in 2014 are expected to be consistent with the recent five-year average;
- Total propane and U.S. refined fuels-related sales volumes are expected to increase in 2014 due to the impact from customer win-back and retention programs;
- Wholesale propane and U.S. refined fuels-related prices are not anticipated to significantly affect demand for propane, refined fuels and related services;
- Supply portfolio management market results for 2014 are expected to increase modestly from 2013 due to growth in sales volumes and margins;

- Fixed-price energy services results for 2014 are expected to decrease slightly from 2013 due to continued declines in the natural gas segment as the system price of natural gas is expected to remain low offset in part by growth in the electricity segment; and

- Operating costs are expected to decrease in 2014 from 2013 due to improvements in operational efficiencies from business initiatives.

Specialty Chemicals

- Sodium chlorate contribution in 2014 is expected to decrease from 2013 due to lower gross margins associated with higher electricity prices. Sales volumes in 2014 are expected to increase as compared to 2013 due to the impact of the strategic supply agreement;

- Chloralkali contribution in 2014 is expected to be higher than in 2013 due to higher sales volumes associated with the completion of the Port Edwards and Saskatoon expansions;

- Electricity costs are expected to increase slightly in 2014 as compared to the prior year; and

- Average plant utilization will approximate greater than 94% in 2014.

Construction Products Distribution

- Revenues in 2014 are expected to increase as compared to 2013 due to continued growth in U.S. based GSD sales as the U.S. residential market continues to improve, and higher C&I sales revenue due to limited recovery in the U.S. commercial construction segment;

- Sales margins in 2014 are expected to increase modestly from 2013 due to continued focus on price management, profitability and procurement; and

- Operating costs in 2014 are expected to decrease as a percentage of revenue compared to 2013 due to anticipated savings from restructuring efforts.

Restructuring Charges

- Superior incurred $15.3 million of restructuring costs during the fourth quarter of 2013, within the range of $15 million to $20 million provided in Superior's third-quarter MD&A. Total estimated restructuring costs are expected to be between $22 million and $25 million, this range includes inventory impairments which were excluded from the range provided during the third-quarter of 2013. These one-time restructuring costs are associated with further operational improvements in the Energy Services and Construction Products Distribution segments. Superior expects to incur between $7 million and $10 million of additional restructuring costs during the first half of 2014. These costs are excluded from Superior's 2013 and 2014 financial outlooks.

Debt Management Update

Superior's total debt to EBITDA ratio (before restructuring costs) as at December 31, 2013 of 3.9X was slightly higher than Superior's third-quarter 2013 MD&A outlook range of 3.3X to 3.7X. This was due to higher than anticipated working capital in the Energy Services' business as a result of a significant increase in the wholesale cost of propane and heating oil due to tight supply conditions experienced through the fourth quarter of 2013. The tight supply conditions were as a result of colder than average weather and numerous winter storms throughout Canada and the U.S. which created significant constraints on supply. In addition, total debt was negatively impacted by a weaker Canadian dollar relative to the U.S. dollar as it relates to Superior's U.S. denominated debt.

Superior's December 31, 2014 forecast total debt to EBITDA ratios are stated before restructuring costs. Superior anticipates additional restructuring costs will be recognized over the first and second quarters of 2014. Superior's forecast December 31, 2014, total debt to EBITDA ratio has been updated to a range of 3.6X to 4.0X, compared to the previously provided outlook range of 3.3X to 3.7X. The forecast increase is due to higher than expected actual debt at December 31, 2013, higher than previously forecast working capital and the impact of a stronger U.S dollar on U.S. denominated debt.

Superior's anticipated debt repayment for 2014 and total debt to EBITDA leverage ratio as at December 31, 2014, based on Superior's 2014 financial outlooks and 2013 results, are detailed in the table below.

Debt Management Summary

	Per Share	Millions of Dollars
2014 financial outlook AOCF per share – mid-point [1]	$ 1.80	227.1
Maintenance capital expenditures, net	(0.26)	(33.0)
Capital lease obligation repayments	(0.19)	(24.5)
Restructuring costs	(0.16)	(20.0)
Cash flow available for dividends and debt repayment before growth capital	$ 1.19	149.6
Expansion of Port Edwards and Saskatoon facilities	(0.19)	(23.5)
Other growth capital expenditures	(0.12)	(15.5)
Estimated 2014 free cash flow available for dividends and debt repayment	$ 0.88	110.6
Dividends	(0.60)	(75.7)
Total estimated debt repayment	$ 0.28	34.9
Estimated total debt to EBITDA ratio as at December 31, 2014	3.6X – 4.0X	3.6X – 4.0X
Dividends	$ 0.60	75.7
Calculated payout ratio after all capital and payment to CRA	69%	69%

(1) See "Financial Outlook" for additional details including assumptions, definitions and risk factors.

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

Liquidity and Capital Resources

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

Available Credit Facilities

As at December 31, 2013 (millions of dollars)	**Total Amount**	**Borrowing**	**Letters of Credit Issued**	**Amount Available**
Revolving term bank credit facilities [1]	**570.0**	**422.3**	**27.9**	**119.8**
Term loans [1]	**77.1**	**77.1**	**–**	**–**
Finance lease obligations	**79.3**	**79.3**	**–**	**–**
Total	**726.4**	**578.7**	**27.9**	**119.8**

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

Superior's revolving syndicated bank facility (Credit Facility), term loans and finance lease obligations (collectively Borrowing) before deferred financing fees totaled $578.7 million as at December 31, 2013, a decrease of $60.9 million from December 31, 2012. The decrease in Borrowing was primarily due to the equity offering that Superior closed on March 27, 2013 for net proceeds of $137.6 million and the proceeds from the issuance of $97.0 million of 6.00% debentures on July 22, 2013 offset in part by $143.9 million of debenture redemptions (see Redemptions below) during 2013.

On October 28, 2013, Superior early redeemed all of its outstanding $150.0 million, 8.25% senior unsecured debentures due October 27, 2016. The early redemption allows for Superior to benefit from lower average interest costs.

On June 10, 2013, Superior completed an extension of its $570.0 million Credit Facility with eight lenders. The Credit Facility matures on June 27, 2016 and can be expanded to $750.0 million. Financial covenant ratios were unchanged, with a consolidated secured debt to consolidated EBITDA ratio and a consolidated debt to consolidated EBITDA ratio of 3.0x and 5.0x, respectively. See "Summary of Cash Flow" for details on Superior's sources and uses of cash.

As at December 31, 2013, Debentures (before deferred issuance fees and discount values) issued by Superior totaled $494.5 million which was $47.0 million lower than the balance as at December 31, 2012 due to the redemption of the 5.85%, 5.85%, and 7.50% convertible unsecured subordinated debentures during 2013 (see Redemptions), offset in part by the issuance of $97.0 million of unsecured subordinated debentures on July 22, 2013. See Note 19 to the audited consolidated financial statements for additional details on Superior's Debentures.

Redemptions

On January 3, 2013, Superior completed the previously announced redemption of $50.0 million in principal of its previously issued 5.85% convertible subordinated debentures (2015 Debentures) due October 31, 2015 and the remaining $25.0 million principal on April 9, 2013. Superior used funds from its Credit Facility to fund the redemption of the 2015 Debentures. The debentures were redeemed, at the redemption price of $1,000 in cash per $1,000 principal of 2015 Debentures plus accrued and unpaid interest up to but excluding the redemption date.

On September 3, 2013, Superior redeemed the entire $68.9 million principal of its 7.50% convertible unsecured subordinated debentures (7.50% Debentures) in accordance with their governing indenture. The 7.50% Debentures were redeemed at the redemption price which is equal to the principal to be redeemed, together with all accrued and unpaid interest thereon up to the redemption date, being $1,013.3562 per $1,000 principal. The 7.50% Debentures ceased to bear interest from the redemption date.

On February 14, 2014, Superior closed a $125 million term loan facility which matures on August 14, 2014. The term loan facility provides additional liquidity to ensure Superior has sufficient financial flexibility to manage short term fluctuations in working capital requirements. Throughout the end of 2013 and the beginning of 2014, Superior's working capital requirements have increased due to a rise in the wholesale cost of propane. Superior anticipates that the wholesale cost of propane and the related working capital will normalize throughout the remainder of the 2014 heating season. Superior intends to repay the credit facility before the facility maturity date. As at December 31, 2013, approximately $119.8 million was available under the Credit Facility which Superior considers sufficient to meet its expected net working capital, capital expenditure and refinancing requirements during 2014 when combined with the above noted $125 million term loan facility.

Consolidated net working capital was $293.1 million as at December 31, 2013, an increase of $13.9 million from net working capital of $279.2 million as at December 31, 2012. The increase was primarily due to higher Specialty Chemicals' accounts receivable due to increased revenues. Superior's net working capital requirements are financed by its Credit Facility.

Proceeds received from the DRIP for 2013 were $4.9 million as compared to $14.2 million in 2012. The decrease was primarily a result of Superior announcing on March 7, 2013 that it will cease the active operation of its DRIP following payment of the March dividend in April 2013.

As at December 31, 2013, when calculated in accordance with the Credit Facility, the consolidated secured debt to compliance EBITDA ratio was 2.2 to 1.0 (December 31, 2012 — 1.9 to 1.0) and the consolidated debt to compliance EBITDA ratio was 2.2 to 1.0 (December 31, 2012 — 2.4 to 1.0). For both of these covenants outstanding Debentures are excluded. These ratios are within the requirements of Superior's debt covenants. In accordance with the Credit Facility, Superior must maintain a consolidated secured debt to compliance EBITDA ratio of not more than 3.0 to 1.0 and not more than 3.5 to 1.0 as a result of acquisitions. In addition, Superior must maintain a consolidated debt to compliance EBITDA ratio of not more than 5.0 to 1.0, excluding Debentures. Superior's total debt to compliance EBITDA ratio was 4.1 to 1.0 as at December 31, 2013 and 3.9 to 1.0 on a before restructuring cost basis. Also, Superior is subject to several distribution tests and the most restrictive stipulates that Distributions (including Debenture holders and related payments) cannot exceed compliance EBITDA less cash income taxes, plus $35.0 million on a trailing 12-month rolling basis. On a 12-month rolling basis as at December 31, 2013, Superior's available distribution amount was $145.0 million under the above noted distribution test.

On December 11, 2013, Standard & Poor's raised Superior and Superior LP's long-term corporate credit rating to BB from BB- and the senior secured debt rating to BBB- from BB+. The outlook rating for Superior remains stable. On July 2, 2013, Dominion Bond Rating Service confirmed Superior LP's senior secured rating of BB (high) and Superior LP's senior unsecured rating of BB (low). The trend for both ratings is stable.

As at December 31, 2013, Superior had an estimated defined benefit pension solvency deficiency of approximately $12.8 million (December 31, 2012 — $36.7 million) and a going concern solvency surplus of approximately $11.5 million (December 31, 2012 — (deficiency $6.5) million). Funding requirements required by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions used in Superior's financial statements. Superior has sufficient liquidity through existing its Credit Facility and anticipated future operating cash flow to fund this deficiency over the prescribed 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.

Contractual Obligations and Other Commitments

				Payments Due In		
(millions of dollars)	Note [1]	Total	2014	2015-2016	2017-2018	Thereafter
Borrowing (including capital leases)	17	578.7	67.0	496.7	11.1	3.9
Debentures	19	469.4	–	72.7	313.5	83.2
Minimum future lease payment under finance leases	18	79.3	24.8	39.5	11.1	3.9
Operating leases [2]	18	199.0	39.3	66.8	92.9	–
US$ foreign currency forward sales contracts (US$)	21	569.4	219.0	299.4	51.0	–
Natural gas, propane, heating oil, and electricity purchase commitments [3]	21	93.2	20.9	36.7	35.6	–
Total contractual obligations		1,989.0	371.0	1,011.8	515.2	91.0

(1) Notes to the consolidated financial statements.

(2) Operating leases comprise Superior's off-balance-sheet obligations.

(3) Does not include the impact of financial derivatives. See Note 21 to the consolidated financial statements.

Shareholders' Capital

The weighted average number of common shares issued and outstanding was 123.1 million in 2013 compared to 111.9 million in 2012, an increase of 11.2 million from the prior year due to the issuance of 13,415,425 common shares over the year. The following table provides details:

	Closing Date	Average Issuance Price per Share	Issued Number of Common Shares (millions)
As at December 31, 2012			**112.8**
Issuance of common shares under Superior's DRIP	January 15, 2013 through March 15, 2013	$10.76	0.4
Issuance of common shares	March 27, 2013	$11.10	13.0
As at December 31, 2013			**126.2**

As at February 19, 2014, December 31, 2013 and December 31, 2012, the following common shares and securities convertible into common shares were issued and outstanding:

	February 19, 2014		**December 31, 2013**		December 31, 2012	
(millions)	**Convertible Securities**	**Shares**	**Convertible Securities**	**Shares**	Convertible Securities	Shares
Common shares outstanding		**126.2**		**126.2**		112.8
5.85% Debentures [1]	**–**	**–**	**–**	**–**	$ 75.0	2.4
7.50% Debentures [2]	**–**	**–**	**–**	**–**	$ 69.0	5.3
5.75% Debentures [3]	**$ 172.5**	**9.1**	**$ 172.5**	**9.1**	$ 172.5	9.1
6.00% Debentures [4]	**$ 150.0**	**9.9**	**$ 150.0**	**9.9**	$ 150.0	9.9
7.50% Debentures [5]	**$ 75.0**	**6.6**	**$ 75.0**	**6.6**	$ 75.0	6.6
6.00% Debentures [6]	**$ 97.0**	**5.8**	**$ 97.0**	**5.8**	–	–
Common shares outstanding and issuable upon conversion of Debentures		**157.6**		**157.6**		146.1

(1) Convertible at $31.25 per share.
(2) Convertible at $13.10 per share.
(3) Convertible at $19.00 per share.
(4) Convertible at $15.10 per share.
(5) Convertible at $11.35 per share.
(6) Convertible at $16.75 per share.

Dividends Paid to Shareholders

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

Dividends paid to shareholders for 2013 were $73.7 million (before DRIP proceeds of $4.9 million) or $0.60 per share compared to $67.1 million or $0.60 per share in 2012. The increase of $6.6 million was due to the issuance of shares under Superior's DRIP during 2013 and the equity offering completed on March 27, 2013. Superior's monthly dividend is $0.05 per share or $0.60 per share on an annualized basis. See "Debt Management Update" for further details. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

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

Summary of Cash Flow [1]

(millions of dollars)	**2013**	2012
Cash flow from operating activities	**185.3**	273.3
Investing activities: [2]		
Purchase of property, plant and equipment	**(78.5)**	(43.8)
Proceeds on disposal of property, plant and equipment	**6.6**	4.5
Investment in supply agreement	**(4.3)**	–
Acquisitions	**(7.6)**	(5.5)
Cash flow used in investing activities	**(83.8)**	(44.8)
Financing activities:		
Net proceeds (repayment) of revolving term bank credits and other debt	**87.4**	(74.4)
Redemption of senior unsecured debentures	**(150.0)**	–
Redemption premium on senior unsecured debentures	**(6.2)**	–
Repayment of senior secured notes	**(34.0)**	(31.8)
Repayment of finance lease obligation	**(15.9)**	(16.4)
Redemption of 5.75% convertible debentures	**–**	(49.9)
Redemption of 5.85% convertible debentures	**(75.0)**	–
Redemption of 7.50% convertible debentures	**(68.9)**	–
Proceeds from issuance of 6.00% convertible debentures	**97.0**	–
Issuance costs incurred on 6.00% convertible debentures	**(3.8)**	–
Proceeds from issuance of common shares	**143.9**	–
Issuance costs on common shares	**(6.3)**	–
DRIP proceeds	**4.9**	14.2
Dividends paid to shareholders	**(73.7)**	(67.1)
Cash flow used in financing activities	**(100.6)**	(225.4)
Net increase in cash and cash equivalents	**0.9**	3.1
Cash and cash equivalents, beginning of period	**7.6**	5.2
Effect of translation of foreign-denominated cash and cash equivalents	**(0.2)**	(0.7)
Cash and cash equivalents, end of period	**8.3**	7.6

(1) See the consolidated statements of cash flow for additional details.

(2) See "Consolidated Capital Expenditure Summary" for additional details.

Financial Instruments — Risk Management

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

Energy Services enters into natural gas financial swaps in order to manage its economic exposure of providing fixed-price natural gas to its customers and maintains its natural gas swap positions with six counterparties. Energy Services monitors its fixed-price natural gas positions on a daily basis to evaluate compliance with established risk management policies. Superior maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

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

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

Superior, on behalf of its operating divisions, entered into foreign currency forward contracts with 12 counterparties to manage the economic exposure of its operations to movements in foreign currency exchange rates. Energy Services contracts a portion of its fixed-price natural gas, propane and heating oil purchases and sales in U.S. dollars and enters into forward U.S. dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals 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, 2013, Superior had hedged approximately 86% of its estimated U.S. dollar exposure for 2014. The estimated sensitivity of adjusted operating cash flow 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 United States exchange rate for 2014, is $0.2 million after giving effect to U.S. dollar forward contracts for 2014, as shown in the table below. Superior's sensitivities and guidance are based on an anticipated average Canadian to U.S. dollar foreign currency exchange rate for 2014 of 1.05.

(US$ millions except exchange rates)	2014	2015	2016	2017	2018	2019 and Thereafter	Total
Energy Services – US$ forward sales	26.0	26.0	–	–	–	–	52.0
Construction Products Distribution – US$ forward sales	12.0	12.0	12.0	–	–	–	36.0
Specialty Chemicals – US$ forward sales	181.0	148.0	101.4	51.0	–	–	481.4
Corporate – US$ forward purchases	(27.0)	–	–	–	–	–	(27.0)
Net US$ forward sales	192.0	186.0	113.4	51.0	–	–	542.4
Energy Services – Average US$ forward sales rate	1.01	1.01	–	–	–	–	1.01
Construction Products Distribution – Average US$ forward sales rate	1.00	1.00	1.03	–	–	–	1.01
Specialty Chemicals – Average US$ forward sales rate	1.03	1.02	1.04	1.04	–	–	1.03
Corporate – US$ forward purchases rate	1.01	–	–	–	–	–	1.01
Net average external US$/CDN$ exchange rate	1.02	1.01	1.04	1.04	–	–	1.02

Superior has interest rate swaps with four counterparties 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 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 creditworthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Services and Construction Products Distribution deal with a large number of small customers, thereby reducing this risk. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring the overall creditworthiness of its customers. Energy Services' fixed-price energy services business has minimal exposure to customer credit risk as local natural gas and electricity distribution utilities have been mandated, for a nominal fee, to provide invoicing, collection and the assumption of bad debt risk for residential and small commercial customers. Fixed-price energy services actively monitors the creditworthiness of its direct-billed industrial customers. All of Superior's business segments have credit risk policies to minimize credit exposure.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's year-end consolidated financial statements, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 22 to the audited consolidated financial statements.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2013 to various changes is provided below:

	Change	Change	Impact on AOCF	Per Share
Energy Services				
Change in propane sales margin	$0.005/litre	3%	$6.7 million	$0.05
Change in propane sales volume	50 million litres	4%	$8.3 million	$0.07
Change in U.S. refined fuels sales margin	$0.005/litre	6%	$8.2 million	$0.07
Change in U.S. refined fuels sales volume	50 million litres	3%	$3.5 million	$0.03
Change in natural gas sales margin	$0.10/GJ	18%	$1.9 million	$0.02
Change in natural gas sales volume	2 million GJ	11%	$1.1 million	$0.01
Specialty Chemicals				
Change in sales price	$10.00/MT	1%	$8.3 million	$0.07
Change in sales volume	15,000 MT	2%	$4.6 million	$0.04
Construction Products Distribution				
Change in sales margin	1% change in average gross margin	4%	$7.6 million	$0.06
Change in sales volume	5% change in sales volume	5%	$4.8 million	$0.04
Corporate				
Change in CDN$/US$ exchange rate	$0.01	1%	$0.2 million	$nil
Corporate change in interest rates	0.5%	17%	$1.3 million	$0.01

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures are designed by or designed under the supervision of Superior's President 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 organization 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 a Disclosure Committee (DC), which is composed of senior managers of Superior. The DC has established procedures so that it becomes 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, 2013 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 (NI 51-109), are effective 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.

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 IFRS.

The evaluation of the design of Superior's internal controls over financial reporting was conducted as at December 31, 2013 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 controls over financial reporting, as defined in NI 52-109, provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The evaluation of the effectiveness of Superior's internal controls over financial reporting was conducted as at December 31, 2013 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 NI 52-109, were effective at December 31, 2013.

The Canadian propane business information technology system implementation (see System Conversion) commenced during the third quarter of 2013 and management has concluded that the change materially affected Superior's internal controls over financial reporting. Superior's management team has participated at all levels of planning and execution of the IT system and has concluded that no material deficiency has resulted from this change to internal controls over financial reporting. The planning and execution of the system transition will continue to be overseen by senior management with involvement by the President and VP Finance of the business and the certifying officers.

No changes were made in Superior's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, Superior's internal control over financial reporting in the year ended December 31, 2013.

Critical Accounting Policies and Estimates

Superior's audited consolidated financial statements were prepared in accordance with IFRS. The significant accounting policies are described in the audited consolidated financial statements for the year ended December 31, 2013. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Superior's critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, future income tax assets and liabilities, the valuation of derivatives and non-financial derivatives, asset impairments and the assessment of potential asset retirement obligations.

Critical Accounting Estimates

Superior's significant accounting policies are described 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, actual results or specific industry trends differ from Superior's expectations, Superior will adjust its allowance for doubtful accounts and its bad debt 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 flow, 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 assumptions concerning the amount and timing of estimated future cash flow 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 Specialty Chemicals' 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.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments or improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning on January 1, 2013 or later. The affected standards that apply to Superior are as follows:

IFRS 9 — *Financial Instruments: Classification and Measurement*

IFRS 9, Financial Instruments, was issued in November 2009 and is intended to replace International Accounting Standard (IAS) 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard must be applied for accounting periods beginning on or after January 1, 2017, with earlier adoption permitted. Superior is assessing the effect of IFRS 9 on its financial results and financial position; changes, if any, are not expected to be material.

