



SUPREMEX INC.
ANNUAL INFORMATION FORM

March 22, 2011

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EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2010, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, Supremex refers to Supremex Inc. (“Supremex”) and Buffalo Envelope Inc. together with their respective subsidiaries and other entities controlled by them. References to “Management” in this Annual Information Form mean the senior officers of Supremex. Any statements in this Annual Information Form made by or on behalf of Management are made in such persons’ capacities as officers of Supremex and not in their personal capacities.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” at the end of this Annual Information Form. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and comparative figures are those of Supremex Income Fund (the “Fund”). References to “\$” are to Canadian dollars and references to “US \$” or “US dollars” are to United States dollars.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements” within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA projection, future performance of Supremex and similar statements concerning anticipated future results, circumstances, performance or expectations. A statement is forward-looking when it uses what Supremex knows and expects today to make a statement about the future. Forward-looking statements may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. These statements relate to future events or future performance and reflect current assumptions, expectations and estimates of Management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and ability to attract and retain customers. Such forward-looking statements reflect current assumptions, expectations and estimates of Management and are based on information currently available to Supremex as at the date of this Annual Information Form.

Forward-looking statements are subject to certain risks and uncertainties, and should not be read as guarantees of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking statements. These risks, uncertainties and other factors include but are not limited to the following: economic cycles, availability of capital, decline in envelope consumption, increase of competition, exchange rate fluctuation, raw material increases, credits risks with respect to trade receivables, increase in funding of pension plans, postal services deficiencies, interest rates fluctuation and potential risk of litigation. Such assumptions, expectations, estimates, risks and uncertainties are discussed throughout this Annual Information Form and, in particular, in “Risk Factors”. Consequently, we can not guarantee that any forward-looking statements will materialize. Readers should not place any undue reliance on such forward-looking statements. Supremex disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

DEFINITION OF EBITDA AND DISTRIBUTABLE CASH

References to “EBITDA” are to earnings before net financing charges, income taxes, amortization of property, plant and equipment, intangible assets, deferred compensation, impairment of goodwill and loss on disposal of machinery and equipment.

Management views distributable cash as an operating performance measure, as it is a measure generally used by Canadian income funds as an indicator of financial performance. Distributable cash is defined as cash flow related to operating activities adjusted for the net change in non-cash working capital balances, change in post-retirement benefits obligation, change in accrued pension benefit assets and maintenance capital expenditures. Distributable cash is important as it summarizes the funds available for distribution to unitholders. As Supremex distributes a portion of its cash on an on-going basis and since EBITDA is a metric used by many investors to compare issuers on the basis of the ability to generate cash from operations, management believes that in addition to net earnings, EBITDA is a useful supplementary measure from which to make adjustments to determine distributable cash.

EBITDA and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Distributable Cash may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA and Distributable Cash should not be construed as an alternative to net earnings determined in accordance with GAAP as indicators of Supremex's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

CORPORATE STRUCTURE

Name, Address and Incorporation

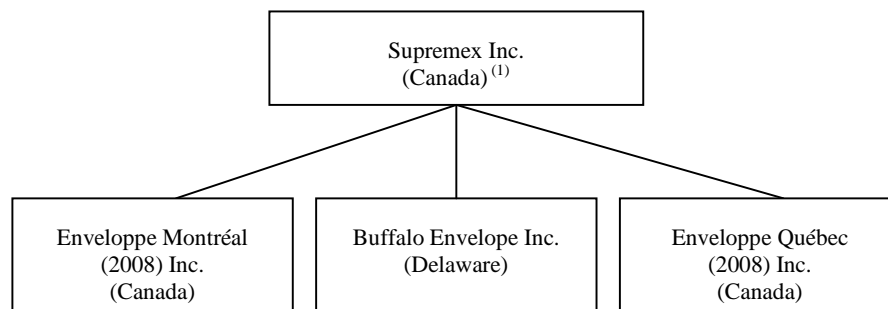
Supremex Inc. is governed by the *Canada Business Corporation Act* (the "CBCA") pursuant to articles of arrangement dated January 1, 2011. Supremex is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "SXP". The principal and head offices of Supremex is located at 7213 Cordner, LaSalle, Québec, Canada, H8N 2J7.