International Financial Reporting Interpretations Committee (IFRIC) 21, Levies

IFRIC 21, Levies, issued on May 20, 2013 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12 Income Taxes), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. It also provides the following guidance on recognition of a liability to pay levies: the liability is recognized progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This standard must be applied for accounting periods beginning on or after January 1, 2014, with retrospective application from December 31, 2012. Superior is assessing the effect of IFRIC 21 on its financial results and financial position; changes, if any, are not expected to be material to Superior's annual results although significant changes may result on a quarterly basis.

Superior adopted the following on January 1, 2013:

IFRS 7 — *Financial Instruments: Disclosures, Amendments*

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements under an enforceable master netting agreement or similar arrangement). Financial assets and liabilities are offset and the net amount reported in the balance sheet when Superior has the legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. This standard must be applied for accounting periods beginning on or after January 1, 2013. Superior adopted IFRS 7 *amendments* on January 1, 2013, with retrospective application from December 31, 2012 with no impact to its financial results.

IFRS 7 — *Financial Instruments: Disclosures, Amendments Regarding Disclosures —* Transfer of Financial Assets

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

IFRS 10 — *Consolidated Financial Statements*

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

IFRS 11 — *Joint Arrangements*

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

IFRS 12 — *Disclosure of Interests in Other Entities*

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

IFRS 13 — *Fair Value Measurement*

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

IAS 1 — *Presentation of Other Comprehensive Income*

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

IAS 12 — *Income Taxes, Amendments Regarding Deferred Tax: Recovery of Underlying Assets*

IAS 12 was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduced a presumption that an entity will assess whether an asset's sale will recover its carrying amount. Superior's adoption of IAS 12 on January 1, 2012 did not affect Superior's financial results or financial position.

IAS 19 — *Employee Benefits, Amendments*

IAS 19 amendments were issued in June 2011 that changed the accounting and disclosure for defined benefit plans and termination benefits. This standard requires that the changes in defined benefit obligations are recognized as they occur, eliminating the corridor approach and accelerating the recognition of past service costs. The changes in defined benefit obligations and plan assets are to be disaggregated into three components: service costs, net interest on the net defined benefit liabilities (assets) and re-measurements of the net defined benefit liabilities (assets). This standard must be applied for accounting periods beginning on or after January 1, 2013. Superior adopted IAS 19 on January 1, 2013, with retrospective application from January 1, 2012. Under the retrospective application of the new standard, the financial impact is an increase of $3.1 million to pension expense and a corresponding decrease to accumulated other comprehensive loss for the year ended December 31, 2012. The impact on Superior's balance sheet as at January 1, 2012 is a $4.0 million increase to deficit, a $0.1 million decrease in employee benefit obligations and a corresponding decrease to accumulated other comprehensive loss of $4.1 million. The impact on the year end December 31, 2012 was an increase in selling, distribution and administrative costs of $3.1 million, respectively. See below for the quarterly impact to AOCF in 2012.

Reconciliation of the Retrospective Impact of IAS 19

	Millions of Dollars	Per Share
AOCF as reported under IFRS in 2012	193.5	$ 1.73
IAS 19 quarterly impact:		
Q1 decrease in AOCF	(0.8)	$ (0.01)
Q2 decrease in AOCF	(0.8)	$ (0.01)
Q3 decrease in AOCF	(0.8)	$ (0.01)
Q4 decrease in AOCF	(0.7)	–
AOCF as revised for 2012	190.4	$ 1.70

Selected Financial Information

(millions of dollars except per share amounts)	**2013**	2012 [(2)(3)]
Total assets (as at December 31)	**2,141.1**	2,032.1
Revenues	**3,752.8**	3,624.3
Gross profit	**868.3**	846.3
Net earnings	**52.7**	90.0
Per share, basic	**$ 0.43**	$ 0.80
Per share, diluted	**$ 0.40**	$ 0.80
Cash flow from operating activities	**185.3**	273.3
Adjusted operating cash flow	**192.3**	190.4
Per share, basic	**$ 1.56**	$ 1.70
Per share, diluted	**$ 1.53**	$ 1.66
Adjusted operating cash flow before restructuring costs	**207.6**	200.4
Per share before restructuring costs, basic	**$ 1.69**	$ 1.79
Per share before restructuring costs, diluted	**$ 1.64**	$ 1.74
Cash dividends per share	**$ 0.60**	$ 0.60
Current and long-term borrowing [(1)] (as at December 31)	**578.7**	639.6

(1) Current and long-term borrowing before deferred financing fees, option value and accounts receivable securitization and Debentures.

(2) The year ended December 31, 2012 was restated for the impact of adopting IAS 19, *Employee Benefits, amendments* effective January 1, 2013.

(3) December 31, 2012 was restated for the impact of a prior period adjustment. Refer to Note 15 to the consolidated financial statements.

Fourth Quarter Results

Fourth quarter adjusted operating cash flow (before restructuring costs of $14.2 million) was $70.1 million, an increase of $4.2 million or 6% from the prior year quarter. The increase in adjusted operating cash flow was primarily due to higher operating results at Specialty Chemicals and lower interest costs. Adjusted operating cash flow (before restructuring costs) of $0.56 per share, decreased by $0.03 per share from the prior year quarter due to a 12% increase in the weighted average number of shares outstanding offset in part by the increase in adjusted operating cash flow as previously noted. The average number of shares outstanding increased in 2013 as a result of shares issued from Superior's DRIP and the completion of an equity offering on March 27, 2013 for gross proceeds of $137.6 million and 13.0 million shares.

The net loss for the fourth quarter was $10.9 million, compared to net earnings of $13.5 million in the prior year quarter. Net earnings were reduced mainly by higher restructuring costs and impairments offset in part by a lower unrealized derivative financial instrument losses and a higher income tax recovery. The decrease in unrealized losses on derivative financial instruments was principally due to lower losses in the fourth quarter on Superior's foreign currency financial derivatives compared to the prior year quarter as a result of fluctuations in the spot and forward price for U.S. dollars. An intangible asset and goodwill impairment charge of $15.5 million was recognized during 2013 within the U.S. refined fuels business due to reductions in the short-term forecast for the business and challenging wholesale market conditions. Revenue of $1,034.7 million was $100.7 million higher than in the prior year's quarter due to increased Energy Services' revenue as a result of higher propane prices and sales volumes and increased Specialty Chemicals' revenue due to higher sales volumes and pricing. Gross profit of $240.8 million was $12.6 million higher than in the prior year quarter primarily due to increased Energy Services' gross profits due in turn to higher sales volumes and gross margins and higher Construction Products Distribution gross profits due to higher gross margins. Operating expenses of $200.9 million in the fourth quarter were $22.3 million higher than in the prior year quarter due to increased operating expenses associated with higher sales volumes and restructuring costs incurred at Construction Products Distribution and Energy Services. Total income tax recovery for the fourth quarter was $7.2 million compared to income tax recovery of $0.9 million in the prior year quarter. The increase in income tax recovery was due to lower net earnings in the fourth quarter of 2013 than the prior year quarter.

Quarterly Financial and Operating Information

	2013 Quarters				2012 Quarters [2][3]			
(millions of dollars except per share amounts)	**Fourth**	**Third**	**Second**	**First**	Fourth	Third	Second	First
Canadian propane sales volumes (millions of litres)	**405**	**232**	**265**	**429**	383	240	255	413
U.S. refined fuels sales volumes (millions of litres)	**411**	**326**	**383**	**512**	428	335	363	473
Natural gas sales volumes (millions of GJs)	**5**	**5**	**5**	**5**	5	5	5	5
Electricity sales volumes (millions of KWh)	**228**	**249**	**205**	**205**	200	245	187	185
Chemical sales volumes (thousands of MT)	**220**	**204**	**199**	**203**	200	193	190	188
Revenues	**1,034.7**	**813.8**	**854.4**	**1,049.9**	934.0	790.1	834.3	1,065.9
Gross profit	**240.8**	**184.9**	**190.0**	**253.1**	228.2	195.9	184.1	238.1
Net earnings (loss)	**10.9**	**35.9**	**(25.5)**	**31.4**	13.5	35.9	12.7	27.9
Per share, basic	**$ 0.09**	**$ 0.28**	**$ (0.20)**	**$ 0.28**	$ 0.12	$ 0.32	$ 0.11	$ 0.25
Per share, diluted	**$ 0.05**	**$ 0.12**	**$ (0.20)**	**$ 0.27**	$ 0.12	$ 0.29	$ 0.11	$ 0.24
Adjusted operating cash flow	**55.9**	**24.2**	**30.2**	**82.0**	61.9	33.7	28.2	66.6
Per share, basic	**$ 0.44**	**$ 0.19**	**$ 0.24**	**$ 0.72**	$ 0.55	$ 0.30	$ 0.25	$ 0.60
Per share, diluted	**$ 0.43**	**$ 0.19**	**$ 0.24**	**$ 0.69**	$ 0.53	$ 0.30	$ 0.25	$ 0.60
Adjusted operating cash flow before restructuring costs	**70.1**	**24.4**	**30.9**	**82.2**	65.9	37.3	29.3	67.9
Per share, basic	**$ 0.56**	**$ 0.19**	**$ 0.24**	**$ 0.72**	$ 0.59	$ 0.33	$ 0.26	$ 0.61
Per share, diluted	**$ 0.54**	**$ 0.19**	**$ 0.24**	**$ 0.72**	$ 0.57	$ 0.33	$ 0.26	$ 0.61
Net working capital [1] (millions of dollars)	**293.1**	**202.0**	**242.3**	**280.5**	279.2	218.3	234.4	325.3

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

(2) Superior's 2012 quarterly results were restated for the adoption of IAS 19 *Employee Benefits, amendments*.

(3) December 31, 2012 was restated for the impact of a prior period adjustment. Refer to Note 8 to the consolidated financial statements.

Forward-Looking Information

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

Forward-looking information in this document includes: future financial position, consolidated and business segment outlooks, expected EBITDA from operations, expected adjusted operating cash flow (AOCF) and AOCF per share, expected leverage ratios and debt repayment, debt management summary, expectations in terms of the cost of operations, capital spending and maintenance and the variability of these costs, business strategy and objectives, development plans and programs, business expansion and improvement projects, expected timing of commercial production and the costs and benefits associated therewith, market conditions in Canada and the U.S., expected tax consequences of the Conversion, the expected challenge by the CRA of the tax consequences of the Conversion (and the expected timing and impact of such process including any payment of taxes and the quantum of such payments), future income taxes, the impact of proposed changes to Canadian tax legislation or U.S. tax legislation, future economic conditions, future exchange rates and exposure to such rates, dividend strategy, payout ratio, expected weather, expectations in respect to the global economic environment, Superior's trading strategy and the risk involved in executing it, the impact of certain hedges on future reported earnings and cash flows, commodity prices and costs, the impact of contracts for commodities, demand for propane, heating oil and similar products, demand for chemicals including sodium chlorate and chloralkali, effect of operational and technological improvements, anticipated costs and benefits of restructuring activities, business enterprise system upgrade plans, future working capital, expected government regulatory regimes and legislation and their expected impact on Superior's compliance costs, expectations for the outcome of existing or potential legal and contractual claims, Superior's ability to obtain financing on acceptable terms, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior Plus LP.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third-party industry analysts and other third-party sources, and the historical performance of Superior's businesses. Such assumptions include anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, trading data, cost estimates, Superior's ability to obtain financing on acceptable terms, the assumptions set forth under the "Financial Outlook" sections of this MD&A and are subject to the risks and uncertainties set forth on subsequent pages.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond Superior's control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, operational risks involving Superior's facilities, force majeure, labour relations matters, Superior's ability to access external sources of debt and equity capital, and the risks identified in (i) this MD&A under Risk Factors and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

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

Non-IFRS Financial Measures

Adjusted Operating Cash Flow

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be items of a non-recurring nature. AOCF is the main performance measure used by management and investors to evaluate Superior's performance. Readers are cautioned that it is not a defined performance measure under IFRS and cannot be assured. Superior's calculation of AOCF may differ from similar calculations used by comparable entities. AOCF 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 AOCF. Adjustments recorded by Superior as part of its calculation of AOCF include, but are not limited to, the impact of the seasonality of Superior's businesses, principally the Energy Services' segment, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expenses, which can differ significantly from quarter to quarter. Adjustments are also made to reclassify the cash flow related to natural gas and electricity customer contract-related costs in a manner consistent with the income statement's recognition of these costs. AOCF is reconciled to net cash flow from operating activities on page 9.

EBITDA

EBITDA represents earnings before taxes, depreciation, amortization, finance expense and certain other non-cash expenses, and is used by Superior to assess its consolidated results and those of its operating segments. EBITDA is not a defined performance measure under IFRS. Superior's calculation of EBITDA may differ from similar calculations used by comparable entities. The EBITDA of Superior's operating segments may be referred to as EBITDA from operations. Net earnings before income taxes are reconciled to EBITDA from operations on page 48.

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and certain other non-cash expenses calculated on a 12-month trailing basis, giving pro forma effect to acquisitions and divestitures, and is used by Superior to calculate compliance with its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities. See Note 23 to the audited consolidated financial statements for a reconciliation of net earnings to compliance EBITDA.

Payout Ratio

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

Reconciliation of Net Earnings before Income Taxes to EBITDA from Operations [(1)(2)]

2013 (millions of dollars)	**Energy Services**	**Specialty Chemicals**	**Construction Products Distribution**
Net earnings before income taxes	**94.5**	**72.1**	**20.3**
Add: Depreciation included in selling, distribution, and administrative costs and amortization of intangible assets	**55.1**	**–**	**6.0**
Depreciation included in cost of sales	**–**	**41.3**	**–**
Customer contract-related costs	**(0.8)**	**–**	**–**
(Gains) losses on disposal of assets	**(3.2)**	**0.2**	**0.1**
Impairment of intangible assets and goodwill	**15.5**	**–**	**–**
Restructuring costs	**9.1**	**–**	**6.2**
Finance expense	**2.7**	**0.4**	**0.6**
Unrealized gains on derivative financial instruments	**(35.4)**	**(0.3)**	**–**
EBITDA from operations	**137.5**	**113.7**	**33.2**

2012 (millions of dollars)	Energy Services	Specialty Chemicals	Construction Products Distribution
Net earnings before income taxes [(3)]	111.7	75.2	13.8
Add: Depreciation included in selling, distribution, and administrative costs and amortization of intangible assets	56.7	6.3	6.1
Depreciation included in cost of sales	–	44.9	–
Customer contract-related costs	(1.1)	–	–
Losses on disposal of assets	0.2	0.6	0.2
Impairment of property, plant and equipment	4.7	–	–
Restructuring costs	3.5	–	6.5
Finance expense	4.5	0.3	0.7
Unrealized gains on derivative financial instruments	(43.8)	(1.6)	–
EBITDA from operations	136.4	125.7	27.3

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

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

(3) The year ended December 31, 2012 was restated for the impact of adopting IAS 19, *Employee Benefits, amendments* effective January 1, 2013.

Reconciliation of Divisional Segmented Revenue, Cost of Sales and Cash Operating and Administrative Costs Included in this MD&A

	2013			2012		
	Energy Services	**Specialty Chemicals**	**Construction Products Distribution**	Energy Services	Specialty Chemicals	Construction Products Distribution
Revenue per financial statements	**2,372.9**	**579.7**	**800.2**	2,301.6	543.8	778.9
Foreign currency gains (losses) related to working capital	**–**	**2.9**	**–**	–	(1.6)	–
Revenue per the MD&A	**2,372.9**	**582.6**	**800.2**	2,301.6	542.2	778.9
Cost of products sold per financial statements	**(1,907.7)**	**(372.1)**	**(604.2)**	(1,854.2)	(328.8)	(595.0)
Non-cash amortization	**–**	**41.3**	**–**	–	44.9	–
Cost of products sold per the MD&A	**(1,907.7)**	**(330.8)**	**(604.2)**	(1,854.2)	(283.9)	(595.0)
Gross profit	**465.2**	**251.8**	**196.0**	447.4	258.3	183.9
Cash operating and administrative costs per financial statements	**(387.9)**	**(135.4)**	**(175.1)**	(370.3)	(141.1)	(169.4)
Amortization and depreciation expenses	**55.1**	**–**	**6.0**	56.7	6.3	6.1
(Gains) losses on disposal of assets	**(3.2)**	**0.2**	**0.1**	0.2	0.6	0.2
Customer contract-related costs	**(0.8)**	**–**	**–**	(1.1)	–	–
Restructuring costs	**9.1**	**–**	**6.2**	3.5	–	6.5
Reclassification of foreign currency (gains) losses related to working capital	**–**	**(2.9)**	**–**	–	1.6	–
Cash operating and administrative costs per the MD&A	**(327.7)**	**(138.1)**	**(162.8)**	(311.0)	(132.6)	(156.6)

Reconciliation of Net Earnings to Compliance EBITDA[2][3]

(millions of dollars)	**2013**	2012 [1]
Net earnings	**52.7**	90.0
Adjusted for:		
Finance expense	**71.8**	77.6
Realized gains on derivative financial instruments included in finance expense	**3.9**	2.2
Depreciation included in selling, distribution and administrative costs	**42.2**	42.4
Depreciation included in cost of sales	**41.3**	44.9
Amortization of intangible assets	**19.4**	23.5
(Gains) losses on disposal of assets	**(2.9)**	1.0
Impairment of property, plant and equipment	**15.5**	4.7
Income tax expense	**5.7**	9.0
Unrealized losses (gains) on derivative financial instruments	**5.1**	(32.1)
Pro-forma impact of acquisitions	**8.5**	–
Compliance EBITDA [2][3]	**263.2**	263.2
Restructuring costs	**15.3**	10.0
Compliance EBITDA before restructuring costs	**278.5**	273.2

(1) The year ended December 31, 2012 was restated for the impact of adopting IAS 19 Employee Benefits, amendments effective January 1, 2013.

(2) See the consolidated financial statements for additional details.

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

Risk Factors to Superior

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as detailed in Superior's 2013 Annual Information Form under "Risk Factors" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com.

Risks to Superior

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

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

Superior's dividend policy and the distribution policy of Superior LP are subject to change at the discretion of the Board of Directors of Superior or the Board of Directors of Superior General Partner Inc., the general partner of Superior LP, as applicable. Superior's dividend policy and the distribution policy of Superior LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law.

As previously disclosed by Superior, on April 2, 2013, Superior received from the CRA, Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of the Conversion. The CRA's position is based on the acquisition of control rules, in addition to the general anti-avoidance rules in the Tax Act. See Canada Revenue Agency Income Tax Update.

During 2013, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notice of Reassessments received on May 8, 2013. Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard in the first quarter of 2015, with a decision rendered by the end of fiscal 2015. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional 2 years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest and if Superior is unsuccessful then any remaining taxes payable plus interest and penalties will have to be remitted.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such position. Superior also strongly believes that there was no acquisition of control of Ballard and that the general anti-avoidance rule does not apply to the Conversion and intends to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notices of Reassessment, must be remitted to the CRA. Superior would also be required to make a payment of 50% of the tax liability claimed by the CRA in order to appeal any reassessment and, based on Superior's 2011 and 2012 taxation years, that amount would be approximately $10 million. Superior would also be required to make a payment of 50% of the taxes the CRA claims are owed in any future tax year if the CRA were to issue a similar notice of reassessment for such years and Superior were to appeal such other years. Superior has 90 days from any future Notice of Reassessment to prepare and file a Notice of Objection, which would be reviewed by the CRA's appeals division. If the CRA is not in agreement with Superior's Notice of Objection, Superior has the option to appeal to the Tax Court of Canada following the same process described above.

The credit facilities and U.S. notes of Superior LP contain covenants that require Superior LP to meet certain financial tests and that restrict, among other things, the ability of Superior LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior LP from returning capital or making distributions on the limited partnership units.

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

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

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

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

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

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

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

Risks to Superior's Segments

Energy Services

Canadian Propane Distribution and U.S. Refined Fuels

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, some of which are less costly on an energy-equivalent basis. While propane is usually more cost-effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and, in general, is less costly on an equivalent-energy basis, although operating efficiencies, environmental and air quality factors help make propane competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas with natural gas service. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the propane industry in general and Canadian propane distribution in particular, in the future. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Canadian propane distribution's sales. Demand for traditional propane end-use applications is increasing marginally with general economic growth. However, increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand. Automotive propane demand is currently stabilizing after several years of decline but the decline trend could resume depending on propane pricing and the market acceptance of propane conversion options and the availability of infrastructure.

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

Weather and general economic conditions affect distillates market volumes. Weather influences the immediate demand for distillates, primarily for heating, while longer-term demand declines due to economic conditions as customers trend towards conservation and supplement heating with alternative sources such as wood pellets. Also, harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability for Superior Propane to obtain propane from its suppliers. Such conditions may also increase Superior Propane's operating costs and may reduce customers' demand for propane, any of which may have an adverse effect on Superior. Spikes in demand caused by weather or other factors can stress the supply chain and hamper Superior's ability to obtain additional quantities of propane. Transportation providers (rail and truck) have limited ability to provide resources in terms of extreme peak demand.

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

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

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

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

Superior's fuel distribution businesses are based and operate in Canada and the United States and, as a result, such operations could be affected by changes to laws, rules or policies which could either be more favourable to competing energy sources or increase compliance costs or otherwise negatively affect the operations of Energy Services in comparison to such competing energy sources. Any such changes could have an adverse effect on the operations of Energy Services.

In 2013, two regions at Superior Propane converted to a new order to cash, billing and logistics IT system to replace the distribution and invoicing functions of the present enterprise system. While no significant financial or business issues have resulted, in 2014, Superior Propane will be implementing the same system in its remaining four regions in 2014. To mitigate the risk associated with system changes, Superior Propane has leveraged operational learnings from the USRF organization, which has been using this system and implementation will be rolled out one region at a time. Superior will migrate its current data center located in Calgary, Alberta to a new location in New Jersey, United States through 2014 along with approximately 175 services and more than 200 applications. A disruption in the availability of current and future business applications may result from the migration, leading to Superior being unable to carry out required business transactions.

Approximately 18% of Superior's Canadian propane distribution business employees and 5% of U.S. refined fuels distribution business employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the renegotiation process that could have an adverse impact on Superior.

Fixed-price Energy Services Business

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

Superior Energy Management (SEM) purchases natural gas to meet its estimated commitments to its customers based on their historical consumption of gas. Depending on a number of factors, including weather, customer attrition and poor economic conditions affecting commercial customers' production levels, customer natural gas consumption may vary from the volume purchased. This variance must be reconciled and settled at least annually and may require SEM to purchase or sell natural gas at market prices which may have an adverse impact on the results of this business. To mitigate potential balancing risk, SEM closely monitors its balancing position and takes measures such as adjusting gas deliveries and transferring gas between pools of customers, minimizing imbalances. The reserve is reviewed monthly to ensure that it is sufficient to absorb any balancing losses.

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 or less than the tolerance levels set initially. In certain circumstances, there can be balancing issues for which SEM is responsible when customer aggregation forecasts are not realized.

Fixed-price energy services sources its fixed-price term natural gas sales commitments by entering into various physical and financial 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. Superior transacts with ten financial and physical natural gas counterparties. There can be no assurance that any of these counterparties will not default on any of their obligations to Superior. The financial condition of each counterparty is, however, evaluated and credit limits are established to minimize Superior's exposure to this risk. There is also a risk that supply commitments and foreign exchange positions may become mismatched; however, this is monitored daily in compliance with Superior's risk management policy.

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

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

Specialty Chemicals

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

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

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

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

Specialty Chemicals' operations involve the handling, production, transportation, treatment and disposal of materials that are classified as hazardous and are regulated by environmental, health and safety laws, regulations and requirements. There is potential for the release of highly toxic and lethal substances, including chlorine from a facility or transportation equipment. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the segment's facilities unsafe, they may order that such facilities be shut down.

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

Specialty Chemicals does not directly operate or control Tronox's Hamilton, Mississippi sodium chlorate facility. A major production outage or unplanned downtime could harm Specialty Chemicals' reputation and its ability to meet customer requirements.

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

Approximately 25% of Specialty Chemicals' employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the negotiation process that could have an adverse impact on Superior.

Construction Products Distribution

Activity in the Construction Products Distribution segment is subject to changes in general economic activity and, in particular, residential and non-residential construction. New residential construction is subject to such factors as household income, employment levels, customer confidence, population changes and the local supply of residential units. Residential renovation is not as sensitive to these factors and can provide some balance in the demand for residential construction product distribution. Non-residential activity can be subdivided into commercial, industrial and institutional. New construction in these sectors is subject to many of the same general economic factors as residential activity. In the industrial and institutional subsectors, government and regulatory programs can also have a significant impact on the outlook for product distribution, particularly as related to Superior's insulation businesses. As a result, changes to general economic activity or other factors mentioned above that affect the amount of construction or renovation in residential and non-residential markets can have an adverse effect on the segment's business and Superior.

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

The GSD market is driven largely by residential and non-residential construction. Demand for wall and ceiling building materials is affected by changes in general and local economic factors including demographic trends, employment levels, interest rates, consumer confidence and overall economic growth. These factors in turn affect existing housing sales, new home construction, new non-residential construction, and office/commercial space turnover, all of which are significant factors in determining demand for products and services.

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

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

During 2013, CPD initiated a business transformation project to fully integrate its C&I and GSD operations. The project consists of realigning the management structure along geographic lines, adopting best practice common business processes, and integrating all operations onto a single ERP system. The project is expected to take approximately two years to three years. Upon full commencement of the project, the scoping, requirements definition, business process definition, design, and testing of the integrated ERP system will take approximately one year with the branch conversions taking place the following year. Implementation problems could result in disruption to the business and/or inaccurate information for management and financial reporting. Risk will be mitigated by extensive testing and regionally phased implementation.

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

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.

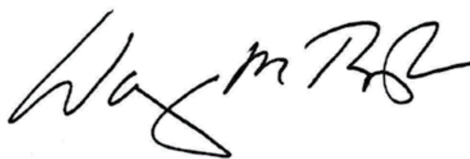
The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the consolidated 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 basis consistent with that in the consolidated financial statements.

The Board of Directors of Superior is responsible for reviewing and approving the consolidated 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 consolidated financial statements and the external auditor's report. The Committee reports its findings to the Board for the Board's consideration in approving the consolidated 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 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 International Financial Reporting Standards. Deloitte LLP has provided an independent professional opinion.

Luc Desjardins
President and Chief Executive Officer
Superior Plus Corp.



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

Calgary, Alberta
February 19, 2014

Independent Auditor's Report

To the Shareholders of Superior Plus Corp.

We have audited the accompanying consolidated financial statements of Superior Plus Corp., which comprise the consolidated balance sheets as at December 31, 2013 and December 31, 2012, and the consolidated statement of changes in equity, consolidated statement of net earnings and total comprehensive income and consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Superior Plus Corp. as at December 31, 2013 and December 31, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
February 19, 2014
Calgary, Alberta

Consolidated Balance Sheets

(millions of Canadian dollars)	Notes	**December 31, 2013**	December 31, 2012 [1][2]
ASSETS			
Current Assets			
Cash and cash equivalents		**8.3**	7.6
Trade and other receivables	5 & 21	**479.8**	389.0
Prepaid expenses	6 & 15	**35.3**	20.5
Inventories	7	**206.3**	213.7
Unrealized gains on derivative financial instruments	21	**13.7**	16.6
Total Current Assets		**743.4**	647.4
Non-Current Assets			
Property, plant and equipment	10	**877.9**	829.9
Intangible assets	11	**19.0**	39.6
Goodwill	13	**193.7**	189.1
Notes and finance lease receivables		**10.2**	10.1
Deferred tax	22	**292.3**	303.1
Unrealized gains on derivative financial instruments	21	**4.6**	12.9
Total Non-Current Assets		**1,397.7**	1,384.7
Total Assets		**2,141.1**	2,032.1
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	15	**396.2**	318.5
Deferred revenue	16	**24.8**	18.2
Borrowing	17 & 18	**67.0**	59.7
Convertible unsecured subordinated debentures	19	**–**	50.0
Dividends and interest payable		**7.3**	7.3
Unrealized losses on derivative financial instruments	21	**25.1**	36.5
Total Current Liabilities		**520.4**	490.2
Non-Current Liabilities			
Borrowing	17 & 18	**509.1**	574.7
Convertible unsecured subordinated debentures	19	**469.4**	475.1
Other liabilities	16	**0.4**	1.0
Provisions	14	**19.5**	17.6
Employee future benefits	20	**23.3**	54.0
Deferred tax	22	**4.0**	2.5
Unrealized losses on derivative financial instruments	21	**54.8**	42.6
Total Non-Current Liabilities		**1,080.5**	1,167.5
Total Liabilities		**1,600.9**	1,657.7
Equity			
Capital		**1,787.9**	1,646.5
Deficit	24	**(1,239.8)**	(1,218.2)
Accumulated other comprehensive loss	23	**(7.9)**	(53.9)
Total Equity		**540.2**	374.4
Total Liabilities and Equity		**2,141.1**	2,032.1

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.
[2] December 31, 2012 has been restated for the impact of a prior-period adjustment. Refer to Note 15.

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(millions of Canadian dollars)	Note	Share Capital	Contributed Surplus [1]	**Total Capital**	**Deficit**	**Accumulated Other Comprehensive Loss**	**Total**
January 1, 2012		1,629.8	3.3	**1,633.1**	**(1,228.2)**	**(55.3)**	**349.6**
Impact of adopting IAS 19 – *Employee Benefits, amendments* [2]		–	–	**–**	**(4.0)**	**4.1**	**0.1**
Impact of prior-period adjustment [3]		–	–	**–**	**(8.8)**	**–**	**(8.8)**
Restated as at January 1, 2012		1,629.8	3.3	**1,633.1**	**(1,241.0)**	**(51.2)**	**340.9**
Net earnings		–	–	**–**	**90.0**	**–**	**90.0**
Option value associated with redemption of convertible debentures		–	(0.8)	**(0.8)**	**–**	**–**	**(0.8)**
Shares issued under the Dividend Reinvestment Plan		14.2	–	**14.2**	**–**	**–**	**14.2**
Dividends declared to shareholders	24	–	–	**–**	**(67.2)**	**–**	**(67.2)**
Unrealized foreign currency losses on translation of foreign operations		–	–	**–**	**–**	**(8.8)**	**(8.8)**
Actuarial defined benefit gains		–	–	**–**	**–**	**7.2**	**7.2**
Income tax expense on other comprehensive income		–	–	**–**	**–**	**(1.1)**	**(1.1)**
December 31, 2012		1,644.0	2.5	**1,646.5**	**(1,218.2)**	**(53.9)**	**374.4**
Net earnings		–	–	**–**	**52.7**	**–**	**52.7**
Option value associated with redemption of convertible debentures		–	(1.1)	**(1.1)**	**–**	**–**	**(1.1)**
Shares issued under the Dividend Reinvestment Plan		4.9	–	**4.9**	**–**	**–**	**4.9**
Issuance of common shares		137.6	–	**137.6**	**–**	**–**	**137.6**
Dividends declared to shareholders	24	–	–	**–**	**(74.3)**	**–**	**(74.3)**
Unrealized foreign currency gains on translation of foreign operations		–	–	**–**	**–**	**26.6**	**26.6**
Actuarial defined benefit gains		–	–	**–**	**–**	**26.4**	**26.4**
Reclassification of derivatives losses previously deferred		–	–	**–**	**–**	**(0.4)**	**(0.4)**
Income tax expense on other comprehensive income		–	–	**–**	**–**	**(6.6)**	**(6.6)**
December 31, 2013		1,786.5	1.4	**1,787.9**	**(1,239.8)**	**(7.9)**	**540.2**

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

(2) December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

(3) Superior restated the January 1, 2012 deficit by $8.8 million due to a prior-period adjustment. Refer to Note 15.

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Net Earnings and Total Comprehensive Income

Years ended December 31
(millions of Canadian dollars except per share amounts)

	Notes	**2013**	2012 [1]
REVENUES	25	**3,752.8**	3,624.3
Cost of sales	25	**(2,884.0)**	(2,778.0)
Gross profit		**868.8**	846.3
EXPENSES			
Selling, distribution and administrative costs	25	**(718.0)**	(697.1)
Finance expense	25	**(71.8)**	(77.6)
Impairment of property, plant and equipment, intangible assets, and goodwill	10,11&13	**(15.5)**	(4.7)
Unrealized (losses) gains on derivative financial instruments	21	**(5.1)**	32.1
		(810.4)	(747.3)
Net earnings before income taxes		**58.4**	99.0
Income tax expense	22	**(5.7)**	(9.0)
Net earnings		**52.7**	90.0
Net earnings		**52.7**	90.0
Other comprehensive income:			
Unrealized foreign currency gains (losses) on translation of foreign operations	23	**26.6**	(8.8)
Actuarial defined benefit gains	23	**26.4**	7.2
Reclassification of derivatives losses previously deferred	23	**(0.4)**	–
Income tax expense on other comprehensive income	22	**(6.6)**	(1.1)
Total Comprehensive Income		**98.7**	87.3
Net earnings per share			
Basic	26	**$ 0.43**	$ 0.80
Diluted	26	**$ 0.40**	$ 0.80

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years ended December 31 (millions of Canadian dollars)	Notes	**2013**	2012 [1]
OPERATING ACTIVITIES			
Net earnings		**52.7**	90.0
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	10	**42.2**	42.4
Amortization of intangible assets	11	**19.4**	26.8
Depreciation included in cost of sales	10	**41.3**	44.9
(Gains) losses on disposal of assets		**(2.9)**	1.0
Impairment of property, plant and equipment, intangible assets, and goodwill		**15.5**	4.7
Unrealized losses (gains) on derivative financial instruments	21	**5.1**	(32.1)
Customer contract-related costs		**(0.8)**	(1.1)
Finance expense recognized in net earnings		**71.8**	77.6
Income tax expense recognized in net earnings		**5.7**	9.0
Decrease in non-cash operating working capital	28	**0.3**	84.7
Net cash flows from operating activities		**250.3**	347.9
Income taxes paid		**(6.5)**	(0.3)
Interest paid		**(58.5)**	(74.3)
Cash flows from operating activities		**185.3**	273.3
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	**(78.5)**	(43.8)
Proceeds from disposal of property, plant and equipment	10	**6.6**	4.5
Investment in supply agreement		**(4.3)**	–
Acquisitions	4	**(7.6)**	(5.5)
Cash flows used in investing activities		**(83.8)**	(44.8)
FINANCING ACTIVITIES			
Net proceeds (repayment) of revolving term bank credits and other debt		**87.4**	(74.4)
Redemption of senior unsecured debentures		**(150.0)**	–
Redemption premium on senior unsecured debentures		**(6.2)**	–
Repayment of senior secured notes		**(34.0)**	(31.8)
Repayment of finance lease obligations		**(15.9)**	(16.4)
Redemption of 5.75% convertible debentures	19	**–**	(49.9)
Redemption of 5.85% convertible debentures	19	**(75.0)**	–
Redemption of 7.50% convertible debentures	19	**(68.9)**	–
Proceeds from issuance of 6.00% convertible debentures	19	**97.0**	–
Issue costs incurred for the 6.00% convertible debentures		**(3.8)**	–
Proceeds from issuance of common shares		**143.9**	–
Issuance costs for common shares		**(6.3)**	–
Proceeds from the Dividend Reinvestment Plan		**4.9**	14.2
Dividends paid to shareholders		**(73.7)**	(67.1)
Cash flows used in financing activities		**(100.6)**	(225.4)
Net increase in cash and cash equivalents		**0.9**	3.1
Cash and cash equivalents, beginning of the year		**7.6**	5.2
Effect of translation of foreign currency-denominated cash and cash equivalents		**(0.2)**	(0.7)
Cash and cash equivalents, end of the year		**8.3**	7.6

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

(Tabular amounts in Canadian millions of dollars, except per share amounts and as otherwise noted. Tables labeled "2013" and "2012" are for full year ended December 31.)

1. Organization

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

The consolidated financial statements of Superior for the year ended December 31, 2013 and 2012 were authorized for issuance by the Board of Directors on February 19, 2014.

Reportable Operating Segments

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Superior's Energy Services' operating segment provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels under the following: Canadian propane division and U.S. refined fuels division. Energy Services also provides fixed-price natural gas and electricity supply services under Superior Energy Management. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada (See Note 32).

2. Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) using the accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2013. The financial statements were prepared on a going concern basis.

The consolidated financial statements are presented in Canadian dollars, Superior's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest hundred-thousand.

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

Significant Accounting Policies

(a) 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.

(b) Inventories

Energy Services

Inventories are valued at the lower of cost and net realizable value. Costs of inventories are determined either on a weighted average cost or first-in, first-out basis. Appliances, materials, supplies and other inventories are stated at the lower of cost and net realizable value, as appropriate. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Specialty Chemicals

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. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale. In the case of manufactured inventories cost includes an appropriate share of production overhead based on normal operating capacity.

Construction Products Distribution

Inventories of building products are valued at the lower of cost and net realizable value. Cost is calculated on a weighted-average cost basis and any trade discounts and rebates are deducted from the cost. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

(c) Financial Instruments and Derivative Financial Instruments

Derivative Financial Instruments

Superior enters into a variety of derivatives to manage its exposure to certain financial risks. Further details of derivative financial instruments are disclosed in Note 21.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-valued to their fair value at each balance sheet date. The resulting gain or loss is recognized in net earnings. Realized gains and losses on derivatives are recognized as a component of revenue, cost of sales or finance expense/revenue, the classification of which depends on the underlying nature of the economic exposure being managed. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in net earnings.

Superior does not formally designate and document economic hedges, in accordance with the requirements of applying hedge accounting under IFRS and, therefore, does not apply hedge accounting.

Financial Assets

A financial asset is classified at fair value through net earnings (FVTNE) if it is classified as held for trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in net earnings as incurred. Financial assets at FVTNE are measured at fair value, and changes therein are recognized in net earnings.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Separable Embedded Derivatives

Changes in the fair value of separable embedded derivatives are recognized immediately in net earnings.

Impairment of Financial Assets

Financial assets measured at amortized cost are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the financial asset's initial recognition, the estimated future cash flows of the investment have been negatively impacted.

For certain categories of financial assets, such as trade receivables, assets that are assessed as not impaired individually are subsequently assessed for collective impairment. Objective evidence of the impairment of a portfolio of receivables could include Superior's past experience of collecting payments, an increase in the number of delayed payments past the average credit period, in addition to changes in economic conditions that correlate with defaults on receivables. For financial assets carried at amortized cost, the amount of impairment recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, in which case the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of net earnings and comprehensive income. Changes in the carrying amount of the allowance account are recognized in net earnings.

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract which has a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Superior are recorded at the proceeds received, net of direct issuance costs.

Compound Financial Instruments

The components of compound instruments issued by Superior are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issuance, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity. The equity component is determined by deducting the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax, and is not subsequently re-measured.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTNE or other financial liabilities.

Financial Liabilities at FVTNE

Financial liabilities are classified as FVTNE when the financial liability is held for trading or are designated as FVTNE upon initial recognition. Financial liabilities at FVTNE are stated at fair value with any resulting gain or loss recognized in net earnings. The net gain or loss recognized in net earnings incorporates any related interest expense. Upon initial recognition, attributable transaction costs are recognized in net earnings or loss as incurred. Fair value is determined in the manner described in Note 21.

Other Financial Liabilities

Other financial liabilities, including borrowing, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis. Financial liabilities are recognized at amortized cost, using the effective interest rate method, at each reporting period, net of transaction costs directly attributable to the issuance of the liability. Transaction costs related to the issuance of any liability are netted against the carrying value of the associated liability and amortized as part of financing costs over the life of that debt using the effective interest rate method.

Derecognition of Financial Liabilities

Superior derecognizes financial liabilities when, and only when, Superior's obligations are discharged, cancelled or they expire.

Financial Guarantees at FVTNE

Financial guarantees are classified as FVTNE when the financial liability is designated as FVTNE upon initial recognition. Financial guarantees at FVTNE are stated at fair value with any resulting gain or loss recognized in net earnings. Fair value is determined in the manner described in Note 21.

(d) Property, Plant and Equipment

Cost

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Major renewals and improvements which provide future economic benefits and can be reliably measured are capitalized, while repair and maintenance expenses are charged to operations as incurred. Property, plant and equipment in the course of construction are carried at cost less any recognized impairment losses. Cost includes directly attributable expenses, professional fees and, for qualifying assets, borrowing costs capitalized in accordance with Superior's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use. Disposals are derecognized at carrying costs less accumulated depreciation and impairment losses, with any resulting gain or loss reflected in net earnings.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial time to ready for their intended use or sale, are included in the cost of those assets, until such time as the assets are available for their intended use. All other borrowing costs are recognized in net earnings in the period in which they are incurred.

Depreciation

Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not depreciated. Depreciation of property in the course of construction commences when the assets are available for their intended use. In the majority of cases, residual value is estimated to be insignificant. Depreciation by class of assets is as follows:

Buildings	15 to 40 years
Leasehold improvements	over the lease term up to 10 years
Energy Services' tanks and cylinders	30 years
Energy Services' truck tank bodies, chassis and other Construction Products Distribution equipment	5 to 15 years
Manufacturing equipment	5 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 years

Deprecation rates, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(e) Intangible Assets

Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. For intangible assets with a determinate life, amortization is charged on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the recognition criteria. The initial cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortization rates, residual values and amortization methods are reviewed at least annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Energy Services

Costs incurred by Energy Services to acquire natural gas and electricity customer contracts are capitalized as deferred costs at the time the cost is incurred. The costs are recognized in 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 being approximately two years.

Superior's other intangible assets and related amortization rates are summarized as follows:

Non-competition agreements	Term of the agreements (1-5 years)
Royalty agreements	1-10 years
Software	1-3 years
Technology patents	Approximately 10 years

Investment Properties

Property held for a currently undetermined future use, long-term rental yields, or for capital appreciation, and that is not occupied by Superior is classified as investment property. Property being constructed or developed for future use as investment property is also classified as investment property.

Superior amortizes its investment property over a period of 40 years using the straight-line method.

Cost

Investment property is measured at cost, including related transaction costs and borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalized to the investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to Superior and the cost of the item can be measured reliably. Repair and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Borrowing Costs

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalized as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway, which ceases once the asset is substantially complete or suspended if the development of the asset is suspended.

Depreciation

Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not amortized. Depreciation of investment property in the course of construction commences when the assets are ready for their intended use. In the majority of cases, residual value is estimated to be insignificant. Investment properties are depreciated over 40 years. The estimated useful life, depreciation method, and residual values are reviewed at least annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Disclosure of Fair Value

Fair value is based on active market prices, adjusted, if necessary for any difference in the nature, location or condition of the specific asset. If this information is not available, Superior uses alternate valuation methods, such as recent prices in less active markets, discounted cash flow projections, or recent property tax assessments. Valuations performed by professional valuators can be used although Superior has sufficient internal resources to determine reliable fair values.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

(f) Impairment of Property, Plant and Equipment, Intangible Assets and Investment Properties

At each balance sheet date and when circumstances indicate that the carrying value may be impaired, Superior reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If so, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, Superior estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For the impairment testing, assets that cannot be tested individually are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which cannot exceed the original carrying amount less normal depreciation.