The predecessor to Supremex, the Fund, was an unincorporated open-ended trust established under the laws of the Province of Québec by a fund declaration of trust made as of February 10, 2006, as amended and restated on March 31, 2006. On January 1, 2011, the Fund completed its conversion into a public corporation named Supremex Inc. pursuant to a court-approved plan of arrangement (the "Arrangement") under section 192 of the CBCA. As a result of the Arrangement, unitholders (the "Unitholders") of the Fund received, for each unit (the "Units") of the Fund held, one common share (the "Shares") of Supremex and consequently, the holders of Units became the holders of Shares (the "Shareholders") of Supremex.

Accordingly, references to "Supremex" in this Annual Information Form for periods prior to January 1, 2011 are references to the Fund and /or its subsidiaries, as the context may require. See "General Development of the Business – The Conversion of the Fund to Supremex".

Intercorporate Relationship

The following chart illustrates, on a simplified basis, the structure of Supremex (including jurisdiction of establishment/incorporation of the various entities) as of March 22, 2011.



(1) Supremex Inc. owns all of the shares of Enveloppe Montréal (2008) Inc., Buffalo Envelope Inc. and Enveloppe Québec (2008) Inc.

GENERAL DEVELOPMENT OF THE BUSINESS

History of Supremex

The Supremex business was founded by four envelope industry executives in 1977 by the incorporation of Enveloppe Supreme Inc.

In 1990, the Schroders Canadian Buy-out Fund and Company, Limited, an investment fund, acquired a 78% interest in Supremex, while the management group retained the remainder. In 1991, Supremex acquired the assets of Innova Envelope from Abitibi-Price Inc., creating the largest envelope manufacturer in Canada. Supremex was sold by the Schroders Canadian Buy-out Fund and Company, Limited and the management group to Cenveo (then Mail-Well Holdings Inc.) in 1995.

After 1995, Supremex continued to expand aggressively through the completion of several strategic acquisitions. In 1996, Supremex acquired the assets of PNG Products Inc., PAC National Group and PNG Enveloppe Internationale Inc., which until then was the only other national envelope manufacturer and marketer in Canada. In 1998, Supremex acquired the assets of the envelope division of Québec-based Dominion BlueLine Inc. In 2000, Supremex acquired Ontario-based CML Industries Ltd., which included Regional Envelope Products Inc., Transit Envelope Inc. (Montreal), Precision Fine Papers Inc. and CML's Specialty Paper Products division. In 2001, Supremex commenced the management of the consumer business of Cenveo "Depew" operations in Buffalo, New York. Precision Fine Papers Inc., a paper sheeter and converter, was sold in September 2005.

In November 2005, Cenveo publicly announced its intention to evaluate the sale of its Canadian operations to de-leverage Cenveo's balance sheet and redeploy its capital. This resulted in the Initial Public Offering in March 2006 and was completed in March 2007, with the sale by Cenveo of the balance of its indirect retained interest in Supremex.

On August 9, 2007 and September 16, 2008, Supremex acquired substantially all the assets of NPG Envelope ("NPG") and Montreal Envelope ("Montreal"). On September 16, 2010, Supremex also acquired substantially all the assets of Pioneer Envelope Ltd. ("Pioneer").

RECENT DEVELOPMENTS

The Conversion of the Fund to Supremex

On May 7, 2010, at the annual and special meeting of the Fund, the Unitholders of the Fund approved the previously announced plan of arrangement pursuant to which the Fund would convert from an income trust structure to a public corporation named "Supremex Inc.". The special resolution of the Unitholders was approved by a vote of 99.56%. In order to become effective, the Arrangement required the receipt of all necessary court, regulatory and TSX approvals and other customary conditions. On May 10, 2010, the Superior Court of Québec issued a final order approving the Fund's plan of arrangement.