(g) Business Combinations

All business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values, at the acquisition date of the assets given up, the liabilities incurred or assumed and equity instruments issued by Superior in exchange for control of the acquiree. Transaction costs, other than those associated with the issuance of debt or equity securities, that Superior incurs in connection with a business combination, are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 — *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 — *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized at fair values less costs to sell, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standards ("IAS") IAS 12 — *Income taxes* and IAS 19 — *Employee Benefits* respectively;

- Liabilities or equity instruments related to the replacement by Superior of an acquiree's share-based payment awards are measured in accordance with IFRS 2 — *Share-based Payment*; and

- Assets or disposals that are classified as held for sale in accordance with IFRS 5 — *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the amount that would be recognized in accordance with IAS 37 — *Provisions, Contingent Liabilities and Contingent Assets.*

Intangible assets arising on acquisition are recognized at fair value at the date of acquisition. The fair value is based on detailed cash flow models and other metrics depending on the type of intangible asset being recognized.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over Superior's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the net amounts assigned to the assets acquired and liabilities assumed exceed the cost of the purchase then Superior is required to reassess the value of both the cost and net assets acquired and any excess remaining after this reassessment is recognized immediately in net earnings. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Superior will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date Superior obtains complete information about facts and circumstances as of the acquisition date, to a maximum of one year.

(h) Goodwill

Goodwill arising in a business combination is recognized as an asset at the date control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, Superior's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the previously held equity interest in the acquiree (if any), the excess is recognized immediately in net earnings as a bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For purposes of impairment testing, goodwill is allocated to each of Superior's CGUs expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually or more frequently upon indication of impairment. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the net earnings on disposal.

(i) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- Superior has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Superior retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to Superior; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Energy Services

Revenues from sales are recognized at the time of delivery, or when related services are performed and the above conditions related to revenue from sale of goods are satisfied.

Natural gas revenues are recognized as gas is delivered to local distribution companies and when the above conditions related to revenue from sale of goods are satisfied. Costs associated with balancing the amount of gas used by Energy Services' customers with the volumes delivered by Energy Services 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.

Rental revenues arising from operating leases are accounted for based on the terms contained in the lease agreements as earned.

Specialty Chemicals

Revenues from chemical sales are recognized at the time of delivery and when the above conditions related to revenue from sale of goods are satisfied.

Construction Contracts

When the outcome of a construction contract for the construction of chlorine dioxide generators can be estimated reliably, revenues and costs are recognized by reference to the percentage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Engineer's reviews are used to determine the stage of completion of contracts in progress.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent it is probable that contract costs will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

Construction Products Distribution

Revenue is recognized when products are delivered to the customer and when the above conditions related to revenue from sale of goods are satisfied. Revenue is stated net of discounts and rebates granted.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of Superior at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to Superior is included in the balance sheet as a finance lease obligation as part of borrowing.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in net earnings, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Superior's general policy on borrowing costs (see (d) above). Contingent rentals are recognized as expenses in the period in which they are incurred.

Operating lease payments are recognized as an expense based on terms contained in the lease agreements. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense and amortized over the term of the lease.

(k) Rebates — Construction Products Distribution

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.

(l) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, for which it is probable that payment will be required to settle the obligation, and where the amount can be reliably estimated.

The amount is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably.

Decommissioning Costs

Liabilities for decommissioning costs are recognized when Superior has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Generally, the costs relate to Specialty Chemicals facilities and Energy Services' assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in net earnings as a finance expense. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. A corresponding item of property, plant and equipment of an amount equal to the provision is also created. This is subsequently amortized as part of the asset. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Environmental Expenditures and Liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. When the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

Restructuring

A restructuring provision is recognized when Superior has developed a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

(m) Employee Future Benefits

Superior has a number of defined benefit and defined contribution plans providing pension and other post-employment benefits to most of its employees. Superior accrues its obligations under the plans and the related costs, net of plan assets.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they occur. The net obligation for each defined benefit plan is discounted to determine the present value using the yield at the reporting date on high-quality Canadian corporate bonds. Past service costs are recognized immediately to the extent that the benefits are already vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognized in the balance sheet represents the present value adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(n) Income Taxes

Income tax expense represents the sum of current income taxes payable and deferred income taxes.

Current Income Taxes

The income tax currently payable is based on taxable net earnings for the year. Taxable net earnings differs from net earnings as reported in the consolidated statement of net earnings and total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Superior's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Income Taxes

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable net earnings. Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable net earnings will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except for the following:

- When the deferred tax liability arises from the initial recognition of goodwill; or
- When an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting net earnings or taxable net earnings ; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by Superior and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that they are expected to be reversed in the foreseeable future and it is probable that there will be sufficient taxable net earnings against which to utilize the benefits of the temporary differences. A deferred tax asset may also be recognized for the benefit expected from unused tax losses available for carry-forward, to the extent that it is probable that future taxable earnings will be available against which the tax losses can be applied.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Superior expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when they are related to income taxes levied by the same taxation authority and Superior intends to settle its current tax assets and liabilities on a net basis. Also, Superior recognizes any benefit associated with investment tax credits as deferred tax assets to the extent they are expected to be utilized in accordance with IAS 12 — *Income Taxes*.

Uncertain Tax Positions

Superior is subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. It is possible, however, that at some future date, liabilities in excess of Superior's provisions could result from audits by or litigation with tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Current and Deferred Tax for the Period

Current and deferred tax are recognized as an expense in net earnings, except where they relate to amounts recognized outside of net earnings (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside net earnings, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(o) Foreign Currencies

The financial statements of each subsidiary of Superior are translated into the currency of the subsidiary's primary economic environment (its functional currency). For the purpose of the consolidated financial statements, the results and balance sheets of each subsidiary are expressed in Canadian dollars, Superior's functional currency.

The accounts of the foreign operations of Energy Services, Specialty Chemicals and Construction Products Distribution in the United States, and of Specialty Chemicals operations in Chile, translate all assets and liabilities at the exchange rate prevailing at the balance sheet date, and revenues and expenses at average exchange rates during the period. Exchange gains and losses arising from this translation are recorded as a component of accumulated other comprehensive income. Other monetary assets and liabilities held by Superior are converted at the exchange rate prevailing at the balance sheet date. Gains and losses are recognized on monetary assets and liabilities when those items are settled.

Transactions denominated in a foreign currency 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 net earnings.

(p) Share-Based Payments

Superior has established share-based compensation plans whereby notional restricted shares and/or notional performance shares may be granted to employees. The fair value of these notional shares is estimated using the period-end quoted market price and recorded as an expense with an offsetting amount to accrued liabilities, re-measured at each balance sheet date. All share-based payments are settled in cash.

(q) Government Grants

Government grants are not recognized until there is a reasonable assurance that Superior will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that Superior should purchase, construct or otherwise acquire non-current assets are recognized as a reduction of the carrying value of the related asset. Other government grants are recognized as income over the periods necessary to match them with the costs they are intended to compensate, on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Superior with no future related costs are recognized in net earnings in the period in which they become receivable.

(r) Net Earnings per Common Share

Basic net earnings per share are calculated by dividing the net earnings by the weighted average number of shares outstanding during the period, which is calculated using the number of shares outstanding at the end of each month in that year. Diluted net earnings per share are calculated by factoring in the dilutive impact of the dilutive instruments, including the conversion of debentures to shares using the if-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.

(s) Significant Accounting Judgments, Estimates and Assumptions

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

Fair Value of Derivative and Non-Financial Derivative Instruments

Where the fair values of derivatives and non-financial derivatives cannot be derived from active markets, they are determined using valuation techniques including a discounted cash flow model. This requires assumptions concerning the amount and timing of estimated future cash flows and discount rates. Differences between actual values and assumed values will affect net earnings in the period when the determination of the difference is made.

Allowance for Doubtful Accounts

Superior recognizes an allowance for doubtful accounts based on historical customer collection history, general economic indicators and other customer-specific information, all of which require Superior to make certain assumptions. Where the actual collectability of accounts receivable differs from these estimates, such differences will have an impact on net earnings in the period such a determination is made.

Property, Plant and Equipment and Intangible Assets

Capitalized assets, including property, plant and equipment and intangible assets are amortized over their respective estimated useful lives. All estimates of useful lives are set out in 2(d) and 2(e) above.

Provisions

Provisions have been estimated for decommissioning costs, restructuring and environmental expenditures. The actual costs and timing of future cash flows depend on future events. Any differences between estimates and the actual future liability will be accounted for in the period when such determination is made.

Employee Future Benefits

Superior has a number of defined benefit pension plans and other benefit plans. The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. These require assumptions including the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the valuation's complexity, its underlying assumptions and long-term nature, a defined benefit obligation is highly sensitive to changes in the underlying assumptions.

Income Tax Assets and Liabilities

Superior recognizes expected tax assets and liabilities based on estimates of current and future taxable net earnings, which may require significant judgment regarding the ultimate tax determination of certain items. If taxable net earnings differ from the estimates there may be an impact on current and future income tax provisions in the period when the difference is determined.

Decommissioning Liabilities

Determining decommissioning liabilities requires estimates regarding the useful life of certain operating facilities, the timing and cost of future remediation activities, discount rates and the interpretation and changes to various environmental laws and regulations. Differences between estimates and results will affect Superior's accrual for decommissioning liabilities, with an effect on net earnings.

Asset Impairments

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amounts are based on a calculation of expected future cash flows, which includes management assumptions and estimates of future performance.

Critical Judgments in Applying Accounting Policies

In applying Superior's accounting policies, described above, management makes judgments that could significantly affect the amounts recognized in the consolidated financial statements. The most critical of these judgments are:

Impairment of Property, Plant and Equipment

An impairment evaluation involves consideration of whether there are indicators of impairment. Indicators include: significant underperformance relative to historical or projected operating results, significant changes in the manner in which an asset is used or in Superior's overall business strategy, or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, there is no such clearly identifiable event. Instead, a series of individually insignificant events, some of them only later known, leads to an indication that an asset may be impaired. Management continually monitors Superior's segments, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether a possible impairment exists.

Income Taxes

Preparation of the consolidated financial statements involves making an estimate of, or provision for, income taxes in each of the jurisdictions in which Superior operates. The process also involves estimating taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred income taxes. Deferred income taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the balance sheet as deferred income tax assets and liabilities. An assessment must also be made to determine the likelihood that Superior's future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, recognized deferred income tax assets must be reduced. Judgment is required in determining the provision for income taxes and recognition of deferred income tax assets and liabilities. Management must also exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred income tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Financial Instruments

The fair value of financial instruments is determined and classified within three categories, which are outlined below and discussed in more detail in Note 21.

Level I

Fair values in Level I are determined using inputs that are unadjusted quoted prices in active markets for identical assets or liabilities that Superior has the ability to access.

Level II

Fair values in Level II are determined, directly or indirectly, using inputs that are observable for the asset or liability.

Level III

Fair values in Level III are determined using inputs for the asset or liability that are not readily observable.

The fair value measurement of a financial instrument is included in only one of the three levels, the determination of which is based on the lowest-level input that is significant to the derivation of the fair value. Classification of financial instruments requires management to use judgment in respect of both the determination of fair value and the lowest-level input of significance.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning January 1, 2013 or later periods. The affected standards applicable to Superior are as follows:

IFRS 7 — *Financial Instruments: Disclosures, amendments*

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements under an enforceable master netting agreement or similar arrangement). Financial assets and liabilities are offset and the net amount reported in the balance sheet where Superior has the legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. This standard must be applied for accounting periods beginning on or after January 1, 2013. Superior adopted IFRS 7 *amendments* on January 1, 2013, with retrospective application from December 31, 2012 with no impact.

IFRS 10 — *Consolidated Financial Statements*

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

IFRS 11 — *Joint Arrangements*

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

IFRS 12 — *Disclosure of Interests in Other Entities*

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and/or unconsolidated structured entities. The standard carries forward existing disclosure and introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard was effective for Superior on January 1, 2013 and Superior adopted the amendments with no impact.

IFRS 13 — *Fair Value Measurement*

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

IAS 1 — *Presentation of Other Comprehensive Income*

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

IAS 19 — *Employee Benefits, amendments*

IAS 19 amendments were issued in June 2011 that changed the accounting and disclosure for defined benefit plans and termination benefits. This standard requires that the changes in defined benefit obligations are recognized as they occur, eliminating the corridor approach and accelerating the recognition of past service costs. The changes in defined benefit obligations and plan assets are to be disaggregated into three components: service costs, net interest on the net defined benefit liabilities or assets and re-measurements of the net defined benefit liabilities or assets. This standard must be applied for accounting periods beginning on or after January 1, 2013. Superior adopted IAS 19 on January 1, 2013, with retrospective application from January 1, 2012. The financial impact was an increase of $3.1 million to pension expense and a corresponding decrease to accumulated other comprehensive loss for the year ended December 31, 2012. The impact on Superior's balance sheet as at January 1, 2012 is a $4.0 million increase to deficit, a $0.1 million decrease in employee benefit obligations and a corresponding decrease to accumulated other comprehensive loss of $4.1 million. The impact as at December 31, 2012 was an increase in selling, distribution and administrative costs of $3.1 million.

New and Revised IFRS Standards Issued But Not Yet Effective

IFRS 9 — *Financial Instruments: Classification and Measurement*

IFRS 9 was issued in November 2009 and is intended to replace IAS 39 — *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard must be applied for accounting periods beginning on or after January 1, 2017, with earlier adoption permitted. Superior is assessing the effect of IFRS 9 on its financial results and financial position; changes, if any, are not expected to be material.

IFRS 10 — *Consolidated Financial Statements, IFRS 12 — Disclosure of Interests in Other Entities and IAS 27 — Separate Financial Statements*

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequently, IFRS 12 and IAS 27 were amended to introduce new disclosure requirements for investment entities. Superior does not anticipate these will have any effect on the consolidated financial statements as Superior is not an investment entity.

IAS 32 — *Financial Instruments: Presentation*

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of off-set' and 'simultaneous realization and settlement'. Superior does not anticipate significant impact on the consolidated financial statements from these amendments.

IFRIC 21 — *Levies*

The interpretation, issued on May 20, 2013, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 — *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12 — *Income Taxes*), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. It also provides the following guidance on recognition of a liability to pay levies: The liability is recognized progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This standard must be applied for accounting periods beginning on or after January 1, 2014, with retrospective application from December 31, 2012. Superior is assessing the effect of IFRIC 21 on its financial results and financial position; changes, if any, are not expected to be material to Superior's annual results although significant changes may result on a quarterly basis.

3. Seasonality of Operations

Energy Services

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

Construction Products Distribution

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

4. Acquisitions

On November 27, 2013, Superior completed the acquisition of certain assets constituting a retail propane and commercial fuels distribution business (Townsend Energy) in Le Roy, New York for an aggregate purchase price of $9.6 million including adjustments to net working capital and deferred consideration. The operations will provide U.S. refined fuels with access to additional propane customers.

Townsend Energy Acquisition	Fair Value Recognized on Acquisition
Property, plant and equipment	2.6
Intangible assets	3.5
Trade and other payables	(2.0)
	4.1
Net identifiable assets and liabilities	4.1
Goodwill arising on acquisition	5.5
Total consideration	**9.6**
Purchase consideration components:	
Cash (paid on November 27, 2013)	7.6
Deferred consideration	2.0
Total purchase consideration	**9.6**

Revenue and net earnings for the 12 months ended December 31, 2013 would have been $102.1 million and $0.4 million, respectively, if the acquisition had occurred on January 1, 2013. Subsequent to the acquisition date of November 27, 2013, the acquisition contributed revenue and net earnings, respectively, of $6.3 million and $0.1 million to Energy Services for the period ended December 31, 2013.

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

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

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

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

5. Trade and Other Receivables

A summary of trade and other receivables is as follows:

	Note	**2013**	2012
Trade receivables, net of allowances	21	**443.2**	355.9
Accounts receivable – other		**35.7**	32.3
Finance lease receivable		**0.9**	0.8
Trade and other receivables		**479.8**	389.0

6. Prepaid expenses

	2013	2012 [1]
Balance at the beginning of the year	**20.5**	16.5
Added to prepaid assets	**141.2**	89.2
Expensed to net earnings	**(127.2)**	(85.1)
Foreign exchange impact	**0.8**	(0.1)
Balance at the end of the year	**35.3**	20.5

(1) December 31, 2012 has been restated for the impact of a prior-period adjustment. Refer to Note 15.

7. Inventories

	2013	2012
Propane, heating oil and other refined fuels	**93.5**	105.1
Propane retailing materials, supplies, appliances and other	**9.0**	10.7
Chemical finished goods and raw materials	**21.3**	21.1
Chemical stores, supplies and other	**11.3**	9.3
Wall, ceiling and insulation construction products	**71.2**	67.5
	206.3	213.7

The cost of inventories recognized as an expense in the year ended December 31, 2013 was $2,540.1 million (December 31, 2012 — $2,528.9 million). Inventories of $nil as at December 31, 2013 (December 31, 2012 — $nil) are expected to be recovered after more than 12 months. Inventory was written down during the year ended December 31, 2013 by $3.6 million (December 31, 2012 — $3.6 million). No write-down reversals were recorded during the years ended December 31, 2013 and 2012.

8. Finance Lease Receivable

In November 2010, Superior entered into a finance lease arrangement with a customer from the Specialty Chemicals segment. It is related to capital assets used to produce electricity at a Specialty Chemicals sodium chlorate facility in Chile. The lease contract term is ten years and contains an early termination option for the customer after five years.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2013	2012	**2013**	2012
Current portion	**1.7**	1.6	**0.9**	0.8
Long-term portion	**9.6**	10.6	**7.3**	7.7
	11.3	12.2	**8.2**	8.5
Less: unearned finance income	**(3.1)**	(3.7)	**–**	–
Present value of minimum lease payments	**8.2**	8.5	**8.2**	8.5

The interest rate inherent in the lease is fixed at a constant effective interest rate of 10% per year. There is no allowance for doubtful accounts, as the finance lease receivables are neither past due nor impaired.

9. Construction Contracts

Revenue relating to construction contracts is recognized based on the stage of completion, based in turn on engineering estimates of the proportion of work completed to date.

Contracts in progress at the balance sheet date:	**2013**	2012
Construction costs incurred plus recognized profits less recognized losses to date	**14.9**	12.9
Less: Progress billings to date	**(16.2)**	(14.2)
	(1.3)	(1.3)

Recognized and included in the financial statements as amounts due:

	Note	**2013**	2012
Accounts payable to customers under construction contracts	15	**1.3**	1.3
		1.3	1.3

10. Property, Plant and Equipment

	Land	**Buildings**	**Specialty Chemicals Plant & Equipment**	**Energy Services Retailing Equipment**	**Construction Products Distribution Equipment**	**Leasehold Improvements**	**Total**
Cost							
Balance at December 31, 2011	**29.7**	**147.0**	**728.4**	**591.5**	**41.2**	**9.9**	**1,547.7**
Additions	–	3.5	17.6	24.9	4.9	0.1	51.0
Additions from business combinations	–	–	–	1.9	–	–	1.9
Disposals	(0.3)	(0.8)	(2.0)	(17.9)	(1.9)	(0.4)	(23.3)
Impairment loss charged to net earnings	–	–	–	(4.7)	–	–	(4.7)
Net foreign currency exchange differences	(0.2)	(1.2)	(5.7)	(1.7)	(0.9)	0.1	(9.6)
Reclassification	0.5	0.1	–	(4.2)	–	–	(3.6)
Balance at December 31, 2012	**29.7**	**148.6**	**738.3**	**589.8**	**43.3**	**9.7**	**1,559.4**
Accumulated Depreciation and Impairment							
Balance at December 31, 2011	**–**	**38.6**	**308.2**	**285.7**	**22.4**	**7.8**	**662.7**
Depreciation expense	–	5.6	40.8	34.9	5.2	0.8	87.3
Eliminated on disposal of assets	–	(0.6)	(1.4)	(11.1)	(1.8)	(0.2)	(15.1)
Net foreign currency exchange differences	–	(0.2)	(1.3)	(0.6)	(0.2)	(0.2)	(2.5)
Reclassification	–	–	–	(2.9)	–	–	(2.9)
Balance at December 31, 2012	**–**	**43.4**	**346.3**	**306.0**	**25.6**	**8.2**	**729.5**

	Land	Buildings	Specialty Chemicals Plant & Equipment	Energy Services Retailing Equipment	Construction Products Distribution Equipment	Leasehold Improvements	Total
Cost							
Balance at December 31, 2012	**29.7**	**148.6**	**738.3**	**589.8**	**43.3**	**9.7**	**1,559.4**
Additions	–	2.2	36.5	36.5	6.0	2.3	83.5
Additions from business combinations	–	–	–	2.6	–	–	2.6
Disposals	(0.7)	(0.5)	–	(10.9)	(2.8)	(0.9)	(15.8)
Investment in supply agreement	–	–	23.5	–	–	–	23.5
Net foreign currency exchange differences	0.5	4.5	17.9	12.3	1.5	0.2	36.9
Other	–	–	–	(0.9)	0.1	(0.1)	(0.9)
Balance at December 31, 2013	**29.5**	**154.8**	**816.2**	**629.4**	**48.1**	**11.2**	**1,689.2**
Accumulated Depreciation							
Balance at December 31, 2012	**–**	**43.4**	**346.3**	**306.0**	**25.6**	**8.2**	**729.5**
Depreciation expense	–	6.0	36.5	34.6	5.4	0.5	83.0
Eliminated on disposal of assets	–	(0.5)	–	(7.8)	(2.6)	(0.8)	(11.7)
Net foreign currency exchange differences	–	1.1	6.3	2.5	1.0	0.1	11.0
Other	–	–	–	(0.6)	–	0.1	(0.5)
Balance at December 31, 2013	**–**	**50.0**	**389.1**	**334.7**	**29.4**	**8.1**	**811.3**
Carrying Amount							
As at December 31, 2012	29.7	105.2	392.0	283.8	17.7	1.5	829.9
As at December 31, 2013	**29.5**	**104.8**	**427.1**	**294.7**	**18.7**	**3.1**	**877.9**

Depreciation per cost category:

	2013	2012
Cost of sales [1]	**41.3**	44.9
Selling, distribution and administrative costs	**42.2**	42.4
Total	**83.5**	87.3

(1) The cost of Specialty Chemicals' finished goods inventory includes an allocation of fixed production overheads, which includes depreciation. Depreciation included in costs of sales includes a charge of $0.5 million which is reflected in the cost of inventory as at December 31, 2013 (December 31, 2012 – $0.2 million).

The carrying value of Superior's property, plant, and equipment includes $68.9 million of leased assets as at December 31, 2013 (December 31, 2012 — $67.8 million).

On October 20, 2012, a kerosene leak was discovered in the bottom of a storage tank at U.S. refined fuels Marcy terminal location. The leak was investigated and contained by management. U.S. refined fuels then notified the Department of Environmental Conservation (DEC) which performed an independent review of the leak and other tanks at this location. On December 27, 2012, the DEC issued a notice of violation based on its inspections and subsequent to discussions between management and the DEC, a consent order was issued to U.S. refined fuels on February 4, 2013. The consent order stated that the secondary containment system and storage tanks were not in compliance with DEC design requirements and needed to be rebuilt to specific standards by September 1, 2013 in order to remain operational. The consent order was modified October 2013 to extend the requirement to rebuild to specific standards by September 1, 2014. Repair of the facility has been suspended pending the outcome of a dispute between Superior and the previous owner and operator of the facility as to responsibility for the repair. This decision is not expected to have any material impact on the operations of U.S. refined fuels or operating results going forward.

Due to the leak and receipt of the consent order, management has performed a detailed impairment review of the Marcy terminal to assess whether the carrying value of all the storage tanks exceeds their recoverable amount. The recoverable amount of the assets was based on management's estimate of the fair value less costs to sell. Based on a detailed review by management, the fair value less costs to sell of the storage tanks was lower than the carrying value. In 2012, an impairment charge of $4.7 million was recorded against net earnings along with a $4.7 million reduction in the carrying value of the impaired storage tanks.

11. Intangible Assets

	Customer Contract-Related Costs	Energy Services Trademarks, Customer Base & Non-Compete Agreements	Construction Products Distribution Intangible Assets	Specialty Chemicals Royalty Assets and Patents	Investment Property	Total
Cost						
Balance at December 31, 2011	**39.8**	**69.7**	**1.7**	**65.4**	**1.0**	**177.6**
Additions from internal development activities	–	1.0	–	–	–	1.0
Additions acquired separately	1.1	0.1	–	–	–	1.2
Disposals	–	(1.7)	–	–	–	(1.7)
Reclassifications	–	2.4	–	–	–	2.4
Net foreign currency exchange differences	–	(1.0)	–	–	–	(1.0)
Balance at December 31, 2012	**40.9**	**70.5**	**1.7**	**65.4**	**1.0**	**179.5**
Accumulated Amortization						
Balance at December 31, 2011	**31.2**	**20.7**	**1.0**	**59.1**	**–**	**112.0**
Amortization expense	3.3	17.0	0.2	6.3	–	26.8
Disposals	–	(1.0)	–	–	–	(1.0)
Reclassification	–	2.6	–	–	–	2.6
Net foreign currency exchange differences	–	(0.5)	–	–	–	(0.5)
Balance at December 31, 2012	**34.5**	**38.8**	**1.2**	**65.4**	**–**	**139.9**

	Customer Contract-Related Costs	Energy Services Trademarks, Customer Base & Non-Compete Agreements	Construction Products Distribution Intangible Assets	Specialty Chemicals Royalty Assets and Patents	Investment Property	Total
Cost						
Balance at December 31, 2012	**40.9**	**70.5**	**1.7**	**65.4**	**1.0**	**179.5**
Acquisitions through business combinations	–	3.5	–	–	–	3.5
Additions from internal development activities	–	7.7	–	–	–	7.7
Additions acquired separately	0.8	0.1	–	–	–	0.9
Impairment losses charged to net earnings	–	(43.1)	–	–	(0.7)	(43.8)
Disposals	–	(11.5)	–	–	–	(11.5)
Net foreign currency exchange differences	–	3.0	–	–	–	3.0
Other (derecognition of assets)	(25.1)	–	–	–	–	(25.1)
Balance at December 31, 2013	**16.6**	**30.2**	**1.7**	**65.4**	**0.3**	**114.2**
Accumulated Amortization and Impairment						
Balance at December 31, 2012	**34.5**	**38.8**	**1.2**	**65.4**	**–**	**139.9**
Amortization expense	2.9	16.3	0.2	–	–	19.4
Disposal	–	(11.6)	–	–	–	(11.6)
Impairment losses charged to net earnings	–	(29.2)	–	–	–	(29.2)
Net foreign currency exchange differences	–	1.7	–	–	–	1.7
Other (derecognition of assets)	(25.1)	0.1	–	–	–	(25.0)
Balance at December 31, 2013	**12.3**	**16.1**	**1.4**	**65.4**	**–**	**95.2**
Carrying value [1]						
As at December 31, 2012	6.4	31.7	0.5	–	1.0	39.6
As at December 31, 2013	**4.3**	**14.1**	**0.3**	**–**	**0.3**	**19.0**

(1) Superior has pledged 100% of the intangible assets balance as at December 31, 2013, excluding leased assets, as security on its borrowing.

An impairment charge was recorded to the intangible assets of Superior's Energy Services' segment during the fourth quarter; see Note 13 for further details.

Depreciation per cost category:

	2013	2012
Selling, distribution and administrative costs	**19.4**	26.8
Total	**19.4**	26.8

12. Investment Properties

At Cost	2013	2012
Investment property	1.0	1.1
Depreciation expense	–	(0.1)
Impairment losses charged to net earnings	(0.7)	–
Accumulated amortization and impairment	(0.7)	(0.1)
Carrying value	0.3	1.0

	2013	2012
Rental income from investment properties	–	–
Net income from investment properties	–	–

All of Superior's investment property is held under freehold interests.

	2013	2012
Fair value of investment properties	1.0	1.0

Investment property is included with intangible assets on the balance sheet.

13. Goodwill

	2013	2012
Balance at the beginning of the year	189.1	186.1
Additional amounts recognized from business combinations during the year	5.5	2.6
Purchase price equation adjustments	–	0.4
Impairment of Energy Services	(0.9)	–
Balance at the end of the year	193.7	189.1

Impairment of Goodwill and Intangible Assets

All CGU's to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Below is a summary of the result of the annual impairment test of the U.S. refined fuels CGU.

Energy Services

During the fourth quarter of 2013 it was determined that Superior's Energy Services' segment was impaired. As such, Superior completed a detailed assessment of the business segment's operations. The recoverable amount of the Energy Services' segment was determined using a detailed cash flow model based on current market assumptions surrounding the U.S. refined fuels industry, which was adversely affected by the challenging wholesale market conditions and lower-than-expected customer growth. Based on the calculated recoverable amount, it was determined that the goodwill and intangible assets for U.S. refined fuels were impaired. A goodwill impairment charge of $0.9 million and an intangible assets impairment charge of $14.6 million were recognized as reductions in the carrying values of the respective balances during the fourth quarter of 2013.

Basis on Which Recoverable Amount was Determined

The recoverable amount for U.S. refined fuels was determined using a detailed cash flow model which was based on evidence from an internal budget approved by the Board of Directors. Management's internal budgets are based on past experience and were adjusted to reflect market trends and economic conditions. The resulting recoverable amount was then compared to the carrying amount of the business segment which resulted in an impairment charge that was allocated to goodwill and intangible assets. The impairment charge was recognized as an expense against Superior's net earnings for the year ended December 31, 2013.

Key Rates Used in Calculation of Recoverable Amount

Growth Rate to Perpetuity

The first five years of cash flow projections used in the model were based on management's internal budgets and projections after five years were extrapolated using growth rates in line with historical long-term growth rates. The long-term growth rate used in determining the recoverable amount for U.S. refined fuels was 2.0%.

Discount Rates

Cash flows in the model were discounted using a discount rate specific to U.S. refined fuels. Discount rates reflect the current market assessments of the time value of money and are derived from the business segment's weighted average cost of capital. Risks specific to U.S. refined fuels were reflected within the cash flow model. The weighted average cost of capital was then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate. The after-tax discount rate used in determining the recoverable amount for U.S. refined fuels was 11.2%

Inflation Rates

Inflation rates used in the cash flow model were based on a blend of a number of publicly available inflation forecasts. The inflation rate used in determining the recoverable amount for U.S. refined fuels was 2.0%.

Key Assumptions

The model used to determine the recoverable amount of U.S. refined fuels includes the assumption that the growth of the business in 2014 will be less than anticipated and wholesale market challenges will continue into 2014.

14. Provisions

	Restructuring	Decommissioning	Environmental	Total
Balance at December 31, 2011	–	15.5	1.7	17.2
Utilization	–	–	(0.3)	(0.3)
Additions	5.5	–	–	5.5
Unwinding of discount	–	0.4	–	0.4
Impact of change in discount rate	–	0.4	–	0.4
Net foreign currency exchange difference	–	(0.1)	–	(0.1)
Balance at December 31, 2012	**5.5**	**16.2**	**1.4**	**23.1**
Utilization	**(2.8)**	**–**	**(0.6)**	**(3.4)**
Additions	**9.5**	**0.2**	**0.4**	**10.1**
Unwinding of discount	**–**	**(0.6)**	**–**	**(0.6)**
Impact of change in discount rate	**–**	**(2.0)**	**–**	**(2.0)**
Net foreign currency exchange difference	**–**	**0.5**	**0.1**	**0.6**
Balance at December 31, 2013	**12.2**	**14.3**	**1.3**	**27.8**

	2013	2012
Current	**8.3**	5.5
Non-current	**19.5**	17.6
	27.8	23.1

Restructuring

Restructuring costs are recorded in selling, distribution, and administrative costs. As at December 31, 2013, the restructuring expense was $9.5 million (December 31, 2012 – $5.5 million). Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at December 31, 2013, the current portion of restructuring costs was $8.3 million (December 31, 2012 – $5.5 million). As at December 31, 2013, the long-term portion of restructuring costs was $3.9 million (December 31, 2013 – $nil). The provision is primarily for severance, lease costs and consulting fees.

Decommissioning

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. The provision is on a discounted basis and is based on existing technologies at current prices or long-term price assumptions, depending on the activity's expected timing. As at December 31, 2013, the discount rate used in Superior's calculation was 3.14% (December 31, 2012 — 2.4%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $20.6 million (December 31, 2012 — $20.1 million) which will be paid over the next 18 to 26 years. While Superior's provision for decommissioning costs is based on the best estimate of future costs and the economic lives of the chemical facilities, the amount and timing of incurring these costs is uncertain.

Energy Services

Superior makes full provision for the future costs of decommissioning certain assets associated with the Energy Services' segment. Superior estimates the total undiscounted expenditures required to settle its asset retirement obligations to be approximately $9.5 million at December 31, 2013 (December 31, 2012 — $8.8 million) which will be paid over the next 18 years. The credit-adjusted free-risk rate of 3.14% at December 31, 2013 (December 31, 2012 — 2.4%) was used to calculate the present value of the estimated cash flows.

Environmental

Provisions for environmental remediation are made when a clean-up is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with a commitment to a formal plan or, if earlier, on divestment or closure of inactive sites. Superior estimates the total undiscounted expenditures required to settle its environmental expenditures to be approximately $1.3 million at December 31, 2013 (December 31, 2012 — $1.4 million) which will be paid over the next two years. The provision for environmental expenditures has been estimated using existing technology, at current prices and discounted using a risk-free discount rate of 3.14% at December 31, 2013 (December 31, 2012 — 2.4%). The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

15. Trade and Other Payables

A summary of trade and other payables is as follows:

	Notes	**2013**	2012[1]
Trade payables		**300.7**	236.1
Net benefit obligation	20	**3.8**	3.6
Restructuring provision	14	**8.3**	5.5
Other payables		**63.2**	62.1
Amounts due to customers under construction contracts	9	**1.3**	1.3
Share-based payments	27	**18.9**	9.9
Trade and other payables		**396.2**	318.5

[1] In the third quarter of 2013, Superior discovered an understatement of trade and other payables and an overstatement of prepaid expenses, which relates to fiscal 2010 and 2009. Superior has corrected the prior-period error in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* which states that an entity shall correct material prior-period errors retrospectively in the first set of financial statements authorized for issuance after their discovery, by restating comparative amounts for the prior-period presented in which the error occurred or, if the error occurred before the earliest prior-period presented, restating the opening balances of assets, liabilities and equity for the earliest prior-period presented. Consequently, as at January 1, 2012, to correct the error, Superior increased the deficit by $8.8 million (refer to the consolidated statement of changes in equity) and increased trade and other payables by $4.4 million, reduced prepaid expenses by $4.2 million, and decreased accumulated other comprehensive loss by $0.2 million.

The average credit period on purchases by Superior is 23 days. No interest is charged on the trade payables between seven and 30 days from the date of the invoice. Thereafter, interest is charged at 12% per annum on the balance. Superior's financial risk management policies ensure that payables are normally paid within the pre-agreed credit terms.

16. Deferred Revenue

	2013	2012
Balance at the beginning of the year	**19.2**	14.2
Deferred during the year	**33.2**	29.1
Released to net earnings	**(28.5)**	(23.9)
Foreign exchange impact	**1.3**	(0.2)
Balance at the end of the year	**25.2**	19.2

	2013	2012
Current	**24.8**	18.2
Non-current	**0.4**	1.0
	25.2	19.2

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

17. Borrowing

	Year of Maturity	Effective Interest Rate	2013	2012
Revolving term bank credits [1]				
Bankers Acceptances (BA)	2016	Floating BA rate plus applicable credit spread	**246.5**	148.6
Canadian Prime Rate Loan	2016	Prime rate plus credit spread	**26.3**	13.0
LIBOR Loans (US$129.0 million; 2012 – US$138.0 million)	2016	Floating LIBOR rate plus applicable credit spread	**137.3**	137.3
US Base Rate Loan (US$11.5 million; 2012 – US$34.6 million)	2016	US Prime rate plus credit spread	**12.2**	34.5
			422.3	333.4
Other Debt				
Accounts receivable factoring program [2]	–	Floating BA Plus	**9.3**	–
Deferred consideration	2014-2016	Non-interest bearing	**4.0**	2.7
			13.3	2.7
Senior Secured Notes [3]				
Senior secured notes subject to fixed interest rates (US$60.0 million; 2012 – US$92.0 million)	2014-2015	7.62%	**63.8**	91.5
Senior Unsecured Debentures				
Senior unsecured debentures [4]	2016	8.25%	**–**	150.0
Finance Lease Obligations				
Finance lease obligations (Note 18)			**79.3**	62.0
Total borrowing before deferred financing fees			**578.7**	639.6
Deferred financing fees			**(2.6)**	(5.2)
Borrowing			**576.1**	634.4
Current maturities			**(67.0)**	(59.7)
Borrowing [5]			**509.1**	574.7

(1) On June 10, 2013, Superior and its wholly-owned subsidiaries, Superior Plus Financing Inc. and Commercial E Industrial (Chile) Limitada, extended their $570.0 million credit facility which can be expanded up to $750.0 million. The credit facility matures on June 27, 2016 and is secured by a general charge over the assets of Superior and certain of its subsidiaries. As at December 31, 2013, Superior had $27.9 million of outstanding letters of credit (December 31, 2012 – $31.1 million) and approximately $115.3 million of outstanding financial guarantees (December 31, 2012 – $121.9 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market based-interest rates, the short-term nature of the underlying debt instruments and other related factors.

(2) Superior has entered into a Master Receivables Purchase Agreement (MRPA) with a financial institution by which it may purchase from time to time, on an uncommitted revolving basis, 100% interest in receivables from Superior. The maximum aggregate amount of purchased receivables purchased by the financial institution under this agreement and outstanding at any time is limited to $15.0 million. As at December 31, 2013, the accounts receivable factoring program totalled CDN $9.3 million (December 31, 2012 – CDN $nil).

(3) Senior secured notes (the Notes) totalling US $60.0 million and US $92.0 million (respectively, CDN $63.8 million at December 31, 2013 and CDN $91.5 million at December 31, 2012) are secured by a general charge over the assets of Superior and certain of its subsidiaries. Principal repayments began in the fourth quarter of 2009. Management has estimated the fair value of the Notes based on comparisons to Treasury instruments with similar maturities, interest rates and credit risk profiles. The estimated fair value of the Notes as at December 31, 2013 was CDN $68.5 million (December 31, 2012 – CDN $94.4 million).

(4) Superior redeemed all of its outstanding $150.0 million 8.25% senior unsecured debentures due October 27, 2016 in accordance with the indenture governing the 8.25% Debentures on October 28, 2013. The 8.25% Debentures were redeemed at the redemption price set forth in the indenture of $1,041.25 per $1,000 principal amount of 8.25% Debentures, together with all accrued and unpaid interest thereon up to October 28, 2013, for a total amount on redemption of $1,041.47603 per $1,000 principal amount of 8.25% Debentures.

(5) On February 14, 2014, Superior closed a $125.0 million term loan facility which matures on August 14, 2014. The term loan facility provides additional liquidity to ensure Superior has sufficient financial flexibility to manage short term fluctuations in working capital requirements. Throughout the end of 2013 and the beginning of 2014, Superior's working capital requirements have increased due to a rise in the wholesale cost of propane. Superior anticipates that the wholesale cost of propane and the related working capital will normalize throughout the remainder of the 2014 heating season. Superior intends to repay the credit facility before the facility maturity date.

Repayment requirements of borrowing before deferred finance costs are as follows:

Current maturities	67.0
Due in 2015	57.2
Due in 2016	439.5
Due in 2017	6.5
Due in 2018	4.6
Due in 2019	3.9
Subsequent to 2019	–
Total	578.7

18. Leasing Arrangements

Operating Lease Commitments

Superior has entered into leases on certain vehicles, rail cars, premises and other equipment. Leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon Superior by entering into these leases.

Future minimum lease payments under non-cancellable operating leases are as follows:

	2013	2012
Not later than one year	**39.3**	38.1
Later than one year and not later than five years	**93.7**	89.9
Later than five years	**66.0**	35.6
	199.0	163.6

Obligations under Finance Lease

Finance leases relate to fuel distribution and construction products vehicles, equipment and office space with lease terms of five to 15 years. Superior has options to purchase the assets for a nominal amount at the conclusion of the lease agreements. Superior's obligations under finance leases are secured by the lessors' title to the leased assets.

In October 2013, Specialty Chemicals entered into a supply agreement with Tronox LLC ("Tronox") to purchase up to 130,000 MT of sodium chlorate per year from Tronox's Hamilton, Mississippi facility, as nominated annually by Specialty Chemicals. The initial term of the agreement extends to December 31, 2016 and may be automatically extended in one year increments thereafter. Under the agreement, Tronox will continue to own and operate the facility, and Specialty Chemicals will purchase sodium chlorate to meet customer demands under certain customer contracts being assumed and to supply other existing and new customers. Specialty Chemicals paid an initial fee of $4.3 million and will incur a quarterly fee of $0.8 million during the initial term, plus a cost for sodium chlorate delivered. As part of the Agreement, Specialty Chemicals will acquire finished inventory and assume existing railcar leases and customer contracts, as assigned. Additionally, the parties have entered into a strategic long-term agreement for the supply of chloralalkali product by Specialty Chemicals to service Tronox's requirements in North America. Under the agreement, if the annual nominated volume by Specialty Chemicals is less than the specified volume of product set out in the agreement, Tronox may terminate the agreement early, at its sole option and its sole cost to permanently shut down the plant for the manufacture of sodium chlorate. Superior recognized approximately $19.2 million of finance lease obligations upon execution of the agreement.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2013	2012	**2013**	2012
Not later than one year	**20.3**	17.0	**19.0**	16.4
Later than one year and not later than five years	**63.5**	49.5	**56.5**	43.1
Later than five years	**4.3**	3.1	**3.8**	2.5
Less: future finance charges	**(8.8)**	(7.6)	**–**	–
Present value of minimum lease payments	**79.3**	62.0	**79.3**	62.0

Included in the Consolidated Financial Statements as:

	2013	2012
Current portion of finance lease	**24.8**	16.4
Non-current portion of finance lease	**54.5**	45.6
	79.3	62.0

19. Convertible Unsecured Subordinated Debentures

Superior's debentures are as follows:

Maturity	October 2015 [1][2]	December 2014 [3]	June 2017	June 2018	October 2016	June 2019 [4]	**Total Carrying Value**
Interest rate	5.85%	7.50%	5.75%	6.0%	7.50%	6.0%	
Conversion price per share	$31.25	$13.10	$19.00	$15.10	$11.35	16.75	
Face value, December 31, 2012	75.0	69.0	172.5	150.0	75.0	–	541.5
Conversions	–	(0.1)	–	–	–	–	(0.1)
Debentures issued	–	–	–	–	–	97.0	97.0
Debentures redeemed	(75.0)	(68.9)	–	–	–	–	(143.9)
Face value, December 31, 2013	**–**	**–**	**172.5**	**150.0**	**75.0**	**97.0**	**494.5**
Issuance costs, December 31, 2012	(0.7)	(1.4)	(4.8)	(4.6)	(2.6)	–	(14.1)
Issuance costs incurred	–	–	–	–	–	(3.7)	(3.7)
Redemption adjustment	0.7	1.1	–	–	–	–	1.8
Accretion of issuance costs	–	0.3	1.0	0.7	0.6	0.1	2.7
Issuance costs, December 31, 2013	**–**	**–**	**(3.8)**	**(3.9)**	**(2.0)**	**(3.6)**	**(13.3)**
Discount value, December 31, 2012	(0.2)	(0.2)	(0.1)	(1.4)	(0.4)	–	(2.3)
Impact of redemption	0.2	0.2	–	–	–	–	0.4
Accretion of discount value	–	–	–	0.2	0.1	0.4	0.7
Discount value, December 31, 2013	**–**	**–**	**(0.1)**	**(1.2)**	**(0.3)**	**0.4**	**(1.2)**
Option value, December 31, 2013	**–**	**–**	**–**	**–**	**–**	**(10.6)**	**(10.6)**
Debentures outstanding as at December 31, 2013	**–**	**–**	**168.6**	**144.9**	**72.7**	**83.2**	**469.4**
Debentures outstanding as at December 31, 2012	74.1	67.4	167.6	144.0	72.0	–	525.1
Quoted market value as at December 31, 2013	**–**	**–**	**174.4**	**156.8**	**86.3**	**99.5**	**517.0**
Quoted market value as at December 31, 2012	75.2	71.4	169.2	148.0	84.2	–	548.0

(1) Superior redeemed $50.0 million of the 5.85% October 2015 convertible unsecured subordinated debentures, on January 3, 2013.