On January 1, 2011, Supremex completed its conversion from an income trust structure to a corporation. As a result, Unitholders of the Fund became Shareholders of Supremex, receiving one Share of Supremex for each Unit held of the Fund. The Units of the Fund were delisted from the TSX and trading of the Shares of Supremex on the TSX commenced under the symbol "SXP".

As part of the Arrangement, the Fund was liquidated and dissolved.

BUSINESS OF SUPREMEX

Overview

Supremex is Canada's leading manufacturer and marketer of a broad range of stock and custom envelopes and related products. Supremex is the only national envelope manufacturer in Canada with 9 manufacturing facilities across seven provinces. This national presence enables it to satisfy the manufacturing requirements of large national customers, such as large Canadian corporations, nationwide resellers and governmental entities, as well as paper merchants and solution and process providers. In fiscal 2010, Supremex generated revenue of approximately \$153 million on volumes of over 5.3 billion envelopes.

Management believes that Supremex has the largest share of the Canadian envelope manufacturing industry based on fiscal 2010 revenue. This leading market share is due to Supremex's ability to successfully compete on both a local and national basis across Canada.

Supremex has well-established relationships with a diversified loyal base of customers in Canada and in certain parts of the United States.

As of December 31, 2010, Supremex employed approximately 650 people and operated 11 facilities strategically located across Canada and one facility in the United States. Supremex's local presence across Canada ensures proximity to its customers, both in Canada and in certain parts of the Northern United States.

In fiscal 2010, approximately 82% of Supremex's revenue originated from the Toronto and Montreal regions.

Industry Overview

Overview

The North American envelope manufacturing industry is a mature industry estimated to generate approximately US\$3.2 billion in annual sales on volumes of approximately 175 billion units, according to the EMA. Management estimates that the Canadian envelope manufacturing industry generated approximately \$265 million in sales in 2010 on volumes of approximately 9.5 billion units. The Canadian envelope manufacturing industry is relatively concentrated with the top five producers accounting for an estimated 80% of domestic sales and with Supremex holding a market share of approximately 55%, according to Management estimates.

A significant majority of envelopes manufactured in Canada are used for mailing purposes and the remainder are used for non-mail purposes. Examples of envelopes used for non-mail purposes include automatic teller machine ("ATM") envelopes, overnight courier envelopes, payroll envelopes and photo product envelopes.

Transactional mail volumes are driven by activities of business-to-consumer businesses, primarily in the form of bills and statements from financial institutions, telecommunications companies and governmental entities. Transactional mail volumes are positively influenced by the overall growth of the economy, the population and the number of households.

Trends such as bill consolidation, whereby a service provider combines the billing of multiple services into one invoice, and the growth in the use of Internet for electronic bill presentment and payment are generally thought to have a negative impact on transactional mail volumes and related items such as envelopes.

Direct mail volumes are driven by direct mail activities of direct marketers, catalog-oriented retailers, publications marketers, credit card companies and other companies involved in business-to-consumer advertising. Demand for direct mail is driven by advertising spending and has historically tracked economic activity. The major economic downturn experienced recently, combined with the credit market crisis, has reduced the direct mail volume significantly during that period, but this market has been improving since the third quarter of 2010.

As the number of different advertising and media channels expands with technologies such as the Internet and Video-On-Demand television, the ability to reach targeted consumer groups is becoming more challenging for advertisers. As a result, direct mail is still perceived by advertisers as an effective tool and remains widely used for targeting specific consumer groups.