(2) Superior redeemed the remaining $25.0 million 5.85% October 2015 convertible unsecured subordinated debentures, on April 9, 2013.

(3) Superior redeemed the full $68.9 million 7.50% December 2014 convertible unsecured subordinated debentures, on September 3, 2013.

(4) Superior issued the 6.00% unsecured subordinated debentures due June 2019 on July 22, 2013.

The debentures may be converted into shares at the option of the holder at any time prior to maturity and may be redeemed by Superior in certain circumstances. Superior may elect to pay interest and principal upon maturity or redemption by issuing shares to a trustee in the case of interest payments, and to the debenture holders in the case of payment of principal. The number of any shares issued will be determined based on market prices for the shares at the time of issuance. Superior also has a cash conversion put option which allows Superior to settle any conversion of debentures in cash, in lieu of delivering common shares to the debenture holders of the October 2016, June 2018 and June 2019 convertible debentures. The cash conversion put option has been classified as an embedded derivative and measured at fair value through net earnings (FVTNE) (see Note 21 for further details).

20. Employee Future Benefits

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2013 by Aon Hewitt Associates LLC. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Defined Benefit Plans		Other Benefit Plans	
	2013	2012	**2013**	2012
Discount rate	**3.75%**	4.25%	**3.75%**	4.25%
Expected rate of compensation increase	**3.00%**	3.25%	**3.00%**	3.25%
Mortality rate	**10.00%**	10.00%	**10.00%**	10.00%

Energy Services and Specialty Chemicals have defined benefit and defined contribution pension plans covering most employees. The benefits provided under defined benefit pension plans are based on the individual employee's years of service and the highest average earnings for a specified number of consecutive years. Information about Superior's defined benefit and other post-retirement benefit plans as at December 31, 2013 and December 31, 2012 in aggregate is as follows:

Recognized Net (Asset) Liability Arising from Defined Benefit Obligation

	Energy Services' Pension Benefit Plans	Specialty Chemicals' Pension Benefit Plans	Other Benefit Plans
Balance as at December 31, 2012			
Present value of defined benefit obligations	49.3	108.3	24.6
Fair value of plan assets	(42.4)	(82.1)	–
Net liability arising from defined benefit obligation	6.9	26.2	24.6
Balance as at December 31, 2013			
Present value of defined benefit obligations	**44.5**	**105.5**	**22.8**
Fair value of plan assets	**(46.3)**	**(99.4)**	**–**
Net (asset) liability arising from defined benefit obligation	**(1.8)**	**6.1**	**22.8**

Movements in defined benefit obligations and plan assets:

	Energy Services' Pension Benefit Plans		Specialty Chemicals' Pension Benefit Plans		Other Benefit Plans	
	2013	2012 (1)	**2013**	2012 (1)	**2013**	2012 (1)
Movement in the present value of the defined benefit obligation during the year:						
Benefit obligation at January 1	**49.3**	48.6	**108.3**	96.3	**24.6**	33.6
Current service cost	**–**	0.1	**2.7**	2.3	**0.3**	0.1
Interest cost	**1.9**	2.0	**4.1**	4.1	**0.7**	1.3
Contributions by the plan participants	**–**	–	**0.1**	0.1	**–**	–
Actuarial (gains) losses	**(2.0)**	1.9	**(6.7)**	8.9	**(1.6)**	(9.4)
Past service cost	**–**	0.7	**0.3**	–	**–**	–
Benefits paid	**(4.7)**	(4.0)	**(3.3)**	(3.4)	**(1.2)**	(1.0)
Benefit obligation as at December 31	**44.5**	49.3	**105.5**	108.3	**22.8**	24.6
Movement in the fair value of the plan assets during the year:						
Fair value of plan assets at January 1	**42.4**	39.1	**82.1**	70.6	**–**	–
Expected return on plan assets	**6.8**	4.8	**13.6**	8.4	**–**	–
Contributions by the employer	**3.0**	3.0	**7.2**	6.6	**1.2**	1.0
Contributions by plan participants	**–**	–	**0.1**	0.1	**–**	–
Benefits paid	**(4.7)**	(4.0)	**(3.3)**	(3.4)	**(1.2)**	(1.0)
Partial plan wind-up surplus withdrawal	**(0.8)**	–	**–**	–	**–**	–
Administration expenses	**(0.3)**	(0.4)	**(0.3)**	(0.2)	**–**	–
Payment from defined benefit surplus to defined contribution plan	**(0.1)**	(0.1)	**–**	–	**–**	–
Fair value of plan assets as at December 31	**46.3**	42.4	**99.4**	82.1	**–**	–
Funded status – plan surplus (deficit)	**1.8**	(6.9)	**(6.1)**	(26.2)	**(22.8)**	(24.6)
Net asset (obligation) arising from defined benefit obligation	**1.8**	(6.9)	**(6.1)**	(26.2)	**(22.8)**	(24.6)
Impact of adopting IAS 19 – *Employee Benefits, amendments*	**–**	–	**–**	–	**–**	(0.1)
Current portion of net benefit obligation recorded in trade and other payables	**–**	–	**(3.4)**	(3.3)	**(0.4)**	(0.3)
Non-current net benefit asset (obligation) (2013 – $23.3 million; 2012 – $54.0 million)	**1.8**	(6.9)	**(2.7)**	(22.9)	**(22.4)**	(24.2)

(1) December 31, 2012 has been restated for the impact of IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

The accrued net pension asset related to the Energy Services' pension benefit plan on December 31, 2013 was $1.8 million (December 31, 2012 - obligation of $6.9 million), and the expense for 2013 was $0.8 million (December 31, 2012 - $1.7 million). The accrued net benefit obligation related to the Specialty Chemicals pension benefit plan on December 31, 2013 was $6.1 million (December 31, 2012 - $26.2 million), and the expense for 2013 was $4.2 million (December 31, 2012 - $3.5 million).

The accrued net benefit obligation related to the total other benefit plans of Energy Services and Specialty Chemicals on December 31, 2013 was $22.8 million (December 31, 2012 – $24.6 million), and the expense for 2013 was $1.1 million (December 31, 2012 – $1.5 million).

Amounts recognized in net earnings in respect of these defined benefit plans are as follows for the years ended December 31:

	2013	2012 [1]
Service Cost:		
Current service cost	**3.1**	2.6
Past service cost	**0.3**	0.7
Net interest expense	**2.7**	3.4
Components of defined benefit costs recognized in net earnings	**6.1**	6.7

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

The service cost and the net interest expense related to Energy Services and Specialty Chemicals on December 31, 2013 was $6.1 million (December 31, 2012 – $6.7 million) and is included in selling, distribution and administrative costs.

The remeasurement of the net defined benefit liability is included in other comprehensive loss. The amount recognized in accumulated other comprehensive loss in respect of these benefit plans are as follows:

	2013	2012 [1]
Actuarial defined benefit gains (before income taxes)	**26.4**	7.2
Cumulative actuarial losses (before income taxes)	**(7.7)**	(34.1)

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

Remeasurement on the net defined benefit obligation:	**2013**	2012 [1]
Cumulative actuarial losses, beginning of the year	**(34.1)**	(41.4)
Actuarial asset experience gain	**15.9**	9.2
Actuarial (loss) gain arising from changes in demographic assumptions	**(4.4)**	6.3
Actuarial gain (loss) arising from changes in financial assumptions	**15.6**	(9.8)
Actuarial (loss) gain arising from changes in experience adjustments	**(0.7)**	1.6
Cumulative actuarial losses, end of the year	**(7.7)**	(34.1)

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

Significant actuarial assumptions for the determination of the accrued defined benefit obligation are discount rate, compensation increase, mortality scale and trend rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring as at December 31, 2013, while holding all other assumptions constant.

Discount Rate

A 1% change in the discount rate would result in a change to the accrued defined benefit obligation related to Energy Services of $4.8 million (December 31, 2012 – $5.3 million) and change to the current service expense of $0.1 million (December 31, 2012 – $nil). A 1% change in the discount rate would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $17.0 million (December 31, 2012 – $18.0 million) and change to the current service expense of $1.0 million (December 31, 2012 – $0.8 million).

Compensation Increase

A 1% change in the salary would result in a change to the accrued defined benefit obligation related to Energy Services of $nil (December 31, 2012 – $nil) and change to the current service expense of $nil (December 31, 2012 – $nil). A 1% change in salary would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $3.1 million (December 31, 2012 – $3.9 million) and change to the current service expense of $0.3 million (December 31, 2012 – $0.4 million).

Mortality Scale

A 10% change in the mortality scale would result in a change to the accrued defined benefit obligation related to Energy Services of $2.0 million (December 31, 2012 – $2.5 million) and change to the current service expense of $0.1 million (December 31, 2012 – $0.1 million). A 10% change in the mortality scale would result in a change to the accrued defined benefit obligation related to Specialty Chemicals of $2.3 million (December 31, 2012 – $3.1 million) and change to the current service expense of $0.2 million (December 31, 2012 – $0.2 million)

Trend Rate

A 1% change in the trend rate would result in a change to the accrued defined benefit obligation related to Energy Services of $0.8 million (December 31, 2012 – $0.8 million) and a change to the current service expense of $nil (December 31, 2012 – $nil). A 1% change in the trend rate would result in a change to the accrued defined benefit obligation liability related to Specialty Chemicals of $0.7 million (December 31, 2012 – $0.8 million) and a change to the current service expense of $nil (December 31, 2012 – $nil).

The sensitivity presented above may not be representative of the actual change in the accrued defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The present value of the defined benefit obligation has been calculated using the projected unit credit as at December 31, 2013, which is the same as that applied in calculating the accrued defined benefit obligation recognized in the consolidated balance sheets.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the net benefit obligation related to Energy Services is 7.9 years (December 31, 2012 – 8.1 years) and Specialty Chemicals is 13.5 years (December 31, 2012 – 14.0 years).

As at December 31, 2013 Superior expects to make a contribution of $9.2 million (December 31, 2012 – $10.3 million) to the defined benefit plans during 2014.

Major categories of plan assets as a percentage of the fair value of total defined benefit plan assets:

	Energy Services' Pension Benefit Plans	Specialty Chemicals' Benefit Benefit Plans
Equities	64.6%	49.1%
Bonds	28.4%	50.9%
Other assets	7.0%	nil%

The actual return on Energy Services and Specialty Chemicals plan assets in 2013 was 16.1% and 12.9%, respectively (2012 – Energy Services – 11.1% and Specialty Chemicals – 11.4%).

As at December 31, 2013, the asset-matching strategic choices that are formulated in the actuarial and technical policy of the total defined benefit plan assets are:

	Energy Services' Pension Benefit Plans	Specialty Chemicals' Pension Benefit Plans	Other Benefit Plans
Equities	55.0%	60.0%	25.0%
Bonds	40.0%	40.0%	75.0%
Other assets	5.0%	nil%	nil%

21. Financial Instruments

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

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

The fair value of a financial instrument is the consideration estimated to be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices, as appropriate, in the most advantageous active market for that instrument to which Superior has immediate access (Level 1). Where bid and ask prices are unavailable, Superior uses the closing price of the instrument's most recent transaction. 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 (Level 2). Superior uses internally developed methodologies and unobservable inputs to determine the fair value of some financial instruments when required (Level 3).

Fair values determined using valuation models require assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Superior looks primarily to available readily observable external market inputs including forecast commodity price curves, interest rate yield curves, currency rates, and price and rate volatilities as applicable.

In August 2012, Specialty Chemicals received a payment of $15.8 million from TransCanada Energy Ltd., a subsidiary of TransCanada Corporation, in connection with the arbitration ruling related to the Sundance Power Purchase Agreement (PPA) between TransAlta Corporation and TransCanada Corporation. The payment resulted from the electrical sales agreement (ESA) between TransCanada Corporation and Superior whereby TransCanada Corporation supplies Superior with fixed-priced energy from the PPA. A one-time gain of $12.5 million, representing the payment, net of certain settlement costs, was recorded in cost of goods sold. This settlement relates to Specialty Chemicals' fixed-price electricity purchase agreement, which expires in 2017. Specialty Chemicals has begun to receive electricity production from the PPA as the Sundance units have partially started and therefore, are participating in accordance with the ESA's terms.

With respect to the valuation of Specialty Chemicals' fixed-price electricity agreement, the valuation of this agreement requires Superior to make assumptions about the long-term price of electricity in electricity markets for which active market information is not available. The impact of the assumption for the long-term forward price curve of electricity has a material impact on the fair value of this agreement. A $1/MWh change in the forecast price of electricity would result in a change in the fair value of this agreement of $0.9 million, with a corresponding impact to net earnings before income taxes.

No changes in valuation techniques were made by Superior during the period ended December 31, 2013 and no financial instruments have been reclassified between the different fair value input levels.

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

					Asset (Liability)	
Description	Notional [1]	Term	Effective Rate	Fair Value Input Level	**Dec. 31, 2013**	Dec. 31, 2012
Natural gas financial swaps – AECO	22.42 GJ [2]	2014-2018	CDN $4.22/GJ	Level 1	**(12.7)**	(42.2)
Foreign currency forward contracts, net sale	US$569.4 [3]	2014-2017	1.03	Level 1	**29.2**	10.7
Foreign currency forward contracts, balance sheet-related	US$27.0 [3]	2014	1.01	Level 1	**1.6**	0.2
Interest rate swaps – CDN$	$200.0 [3]	2014-2017	Six-month BA rate plus 2.65%	Level 2	**6.2**	9.4
Equity derivative contracts	$7.6 [3]	2014-2015	$11.43/share	Level 2	**1.5**	0.5
Debenture-embedded derivative	$255.0 [3]	2014-2018	–	Level 3	**(26.9)**	(19.8)
Energy Services' butane wholesale purchase and sale contracts, net sale	1.55 USG [4]	2014-2015	$1.36/USG	Level 2	**–**	(0.2)
Energy Services' propane wholesale purchase and sale contracts, net sale	6.33 USG [4]	2014	$1.20/USG	Level 2	**1.9**	0.7
Energy Services' electricity swaps	0.89MWh [5]	2014-2018	$39.17/MWh	Level 2	**(6.1)**	(10.3)
Energy Services' heating oil purchase and sale contracts	12.6 Gallons [4]	2014	US$3.38 /Gallon	Level 2	**0.2**	(0.2)
Specialty Chemicals' fixed-price electricity purchase agreements	29-45 MW [6]	2014-2017	$37-$59/MWh	Level 3	**1.9**	1.6

(1) Notional values as at December 31, 2013.

(2) Millions of gigajoules (GJ) purchased.

(3) Millions of dollars.

(4) Millions of United States gallons purchased.

(5) Millions of megawatt hours (MWh).

(6) Megawatts (MW) on a 24/7 continual basis per year purchased.

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 – AECO	**1.1**	**–**	**8.8**	**5.0**
Energy Services' electricity swaps	**0.4**	**–**	**3.3**	**3.2**
Foreign currency forward contracts, net sale	**0.4**	**–**	**9.9**	**19.7**
Foreign currency forward contracts, balance sheet-related	**1.6**	**–**	**–**	**–**
Interest rate swaps	**2.6**	**3.7**	**0.1**	**–**
Equity derivative contracts	**1.5**	**–**	**–**	**–**
Debenture-embedded derivative	**–**	**–**	**–**	**26.9**
Energy Services' propane wholesale purchase and sale contracts	**4.8**	**–**	**2.9**	**–**
Energy Services' heating oil purchase and sale contracts	**0.3**	**–**	**0.1**	**–**
Specialty Chemicals' fixed-price electricity purchase agreements	**1.0**	**0.9**	**–**	**–**
As at December 31, 2013	**13.7**	**4.6**	**25.1**	**54.8**

Description	Current Assets	Long-term Assets	Current Liabilities	Long-term Liabilities
Natural gas financial swaps – AECO	–	–	27.6	14.6
Energy Services' electricity swaps	–	–	6.0	4.3
Foreign currency forward contracts, net sale	10.3	4.2	–	3.8
Foreign currency forward contracts, balance sheet-related	0.1	0.2	–	0.1
Interest rate swaps	2.5	6.9	–	–
Equity derivative contracts	0.5	–	–	–
Debenture-embedded derivative	–	–	–	19.8
Energy Services' propane wholesale purchase and sale contracts	2.8	–	2.1	–
Energy Services' butane wholesale purchase and sale contracts	0.1	–	0.3	–
Energy Services' heating oil purchase and sale contracts	0.3	–	0.5	–
Specialty Chemicals' fixed-price electricity purchase agreements	–	1.6	–	–
As at December 31, 2012	16.6	12.9	36.5	42.6

Description	2013 Realized Gain (Loss)	2013 Unrealized Gain (Loss)	2012 Realized Gain (Loss)	2012 Unrealized Gain (Loss)
Natural gas financial swaps – AECO	**(26.9)**	**29.5**	(53.6)	36.7
Energy Services' electricity swaps	**(6.7)**	**4.2**	(11.6)	5.7
Foreign currency forward contracts, net sale	**3.9**	**(39.5)**	10.1	7.2
Foreign currency forward contracts, balance sheet-related	**1.3**	**1.5**	(0.3)	(2.0)
Interest rate swaps	**2.4**	**(3.2)**	2.5	(1.5)
Equity derivative contracts	**1.5**	**0.8**	–	0.5
Energy Services' propane wholesale purchase and sale contracts	**0.2**	**1.2**	–	1.3
Energy Services' butane wholesale purchase and sale contracts	**–**	**0.2**	–	(0.4)
Energy Services' heating oil purchase and sale contracts	**–**	**0.4**	(5.9)	0.5
Specialty Chemicals' fixed-price electricity purchase agreements	**0.2**	**0.3**	(2.0)	1.6
Total (losses) gains on financial and non-financial derivatives	**(24.1)**	**(4.6)**	(60.8)	49.6
Foreign currency translation of senior secured notes	**(0.8)**	**(4.1)**	–	1.7
Unrealized change in fair value of debenture-embedded derivative	**–**	**3.6**	–	(19.2)
Total (losses) gains	**(24.9)**	**(5.1)**	(60.8)	32.1

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

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported on the consolidated balance sheets where Superior currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, Superior enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting, however, although still allow for the related amount to be set-off in certain circumstances, such as bankruptcy or the termination of contracts.

Derivative Assets		**Amounts Offset**		**Amounts Not Offset**		
December 31, 2013	**Gross Assets**	**Gross Liabilities Offset**	**Net Amounts**	**Financial Instruments**	**Cash Collateral Pledged**	**Amounts Presented**
Natural gas financial swaps – AECO (1)	**1.2**	**(0.1)**	**1.1**	**–**	**–**	**1.1**
Energy Services' electricity swaps (1)	**0.7**	**(0.3)**	**0.4**	**–**	**–**	**0.4**
Energy Services' propane purchase and sale contracts (2) (4)	**1.1**	**(0.2)**	**0.9**	**3.9**	**–**	**4.8**
Energy Services' heating oil purchase and sale contracts (2)	**0.3**	**–**	**0.3**	**–**	**0.4**	**0.7**
Specialty Chemicals' fixed-price electricity purchase agreements (3)	**56.1**	**(54.2)**	**1.9**	**–**	**–**	**1.9**
Total	**59.4**	**(54.8)**	**4.6**	**3.9**	**0.4**	**8.9**

(1) Subject to an enforceable master netting agreement in the form of an International Swaps and Derivatives Association agreement ("ISDA").

(2) Regularly settled net in the normal course of business and is considered standardized brokerage accounts. As at December 31, 2013, Energy Services has pledged cash of $0.4 million under a standardized agreement with respect to open derivative contracts.

(3) Standard terms of the Power Purchase Agreement ("PPA") allowing net settlement of payments in the normal course of business.

(4) Regularly settled gross in the normal course of business.

Derivative Liabilities		**Amounts Offset**		**Amounts Not Offset**		
December 31, 2013	**Gross Liabilities**	**Gross Assets Offset**	**Net Amounts**	**Financial Instruments**	**Cash Collateral Pledged**	**Amounts Presented**
Natural gas financial swaps – AECO (1)	**14.9**	**(1.1)**	**13.8**	**–**	**–**	**13.8**
Energy Services' electricity swaps (1)	**6.9**	**(0.4)**	**6.5**	**–**		**6.5**
Energy Services' propane purchase and sale contracts (3)	**–**	**–**	**–**	**2.9**		**2.9**
Energy Services' heating oil purchase and sale contracts (2)	**0.2**	**(0.1)**	**0.1**	**–**	**–**	**0.1**
Total	**22.0**	**(1.6)**	**20.4**	**2.9**	**–**	**23.3**

(1) Subject to an enforceable master netting agreement in the form of an International Swaps and Derivatives Association agreement ("ISDA").

(2) Regularly settled net in the normal course of business and are considered standardized brokerage accounts.