Product and Service Offering

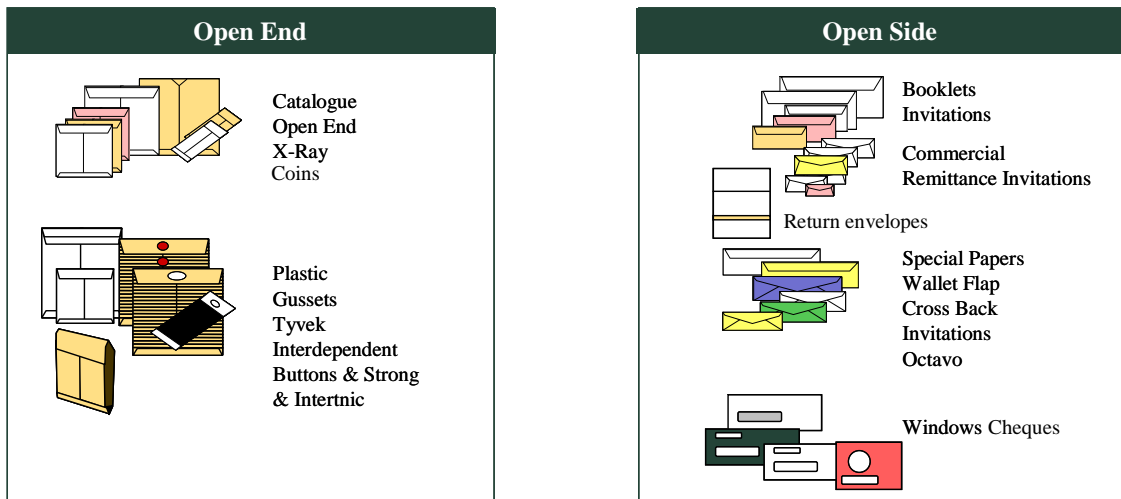
Supremex manufactures a broad range of envelopes in an array of styles, shapes and colors, which allow it to offer its customers a high degree of flexibility and customization. The products can generally be divided into three categories: stock envelopes, custom envelopes and related products.

As part of its envelope offering, Supremex offers its customers graphic art, warehousing and distribution services related to its products. Graphic art services include basic design and creative activities through to final customer-approved proofs for envelope printing. Warehousing and distribution of its products are provided to customers seeking to minimize the total cost of buying envelopes, while ensuring availability of supply and timely delivery.

Stock Envelopes

Supremex maintains the broadest stock envelope product line in Canada. The stock envelope is a generic product that can be used by customers for a variety of uses.

Stock envelopes range from the smallest greeting card or coin envelope to jumbo mailers and are made of various colours and grades of paper. The following charts illustrate examples of stock envelopes:



Stock envelopes are mainly sold through fine paper merchants, independent envelope printers and commercial and office stationery suppliers. Management has determined that it is more cost effective for Supremex to sell stock envelopes through these distribution channels, rather than conducting its own marketing and sales efforts to sell them directly to end users.

Custom Envelopes

Custom envelopes are manufactured according to customer specifications, which may require the collection of over 100 different pieces of information. Examples of custom features include size, color, print, paper quality and window characteristics. Management believes that custom envelopes represent the majority of all envelopes consumed in the Canadian market. The method of procurement of custom envelopes by customers varies from end users buying directly for their own use to solution providers buying on behalf of large end users, and Supremex has been very successful in adapting itself to various procurement methods in the marketplace.

The main categories of custom envelopes, based on the use of the product, are mail and non-mail envelopes. Examples of non-mail envelopes produced by Supremex are automatic teller machine (“ATM”) envelopes, overnight courier envelopes, payroll envelopes and photo product envelopes.



Related Products

In addition to custom and stock envelopes, Supremex offers related products which include X-ray envelopes, medical and file folders, polyethylene bags for courier applications and bubble mailers.

Distribution Channels

Supremex typically distributes its products within approximately 800 kilometers of its manufacturing facilities to all major geographic markets across Canada and in certain parts of the Northern United States via two distinct distribution channels:

Resellers of Stock Envelopes

The resellers of stock envelopes consist of distributors who resell Supremex's envelopes to printers and to small and large businesses, which include fine paper merchants, independent envelope printers and stationers. Management believes that Supremex's unique combination of a broad stock envelope offering, next-day product delivery and national distribution network provide key selling propositions for resellers.

Resellers and End Users of Custom Envelopes

The resellers of custom envelopes consist of intermediaries who resell Supremex's envelopes to end users. Such resellers include solution providers (such as forms manufacturers, large printers, and commercial and office stationery suppliers) and process providers (such as statement preparation providers).