(3) Regularly settled gross in the normal course of business.

Derivative Assets		Amounts Offset		Amounts Not Offset		
December 31, 2012	Gross Assets	Gross Liabilities Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	Amounts Presented
Energy Services' heating oil purchase and sale contracts (1)	0.5	(0.2)	0.3	–	3.7	4.0
Energy Services' propane purchase and sale contracts (2) (3)	–	–	–	2.8	–	2.8
Specialty Chemicals' fixed-price electricity purchase agreements (2)	51.2	(49.6)	1.6	–	–	1.6
Total	51.7	(49.8)	1.9	2.8	3.7	8.4

(1) Regularly settled net in the normal course of business and is considered standardized brokerage accounts. As at December 31, 2012, Energy Services has pledged cash of $3.7 million under a standardized agreement with respect to open derivative contracts.

(2) Standard terms of the Power Purchase Agreement ("PPA") allowing net settlement of payments in the normal course of business.

(3) Regularly settled gross in the normal course of business.

Derivative Liabilities		Amounts Offset		Amounts Not Offset		
December 31, 2012	Gross Liabilities	Gross Assets Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	Amounts Presented
Natural gas financial swaps – AECO [1]	42.6	(0.4)	42.2	–	–	42.2
Energy Services' electricity swaps [1]	10.6	(0.3)	10.3	–	–	10.3
Energy Services' propane purchase and sale contracts [2] [3]	0.6	(0.2)	0.4	1.7	–	2.1
Energy Services' heating oil purchase and sale contracts [2]	0.7	(0.2)	0.5	–	–	0.5
Total	54.5	(1.1)	53.4	1.7	–	55.1

(1) Subject to an enforceable master netting agreement in the form of an International Swaps and Derivatives Association agreement ("ISDA").

(2) Regularly settled net in the normal course of business and are considered standardized brokerage accounts.

(3) Regularly settled gross in the normal course of business.

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

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

(1) Except for derivatives embedded in the related financial instruments that are classified as FVTNE and measured at fair value.

Non-Derivative Financial Instruments

The fair value of Superior's cash and cash equivalents, trade and other receivables, notes and finance lease receivables, trade and other payables, and dividends and interest payable approximates their carrying value due to the short-term nature of these amounts. The carrying value and the fair value of Superior's borrowing and debentures, are provided in Notes 17 and 19.

Financial Instruments — Risk Management

Market Risk

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

Energy Services enters into natural gas financial swaps to manage its economic exposure of providing fixed price natural gas to its customers and maintains its historical natural gas swap positions with six other counterparties. Energy Services monitors its fixed-price natural gas positions on a daily basis to monitor compliance with established risk management policies. Energy Services maintains a substantially balanced fixed-price natural gas position in relation to its customer supply commitments.

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

Specialty Chemicals has entered into a fixed-price electricity purchase agreement to manage the economic exposure of certain chemical facilities to changes in the market price of electricity, in a market where the price of electricity is not fixed. The fair value with respect to this agreement is with a single counterparty.

Energy Services 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. Energy Services monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Services 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 12 counterparties to manage the economic exposure of its operations to movements in foreign currency exchange rates. Energy Services contracts a portion of its fixed-price natural gas, and propane purchases and sales in US dollars and enters into forward US dollar purchase contracts to create an effective Canadian dollar fixed-price purchase cost. Specialty Chemicals enters into US 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 US dollars. Interest expense on Superior's US dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

Superior has interest rate swaps with four counterparties to manage the interest rate mix of its 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 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.

Credit Risk

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

Allowances for doubtful accounts and past due receivables are reviewed by Superior at each balance sheet date. Superior updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of trade receivables with each customer, taking into account historical collection trends of past due accounts and current economic conditions. Trade receivables are written-off once it is determined they are uncollectable.

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

	2013	2012
Current	**317.8**	243.1
Past due less than 90 days	**118.0**	108.2
Past due over 90 days	**14.7**	11.8
Trade receivables	**450.5**	363.1

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

Superior's trade receivables are stated after deducting a provision of $7.3 million as at December 31, 2013 (December 31, 2012 – $7.2 million). The movement in the provision for doubtful accounts was as follows:

	2013	2012
Allowance for doubtful accounts, beginning of the year	**(7.2)**	(20.8)
Impairment losses recognized on receivables	**(3.6)**	(3.9)
Amounts written off during the year as uncollectible	**3.0**	17.5
Amounts recovered	**0.5**	–
Allowance for doubtful accounts, end of the year	**(7.3)**	(7.2)

Liquidity Risk

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

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

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

Equity Price Risk

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

As at December 31, 2013, Superior estimates that a 10% increase in its share price would have resulted in a $0.8 million increase in earnings due to the revaluation of equity derivative contracts.

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

	2014	2015	2016	2017	2018	2019 and Thereafter	Total
Borrowing	67.0	57.2	439.5	6.5	4.6	3.9	578.7
Convertible unsecured subordinated debentures	–	–	72.7	168.6	144.9	83.2	469.4
US$ foreign currency forward sales contracts (US$)	219.0	186.0	113.4	51.0	–	–	569.4
US$ foreign currency forward purchases contracts (US$)	(27.0)	–	–	–	–	–	(27.0)
CDN$ natural gas purchases	9.6	0.8	0.3	0.2	–	–	10.9
CDN$ propane purchases (CDN$)	6.1	0.2	–	–	–	–	6.3
US$ propane purchases (US$)	1.5	–	–	–	–	–	1.5
Fixed-price electricity purchase commitments	3.7	17.7	17.7	17.7	17.7	–	74.5

Superior's contractual obligations are considered normal-course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flow from operations, proceeds on its revolving term bank credit facilities 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 resulting impact to net earnings are detailed below:

	2013
Increase (decrease) to net earnings of a $0.01 increase in the CDN$ to the US$	**(9.7)**
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 price of natural gas	**8.7**
Increase (decrease) to net earnings of a $0.04/litre increase in the price of propane	**0.1**
Increase (decrease) to net earnings of a $1.00/KWh increase in the price of electricity	**1.8**

The calculation of Superior's sensitivity to changes in foreign currency exchange rates, interest rates and various commodity prices represent 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 affected Superior's unrealized gain or loss on financial instruments and would not have had a material impact on Superior's cash flow from operations.

22. Income Taxes

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

Total income taxes are different from the amount computed by applying the corporate Canadian enacted statutory rate for 2013 of 26.2% (2012 — 26.2%). The reduction in statutory rates reflects previously enacted federal tax rate reductions. The reasons for these differences are as follows:

	2013	2012 (1)
Net earnings	**52.7**	90.0
Income tax expense	**5.7**	9.0
Net earnings of Superior before taxes	**58.4**	99.0
Computed income tax expense	**15.3**	25.9
Changes in effective foreign tax rates	**(1.1)**	(2.7)
Changes in future income tax rates	**–**	(4.1)
Non-deductible costs and other	**(5.5)**	(6.8)
Prior-period adjustment	**(3.4)**	(4.7)
Recognition of previously unrecognized asset	**(0.9)**	–
Other	**1.3**	1.4
	5.7	9.0

(1) The year ended December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

Income tax expense for the years ended December 31, 2013 and 2012 is comprised of the following:

	2013	2012
Current income tax expense		
Current income tax charge	**1.0**	1.4
Adjustments in respect of previous year	**(0.7)**	(0.3)
Total current income tax expense	**0.3**	1.1
Deferred income tax expense		
Relating to origination and reversal of temporary difference	**8.6**	16.9
Relating to changes in tax rates or the imposition of new taxes	**–**	(4.0)
Adjustments in respect of previous year	**(2.7)**	(4.3)
Other	**(0.5)**	(0.7)
Total deferred income tax expense	**5.4**	7.9
Total income tax expense	**5.7**	9.0

Income tax recognized in other comprehensive income	**2013**	2012
Deferred tax		
Amortization of actuarial losses	**(6.6)**	(1.1)
Total income tax expense recognized in other comprehensive income	**(6.6)**	(1.1)

2013	**Opening Balance**	(Credited)/ Charged to Net Earnings	(Credited)/ Charged to Other Comprehensive Loss	Exchange Differences	Other	**Closing Balance**
Provisions	**5.9**	**(0.9)**	**–**	**0.3**	**–**	**5.3**
Finance leases	**17.0**	**7.3**	**–**	**0.7**	**–**	**25.0**
Borrowing	**(0.7)**	**(1.3)**	**–**	**–**	**–**	**(2.0)**
Financing fees	**3.7**	**(1.1)**	**–**	**–**	**–**	**2.6**
Investment tax credits	**111.0**	**0.9**	**–**	**–**	**–**	**111.9**
Non-capital losses	**65.9**	**5.4**	**–**	**2.8**	**–**	**74.1**
Other	**(2.2)**	**0.5**	**–**	**–**	**–**	**(1.7)**
Property, plant and equipment	**(98.5)**	**(11.5)**	**–**	**(4.9)**	**–**	**(114.9)**
Reserves and employee benefits	**31.6**	**(4.1)**	**(6.7)**	**0.3**	**–**	**21.1**
Scientific research and development	**159.1**	**(1.0)**	**–**	**–**	**–**	**158.1**
Unrealized foreign exchange gains	**7.8**	**0.9**	**0.1**	**–**	**–**	**8.8**
Total	**300.6**	**(4.9)**	**(6.6)**	**(0.8)**	**–**	**288.3**

2012	Opening Balance	(Credited)/ Charged to Net Earnings	(Credited)/ Charged to Other Comprehensive Loss	Exchange Differences	Other	Closing Balance
Provisions	5.8	0.1	–	(0.1)	0.1	5.9
Finance leases	17.5	(4.9)	–	(0.1)	4.5	17.0
Borrowing	(5.3)	4.7	–	–	(0.1)	(0.7)
Financing fees	5.1	(1.6)	–	–	0.2	3.7
Investment tax credits	113.3	(0.7)	–	–	(1.6)	111.0
Non-capital losses	44.7	22.5	–	(1.3)	–	65.9
Other	(2.7)	0.5	–	–	–	(2.2)
Property, plant and equipment	(80.4)	(15.8)	–	1.8	(4.1)	(98.5)
Reserves and employee benefits	37.6	(4.7)	(1.1)	(0.2)	–	31.6
Scientific research and development	153.8	3.7	–	–	1.6	159.1
Unrealized foreign exchange gains (losses)	20.2	(12.4)	–	–	–	7.8
Total	309.6	(8.6)	(1.1)	0.1	0.6	300.6

Deferred taxes reported in the two preceding tables are presented on a functional basis while deferred taxes reported on the balance sheet are on a legal-entity basis.

The net deferred income tax asset relates to the following tax jurisdictions as at December 31, 2013 and 2012:

	2013	2012
Canada	**284.2**	297.3
United States	**7.8**	5.5
Chile	**(3.7)**	(2.2)
Total net deferred income tax asset	**288.3**	300.6

Superior has available to carry forward the following as at December 31, 2013 and 2012:

	2013	2012
Canadian non-capital losses	**115.4**	92.5
Canadian scientific research expenditures	**604.6**	608.3
Canadian capital losses	**582.5**	607.3
United States non-capital losses – federal	**119.1**	110.1
United States non-capital losses – state	**140.5**	130.1
Chilean non-capital losses	**14.6**	20.3
Canadian federal and provincial investment tax credits	**163.1**	160.0

As at December 31, 2013, Superior had non-capital loss carry-forwards available to reduce future years' taxable income, which expire as follows:

	United States	Canada
2014	–	–
2015	–	–
2016	–	–
2017	–	–
2018	–	–
Thereafter	119.1	115.4
Total	**119.1**	**115.4**

The Canadian scientific research expenditures, Canadian capital losses and the Chilean non-capital losses may be carried forward indefinitely. Management believes there will be sufficient taxable profits in the future to offset these losses.

In Chile, the local tax laws provide that any profits distributed outside of Chile be subject to a 35% tax. Superior controls whether the profits will be distributed and is satisfied that there will be no liability in the foreseeable future as there is no plan to repatriate funds from Chile.

As at December 31, 2013, Superior had Canadian federal and provincial investment tax credits available to reduce future years' taxable income, which expire as follows:

2014	10.9
2015	5.8
2016	4.5
2017	4.6
2018	–
Thereafter	137.3
Total	**163.1**

As at December 31 Superior has the following balances in respect of which no deferred tax asset was recognized:

	2013	2012
Canadian non-capital losses	**24.6**	24.8
United States non-capital losses – state	**21.4**	20.0
Canadian capital losses	**582.6**	607.3
Total unrecognized deferred income tax assets	**628.6**	652.1

Deferred tax assets have not been recognized for the above temporary differences as it is not probable that the respective entities to which they relate will generate sufficient future taxable income against which to utilize the temporary differences.

As previously disclosed, on April 2, 2013 Superior received from the Canada Revenue Agency (CRA), Notices of Reassessment for Superior's 2009 and 2010 taxation years reflecting the CRA's intent to challenge the tax consequences of Superior's corporate conversion transaction (Conversion) which occurred on December 31, 2008. The CRA's position is based on the acquisition of control rules, in addition to the general anti-avoidance rules in the Income Tax Act (Canada).

The table below summarizes Superior's estimated tax liabilities and payment requirements associated with the received and anticipated Notices of Reassessment. Upon receipt of the Notices of Reassessment, 50% of the taxes payable pursuant to such Notices of Reassessment, must be remitted to the CRA.

Taxation Year	Taxes Payable [1][2]	50% of the Taxes Payable [1][2]	Payment Dates
2009/2010	$ 13.0	$ 6.5	Paid in April 2013
2011	$ 10.0 [3]	$ 5.0	2015
2012	$ 10.0 [3]	$ 5.0	2015
2013	$ 10.0 [3]	$ 5.0	2015
2014	$ 20.0 [3]	$ 10.0	2015
Total	**$ 63.0**	**$ 31.5**	

(1) In millions of dollars.

(2) Includes estimated interest and penalties.

(3) Estimated based on Superior's previously filed tax returns, Superior's 2013 results and the midpoint of Superior's 2014 outlook

During 2013, Superior filed a Notice of Objection and a Notice of Appeal with respect to the Notice of Reassessments received on May 8, 2013. Superior anticipates that if the case proceeds in the Tax Court of Canada, the case could be heard in the first quarter of 2015, with a decision rendered by the end of fiscal 2015. If a decision of the Tax Court of Canada were to be appealed, the appeal process could reasonably be expected to take an additional 2 years. If Superior receives a positive decision then any taxes, interest and penalties paid to the CRA will be refunded plus interest and if Superior is unsuccessful then any remaining taxes payable plus interest and penalties will have to be remitted.

Superior remains confident in the appropriateness of its tax filing position and the expected tax consequences of the Conversion and intends to vigorously defend such position and intends to file its future tax returns on a basis consistent with its view of the outcome of the Conversion.

23. Total Equity

Superior is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The holders of common shares are entitled to dividends if, as and when declared by the Board of Directors; to one vote per share at shareholders' meetings; 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 is 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 over holders of common shares, to be paid ratably with holders of each other series of preferred shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series upon liquidation, dissolution or winding up of Superior. Superior has no preferred shares outstanding.

	Issued Number of Common Shares (Millions)	Total Equity [1]
Total equity, December 31, 2011	110.8	340.9
Net earnings	–	90.0
Other comprehensive loss	–	(2.7)
Option value associated with the redemption of the convertible debentures	–	(0.8)
Shares issued under Dividend Reinvestment Plan	2.0	14.2
Dividends declared to shareholders	–	(67.2)
Total equity, December 31, 2012	**112.8**	**374.4**
Net earnings	**–**	**52.7**
Other comprehensive income	**–**	**46.0**
Option value associated with the redemption of the convertible debentures	**–**	**(1.1)**
Shares issued under Dividend Reinvestment Plan	**0.4**	**4.9**
Issuance of common shares	**13.0**	**137.6**
Dividends declared to shareholders [2]	**–**	**(74.3)**
Total equity, December 31, 2013	**126.2**	**540.2**

[1] December 31, 2012 has been restated for the impact of a prior-period adjustment. Refer to Note 15.

[2] Dividends to shareholders are declared at the discretion of Superior. During the year ended December 31, 2013, Superior paid dividends of $73.7 million or $0.60 per share (December 31, 2012 – $67.1 million or $0.60 per share).

Accumulated other comprehensive loss as at December 31, 2013 and 2012 consisted of the following components:

	2013	2012 (1)(2)
Accumulated other comprehensive loss before reclassification		
Currency translation adjustment		
Balance at the beginning of the year	**(22.6)**	(13.8)
Unrealized foreign currency gains (losses) on translation of foreign operations	**26.6**	(8.8)
Balance at the end of the year	**4.0**	(22.6)
Actuarial defined benefits		
Balance at the beginning of the year	**(25.3)**	(31.4)
Actuarial defined benefit gains	**26.4**	7.2
Income tax expense on other comprehensive loss	**(6.6)**	(1.1)
Balance at the end of the year	**(5.5)**	(25.3)
Total accumulated other comprehensive loss before reclassification	**(1.5)**	(47.9)
Amounts reclassified from accumulated other comprehensive loss		
Accumulated derivative losses		
Balance at the beginning of the year	**(6.0)**	(6.0)
Reclassification of derivative losses previously deferred (3)	**(0.4)**	–
Balance at the end of the year	**(6.4)**	(6.0)
Total amounts reclassified from accumulated other comprehensive loss	**(6.4)**	(6.0)
Accumulated other comprehensive loss at the end of the year	**(7.9)**	(53.9)

(1) December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

(2) December 31, 2012 has been restated for the impact of a prior-period adjustment. Refer to Note 15.

(3) The reclassification of derivative losses previously deferred is included in unrealized losses (gains) on derivative financial instruments on the statement of net earnings.

Other Capital Disclosure

Additional Capital Disclosure

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

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive income), current and long-term debt, convertible debentures and cash and cash equivalents. Superior manages its capital structure and makes adjustments in light of changes in economic conditions and the 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, or issue new debt or convertible debentures with different characteristics.

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

Superior is subject to various financial covenants in its credit facility agreements, including senior debt, total debt to EBITDA ratio and restricted payments tests. which are measured on a quarterly basis. As at December 31, 2013 and December 31, 2012 Superior was in compliance with all of its financial covenants.

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

Non-IFRS Financial Measures Utilized For Bank Covenant Purposes

Compliance EBITDA

Compliance EBITDA represents earnings before interest, taxes, depreciation, amortization and other non-cash expenses calculated on a 12-month trailing basis giving pro forma effect to acquisitions and divestitures and is used by Superior to calculate its debt covenants and other credit information. Compliance EBITDA is not a defined performance measure under IFRS. Superior's calculation of compliance EBITDA may differ from similar calculations used by comparable entities.

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

As at December 31	**2013**	2012 (1)(3)
Total shareholders' equity	**540.2**	374.4
Exclude accumulated other comprehensive loss	**7.9**	53.9
Shareholders' equity excluding accumulated other comprehensive loss	**548.1**	428.3
Current borrowing (2)	**67.0**	59.7
Borrowing (2)	**511.7**	579.9
Less: Senior unsecured debentures (4)	**–**	(150.0)
Consolidated secured debt	**578.7**	489.6
Add: Senior unsecured debentures	**–**	150.0
Consolidated debt	**578.7**	639.6
Current portion of convertible unsecured subordinated debentures (2)	**–**	50.0
Convertible unsecured subordinated debentures (2)	**494.5**	491.5
Total debt	**1,073.2**	1,181.1
Total capital	**1,621.3**	1,609.4

(1) December 31, 2012 has been restated for the impact of a prior-period adjustment. Refer to Note 15.

(2) Borrowing and convertible unsecured subordinated debentures are before deferred issuance costs and option value.

(3) December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2012. Refer to Note 2.

(4) Superior redeemed all of its outstanding $150.0 million 8.25% senior unsecured debentures due October 27, 2016 in accordance with the indenture governing the 8.25% Debentures on October 28, 2013.

	2013	2012 [2]
Net earnings	**52.7**	90.0
Adjusted for:		
Finance expense	**71.8**	77.6
Realized gains on derivative financial instruments included in finance expense	**3.9**	2.2
Depreciation included in selling, distribution and administrative costs	**42.2**	42.4
Depreciation included in cost of sales	**41.3**	44.9
(Gains) losses on disposal of assets	**(2.9)**	1.0
Amortization of intangible assets	**19.4**	23.5
Impairment of property, plant and equipment, intangible assets, and goodwill	**15.5**	4.7
Income tax expense	**5.7**	9.0
Unrealized losses (gains) on derivative financial instruments	**5.1**	(32.1)
Pro-forma impact of acquisitions	**8.5**	–
Compliance EBITDA [1]	**263.2**	263.2

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

[2] The year ended December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

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

	2013	2012 [1]
Consolidated secured debt to compliance EBITDA	**2.2:1**	1.9:1
Consolidated debt to compliance EBITDA	**2.2:1**	2.4:1
Total debt to compliance EBITDA	**4.1:1**	4.5:1

[1] The compliance ratios have been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

24. Deficit and Dividends

	2013	2012 [1][2]
Balance at the beginning of the year	**(1,218.2)**	(1,241.0)
Net earnings	**52.7**	90.0
Dividends declared	**(74.3)**	(67.2)
Balance at the end of the year	**(1,239.8)**	(1,218.2)

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

[2] December 31, 2012 has been restated for the impact of a prior-period adjustment. Refer to Note 15.

As at December 31, 2013, Superior declared dividends of $6.3 million or $0.05 per share payable on January 15, 2014 to shareholders of record on December 31, 2013. On January 9, 2014, Superior declared dividends of $6.3 million or $0.05 per share payable on February 14, 2014. On February 6, 2014, Superior declared dividends of $6.3 million or $0.05 per share payable on March 14, 2014.

25. Supplemental Disclosure of Consolidated Statement of Total Comprehensive Income

Revenue is recognized at the fair value of consideration received or receivable when the significant risks and rewards of ownership have been transferred.

	2013	2012 [1]
Revenues		
Revenue from products	**3,659.8**	3,526.3
Revenue from the rendering of services	**63.8**	59.3
Rental revenue	**27.3**	26.1
Construction contract revenue	**(0.4)**	4.9
Realized gains on derivative financial instruments	**2.3**	7.7
	3,752.8	3,624.3
Cost of sales (includes products and services)		
Cost of products and services	**(2,810.8)**	(2,662.5)
Depreciation included in cost of sales	**(41.3)**	(44.9)
Realized losses on derivative financial instruments	**(31.9)**	(70.6)
	(2,884.0)	(2,778.0)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(281.6)**	(274.5)
Restructuring costs	**(9.5)**	(6.6)
Employee future benefit expense	**(6.2)**	(6.8)
Employee costs	**(364.9)**	(337.4)
Depreciation included in selling, distribution and administrative costs	**(42.2)**	(42.4)
Amortization of intangible assets	**(19.4)**	(26.8)
Gains (losses) on disposal of assets	**2.9**	(1.0)
Realized gains (losses) on the translation of U.S. denominated net working capital	**2.9**	(1.6)
	(718.0)	(697.1)
Finance expense		
Interest on borrowing	**(27.0)**	(33.1)
Interest on convertible unsecured subordinated debentures	**(31.1)**	(35.8)
Interest on obligations under finance leases	**(3.3)**	(5.0)
(Loss) gain on debenture redemptions	**(5.5)**	0.8
Unwinding of discount on debentures, borrowing and decommissioning liabilities	**(8.8)**	(6.7)
Realized gains on derivative financial instruments	**3.9**	2.2
	(71.8)	(77.6)

(1) December 31, 2012 has been restated for the impact of adopting IAS 19 – *Employee Benefits, amendments* effective January 1, 2013. Refer to Note 2.

26. Net Earnings per Share

	2013	2012 [1]
Net earnings per share computation, basic		
Net earnings for the period	**52.7**	90.0
Weighted average shares outstanding (millions)	**123.1**	111.9
Net earnings per share, basic	**$ 0.43**	$ 0.80

[1] December 31, 2012 has been restated for the impact of adopting IAS 19 – Employee Benefits, amendments effective January 1, 2013. Refer to Note 2.

	2013	2012 [1]
Net earnings per share computation, diluted		
Net earnings for the period	**52.1**	90.0
Weighted average shares outstanding (millions)	**128.9**	111.9
Net earnings per share, diluted	**$ 0.40**	$ 0.80

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

(millions)	Maturity	Note	2013	2012
Convertible Debentures				
5.85%	October 2015	19	**–**	2.4
7.50%	December 2014	19	**–**	5.3
5.75%	June 2017	19	**9.1**	9.1
6.00%	June 2018	19	**9.9**	9.9
7.50%	October 2016	19	**6.6**	6.6
Total anti-dilutive instruments			**25.6**	33.3

27. Share-Based Compensation

Restricted and Performance Shares

Under Superior's long-term incentive program, restricted shares (RSs), performance shares (PSs) and/or director shares (DSs) can be granted to directors, senior officers and employees of Superior. All three types of shares entitle the holder to receive cash compensation in relation to the value of a specified number of underlying notional shares. RSs vest evenly over three years from the grant date, except for RSs issued to directors which vest three years from the grant date. Payments are made on the anniversaries 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 grant date and their notional value depends on Superior's performance as compared to established benchmarks. DSs vest immediately on the grant date and payments are made to directors once they resign or retire based on the number of notional shares outstanding and the value of the shares on that date. Employee compensation expense for these plans is charged against net earnings or loss over the vesting period of the RSs, PSs, and DSs. The amount payable by Superior in respect of RSs, PSs and DSs changes as a result of dividends and share price movements. The fair value of all the RSs, PSs and DSs is equal to Superior's common share market price and the divisional notional share price if related to a divisional plan. In the event of an employee termination, any unvested shares are forfeited on that date.

For the year ended December 31, 2013 total compensation expense related to RSs, PSs and DSs was $14.8 million (December 31, 2012 — $9.6 million). Payouts during the year ended December 31, 2013 under the long-term incentive plan were completed at a weighted average price of $10.75 per share (2012 — $8.76 per share) for RSs, $11.28 per share (2012 — $26.03 per share) for PSs and $11.12 per share (2012 — $8.56 per share) for DSs. For the year ended December 31, 2013 the total carrying amount of the liability related to RSs, PSs and DSs was $18.9 million (2012 — $9.9 million).

The movement in the number of shares under the long-term incentive program was as follows:

	2013				2012 [1]			
	RSs	**PSs**	**DSs**	**Total**	RSs	PSs	DSs	Total
Opening number of shares	**880,506**	**1,260,077**	**281,828**	**2,422,411**	1,255,379	951,751	187,655	2,394,785
Reclassification	**–**	**–**	**–**	**–**	(192,191)	119,991	48,809	(23,391)
Granted	**2,339**	**–**	**64,178**	**66,517**	817,450	789,202	54,293	1,660,945
Performance factor adjustment	**–**	**20,982**	**–**	**20,982**	–	7,374	–	7,374
Dividends reinvested	**36,096**	**53,879**	**15,594**	**105,569**	60,017	61,653	19,415	141,085
Forfeited	**(26,425)**	**(234,741)**	**–**	**(261,166)**	(588,652)	(652,512)	–	(1,241,164)
Payouts	**(440,522)**	**(143,312)**	**(26,862)**	**(610,696)**	(471,497)	(17,382)	(28,344)	(517,223)
Ending number of shares	**451,994**	**956,885**	**334,738**	**1,743,617**	880,506	1,260,077	281,828	2,422,411

[1] The number of shares outstanding in 2012 have been reclassified due to changes made to the divisional long-term incentive grants.

Superior entered into equity derivative contracts in order to manage the volatility and costs associated with its share-based compensation plans. As at December 31, 2013, Superior had outstanding notional values of $7.6 million of equity derivative contracts at an average share price of $11.43. See Note 21 for further details.

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

	2013	2012
Changes in non-cash working capital		
Trade receivables and other	**(105.7)**	84.0
Inventories	**7.4**	(10.6)
Trade and other payables	**86.4**	25.9
Purchased working capital	**(2.0)**	1.1
Other	**14.2**	(15.7)
	0.3	84.7

29. Commitments

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

	CDN$ [1] Natural Gas	CDN$ Propane	US$ Propane	US$ Heating oil
2014	9.6	6.1	1.5	–
2015	0.8	0.2	–	–
2016	0.3	–	–	–
2017	0.2	–	–	–
2018	–	–	–	–
2019 and thereafter	–	–	–	–

(1) Does not include the impact of financial derivatives (See Note 21).

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

30. Related-Party Transactions and Agreements

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

For the year ended December 31, 2013, Superior incurred $1.0 million (2012 — $0.7 million) in legal fees respectively, with Norton Rose Canada LLP, a related party with Superior because a member of Superior's Board of Directors is a partner at the law firm.

Remuneration of Directors and Other Key Management Personnel

The key management personnel of Superior are comprised of executives of Superior and presidents of Superior's business segments.

The remuneration of directors and other members of key management personnel over the past two years is as follows:

Year ended December 31,	**2013**	2012
Short-term employee benefits [1]	**5.7**	5.1
Post-employment benefits	**–**	0.1
Other long-term employee benefits	**0.1**	0.1
Termination benefits	**–**	0.6
Share-based payments	**3.8**	3.4
	9.6	9.3

(1) Short-term employee benefits paid to directors and other members of key management personnel include salaries and bonuses.

31. Group Entities

Significant Subsidiaries	Country of Incorporation	Ownership Interest
Superior Plus LP	Canada	100%
Superior Gas Liquids Partnership	Canada	100%
619220 Saskatchewan Ltd.	Canada	100%
Superior International Inc.	Canada	100%
Superior General Partner Inc.	Canada	100%
Superior Plus Canada Financing Inc.	Canada	100%
Superior Energy Management Operations Inc.	Canada	100%
Superior Energy Management Holdings LP	Canada	100%
Superior Energy Management Electricity Inc.	Canada	100%
Superior Energy Management Electricity LP	Canada	100%
Superior Energy Management Gas Holdings LP	Canada	100%
6751261 Canada Inc.	Canada	100%
Superior Energy Management Gas Inc.	Canada	100%
Superior Energy Management Gas LP	Canada	100%
Superior Plus US Holdings Inc.	United States	100%
Superior Plus US Financing Inc.	United States	100%
ERCO Worldwide Inc.	United States	100%
ERCO Worldwide (USA) Inc.	United States	100%
Superior Plus Construction Products Corp.	United States	100%
The Winroc Corporation (Midwest)	United States	100%
Superior Plus US Energy Services Inc.	United States	100%
Superior Plus US Capital Corp.	United States	100%
Burnwell Gas of Canada	Canada	100%
Commercial E Industrial ERCO (Chile) Limitada	Chile	100%

32. Reportable Segment Information

Superior has adopted IFRS 8 – *Operating Segments*, which requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance.

Superior operates three distinct reportable operating segments: Energy Services, Specialty Chemicals and Construction Products Distribution. Energy Services provides distribution, wholesale procurement and related services in relation to propane, heating oil and other refined fuels, plus fixed-price natural gas and electricity supply services. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industries and is a regional supplier of potassium and chloralkali products in the U.S. Midwest. Construction Products Distribution is one of the largest distributors of commercial and industrial insulation in North America and the largest distributor of specialty construction products to the walls and ceilings industry in Canada. Superior's corporate office arranges intersegment foreign exchange contracts from time to time. Realized gains and losses pertaining to intersegment foreign exchange gains and losses are eliminated under the corporate cost column. All of Superior's operating segments conduct business with customers of various sizes and do not rely extensively on any single customer for their revenue stream.

For the year ended December 2013	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	**2,372.9**	**579.7**	**800.2**	**–**	**3,752.8**
Cost of sales (includes product & services)	**(1,907.7)**	**(372.1)**	**(604.2)**	**–**	**(2,884.0)**
Gross Profit	**465.2**	**207.6**	**196.0**	**–**	**868.8**
Expenses					
Selling, distribution and administrative costs	**(387.9)**	**(135.4)**	**(175.1)**	**(19.6)**	**(718.0)**
Finance expense	**(2.7)**	**(0.4)**	**(0.6)**	**(68.1)**	**(71.8)**
Impairment of property, plant, and equipment, intangible assets and goodwill	**(15.5)**	**–**	**–**	**–**	**(15.5)**
Unrealized gains (losses) on derivative financial instruments	**35.4**	**0.3**	**–**	**(40.8)**	**(5.1)**
	(370.7)	**(135.5)**	**(175.7)**	**(128.5)**	**(810.4)**
Net earnings (loss) before income taxes	**94.5**	**72.1**	**20.3**	**(128.5)**	**58.4**
Income tax expense	**–**	**–**	**–**	**(5.7)**	**(5.7)**
Net Earnings (Loss)	**94.5**	**72.1**	**20.3**	**(134.2)**	**52.7**

For the year ended December 2012	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
Revenues	2,301.6	543.8	778.9	–	3,624.3
Cost of sales (includes product & services)	(1,854.2)	(328.8)	(595.0)	–	(2,778.0)
Gross Profit	447.4	215.0	183.9	–	846.3
Expenses					
Selling, distribution and administrative costs	(370.3)	(141.1)	(169.4)	(16.3)	(697.1)
Finance expense	(4.5)	(0.3)	(0.7)	(72.1)	(77.6)
Impairment of property, plant, and equipment, intangible assets and goodwill	(4.7)	–	–	–	(4.7)
Unrealized gains (losses) on derivative financial instruments	43.8	1.6	–	(13.3)	32.1
	(335.7)	(139.8)	(170.1)	(101.7)	(747.3)
Net earnings (loss) before income taxes	111.7	75.2	13.8	(101.7)	99.0
Income tax expense	–	–	–	(9.0)	(9.0)
Net Earnings (Loss)	111.7	75.2	13.8	(110.7)	90.0

Net Working Capital, Total Assets, Total Liabilities, Acquisitions and Purchase of Property, Plant and Equipment

	Energy Services	Specialty Chemicals	Construction Products Distribution	Corporate	Total Consolidated
As at December 31, 2013					
Net working capital [1]	**178.7**	**28.5**	**103.1**	**(17.2)**	**293.1**
Total assets	**779.3**	**651.3**	**209.6**	**500.9**	**2,141.1**
Total liabilities	**317.9**	**178.0**	**96.4**	**1,008.6**	**1,600.9**
As at December 31, 2012					
Net working capital [1][2]	179.5	16.3	105.5	(22.1)	279.2
Total assets	725.4	585.6	199.6	521.5	2,032.1
Total liabilities	303.1	171.7	84.2	1,098.7	1,657.7
For the year ended December 31, 2013					
Acquisitions	**7.6**	**4.3**	**–**	**–**	**11.9**
Purchase of property, plant and equipment	**35.5**	**40.3**	**2.7**	**–**	**78.5**
For the year ended December 31, 2012					
Acquisitions	5.5	–	–	–	5.5
Purchase of property, plant and equipment	21.9	20.3	1.6	–	43.8

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

(2) December 31, 2012 has been restated for the impact of a prior-period adjustment. Refer to Note 15.

33. Geographic Information

	Canada	United States	Other	Total Consolidated
Revenue for the year ended December 31, 2013	**1,413.6**	**2,248.5**	**90.7**	**3,752.8**
Property, plant and equipment as at December 31, 2013	**458.9**	**374.6**	**44.4**	**877.9**
Intangible assets as at December 31, 2013	**15.2**	**3.8**	**–**	**19.0**
Goodwill as at December 31, 2013	**188.2**	**5.5**	**–**	**193.7**
Total assets as at December 31, 2013	**1,388.1**	**691.4**	**61.6**	**2,141.1**
Revenue for the year ended December 31, 2012	1,428.5	2,094.6	101.2	3,624.3
Property, plant and equipment as at December 31, 2012	460.6	324.4	44.9	829.9
Intangible assets as at December 31, 2012	15.8	23.8	–	39.6
Goodwill as at December 31, 2012	188.3	0.8	–	189.1
Total assets as at December 31, 2012	1,320.6	645.4	66.1	2,032.1

SELECTED HISTORICAL INFORMATION[(1)(2)]

Energy Services

(millions of dollars except where noted)	2013	2012	2011	2010	2009
		Years Ended December 31			
Canadian Propane Distribution sales volumes (million of litres sold)	**1,331**	1,292	1,305	1,235	1,277
U.S. Refined Fuels sales volumes (millions of litres sold) [(3)]	**1,633**	1,599	1,741	1,702	153
Fixed-price natural gas volumes (millions of GJs sold)	**19**	19	21	27	33
Total Canadian Propane Distribution sales margin (cents per litre)	**18.8**	18.2	17.1	17.5	18.5
Total U.S. Refined Fuels sales margin (cents per litre) [(3)]	**8.0**	7.7	7.9	7.6	10.0
Natural gas sales margin (cents per GJ)	**59.0**	115.0	146.9	91.2	90.2
Gross profit	**465.2**	447.4	455.2	434.9	340.2
EBITDA from operations	**137.5**	136.4	133.6	114.7	97.6

Specialty Chemicals

(millions of dollars except where noted)	2013	2012	2011	2010	2009
		Years Ended December 31			
Total chemical sales volume (MT)	**826**	771	772	735	634
Average chemical selling price (dollars per MT)	**705**	703	685	655	720
Gross profit	**251.8**	258.3	238.7	220.2	210.0
EBITDA from operations	**113.7**	125.7	115.2	101.5	93.0

Construction Products Distribution

(millions of dollars except where noted)	2013	2012	2011	2010	2009
		Years Ended December 31			
Gross profit [(4)]	**196.0**	183.9	174.7	172.3	122.3
EBITDA from operations [(4)]	**33.2**	27.3	24.2	26.8	22.8

Superior Plus Corp. Consolidated

(millions of dollars except where noted)	2013	2012	2011	2010	2009
		Years Ended December 31			
Revenues	**3,752.8**	3,624.3	3,925.6	3,537.4	2,246.7
Gross profit	**868.8**	846.3	827.5	780.6	653.4
EBITDA from operations	**284.4**	289.4	273.0	243.0	213.4
Adjusted operating cash flow before restructuring	**207.6**	200.4	180.4	162.9	163.9
Adjusted operating cash flow after restructuring	**192.3**	190.4	180.4	162.9	163.9
Adjusted operating cash flow per share before restructuring	**$ 1.69**	$ 1.79	$ 1.65	$ 1.54	$ 1.80
Adjusted operating cash flow per share after restructuring	**$ 1.56**	$ 1.70	$ 1.65	$ 1.54	$ 1.80
Average number of shares outstanding (millions)	**123.1**	111.9	109.2	105.6	91.0
Total assets	**2,141.1**	2,032.1	2,193.4	2,696.9	2,274.0
Senior debt [(5)]	**578.7**	489.6	612.1	590.0	738.1
Total debt [(5)]	**1,073.2**	1,181.1	1,353.5	1,381.4	1,054.8

(1) Certain 2012 financial results have been restated to conform to the current year's presentation.

(2) Certain 2010 amounts have been restated as a result of the adoption of IFRS.

(3) U.S. Refined Fuels assets were purchased during 2009 and 2010.

(4) Acquisition of Specialty Products and Insulation Inc. was completed during 2009.

(5) Senior debt and total debt are stated before deferred issue costs.

BUSINESSES

Energy Services

Canadian Propane Distribution
Superior Propane
1111 – 49 Avenue NE
Calgary, Alberta T2E 8V2
Toll-free: 1-877-873-7467
Tel: 403-730-7500
Fax: 403-730-7512

U.S. Refined Fuels
Superior Energy Services
1870 South Winton Road
Suite 200
Rochester, New York 14618
Toll-free: 1-877-927-6488
Fax: 585-328-7114

Supply Portfolio Management
Superior Gas Liquids
1400, 840 – 7 Avenue SW
Calgary, Alberta T2P 3G2
Toll-free: 1-888-849-3525
Fax: 403-283-6589

Fixed-Price Energy Services
Superior Energy Management
6750 Century Avenue
Suite 400
Mississauga, Ontario L5N 2V8
Toll-free: 1-877-784-4262
Fax: 1-905-542-5935

Construction Products Distribution

Canadian Operations
4949 – 51 Street SE
Calgary, Alberta T2B 3S7
Toll-free: 1-800-668-1589
Tel: 403-236-5383
Fax: 403-279-0372

U.S. Operations
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Lancaster, Pennsylvania 17601-3088
Tel: 717-569-3900
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Specialty Chemicals

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Toronto, Ontario M9B 6C7
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CORPORATE INFORMATION

Board of Directors

Grant D. Billing
Chairman
Calgary, Alberta

Catherine (Kay) M. Best
Calgary, Alberta

Luc Desjardins
President and Chief Executive Officer
Calgary, Alberta

Robert J. Engbloom, Q.C.
Calgary, Alberta

Randall J. Findlay
Calgary, Alberta

Norman R. Gish
Calgary, Alberta

Peter A.W. Green
Lead Director
Campbellville, Ontario

James S.A. MacDonald
Toronto, Ontario

Walentin (Val) Mirosh
Calgary, Alberta

David P. Smith
Toronto, Ontario

Corporate Officers and Senior Management

Jay Bachman
Vice-President, Investor Relations and Treasurer

Nick Beuglet
Corporate Controller

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

Luc Desjardins
President and Chief Executive Officer

Greg L. McCamus
President, Energy Services and Superior Propane

Dave Tims
President, Energy Supply and Oilfield

Paul S. Timmons
President, Specialty Chemicals

Paul J. Vanderberg
President, Construction Products Distribution

Ross Wonnick
Chief Legal Officer and General Counsel

Keith Wrisley
President, U.S. Refined Fuels

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SHAREHOLDER INFORMATION

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Trustee and Transfer Agent

Computershare Trust Company of Canada
Suite 600, 530 – 8 Avenue SW
Calgary, Alberta T2P 3S8
or:
8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Toll Free: 1-800-564-6253
Website: www.computershare.com/ca

Auditors

Deloitte LLP
Chartered Accountants
700, 850 – 2nd Street SW
Calgary, Alberta T2P 0R8

Annual Meeting of Shareholders

The Corporation's Annual Meeting of shareholders will be held in the Hôtel Le Germain, 899 Centre Street SW, Calgary, Alberta, Canada on Wednesday, May 7, 2014 at 2:00 p.m. (MDT).

Toronto Stock Exchange (TSX) Listings

SPB:	Superior Plus Corp. shares
SPB.db.e:	5.75% Convertible Debentures, convertible at $19.00 per share Maturity date: June 30, 2017
SPB.db.f:	6.00% Convertible Debentures, convertible at $15.10 per share Maturity date: June 30, 2018
SPB.db.g:	7.50% Convertible Debentures, convertible at $11.35 per share Maturity date: October 31, 2016
SPB.db.h:	6.00% Convertible Debentures, convertible at $16.75 per share Maturity date: June 30, 2019

Superior Plus Share Price and Volumes – TSX

Quarterly high, low, close and volumes for 2013 and 2012.
The table below sets forth the high and low prices, as well as the volumes, for the shares as traded on the TSX, on a quarterly basis.

	2013			2012		
	High	**Low**	**Volume**	**High**	**Low**	**Volume**
First quarter	**$ 11.95**	**$ 10.20**	**24,636,063**	$ 7.98	$ 5.62	26,769,848
Second quarter	**$ 13.15**	**$ 10.82**	**29,666,539**	$ 7.74	$ 5.96	11,921,806
Third quarter	**$ 12.98**	**$ 10.30**	**18,075,919**	$ 9.67	$ 6.06	15,330,933
Fourth quarter	**$ 12.42**	**$ 10.42**	**18,363,871**	$ 10.50	$ 8.60	13,078,752
Year	**$ 13.15**	**$ 10.20**	**90,742,392**	$ 10.50	$ 5.62	67,101,339

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