Supremex believes that its broad custom envelope offering, flexible and highly customized manufacturing capabilities and national distribution network provide compelling value propositions to resellers of custom envelopes.

Supremex also uses its sales force to market custom envelopes directly to corporate end users of custom envelopes.

Customers

Supremex sells its products to large and small customers in a variety of industries. Supremex maintains long-term relationships with several end users, including leading financial institutions, telecommunications and utility companies, as well as federal, provincial and municipal governmental entities. Supremex also maintains strong relationships with customers in the resale distribution channel.

The envelope manufacturing business is characterized by individual orders for specific manufacturing jobs and Supremex does not typically enter into long-term agreements with its customers. Although Supremex occasionally enters into short-term contracts with certain of its customers, these agreements can normally be terminated upon prior notice by customers without penalty at any time before the end of the term.

Raw Materials and Suppliers

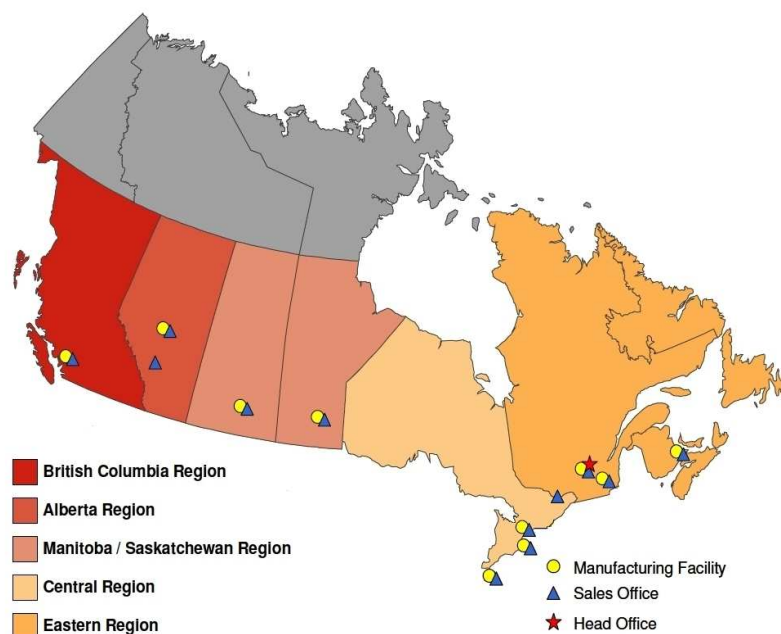
The principal raw materials used by Supremex are paper, window film, boxes, adhesives and ink.

In fiscal 2010, paper, net of paper waste revenue, represented approximately 75% of Supremex's raw material costs and were purchased from a variety of suppliers. The purchase price of paper varies according to paper grades and suppliers, and is the result of individual negotiations with such suppliers. However, the net price paid from one supplier to the other is relatively similar and is based on the market price in effect from time to time. Due to the variability in the prices of raw material supplies, envelope manufacturing costs are subject to fluctuation over time and such variations in costs are generally passed on to Supremex's customers.

Supremex typically purchases its paper and window film supplies on an ongoing basis. Supremex has never experienced a business interruption due to insufficient supply of raw materials.

Operations and Facilities

Supremex is present in three regions across Canada— Western (British Columbia, Alberta and Manitoba/Saskatchewan), Central (Ontario) and Eastern (Québec and the Atlantic provinces). Each region is managed independently based on the unique characteristics of local markets and customers. The local management teams have significant autonomy in the way their respective regions operate. The Supremex corporate office sets various strategic priorities and financial targets for the regions and leverages its national purchasing power and other support services. The following chart below shows the Supremex regions and facility locations.



Supremex's Facilities

Supremex currently manufactures its products at 10 facilities, two of which are owned by Supremex and eight of which are leased by Supremex. The following table sets out certain information regarding Supremex's manufacturing facilities.

<u>Location</u>	<u>Type</u>	<u>Approximate Square Footage</u>	<u>Owned/Leased</u>	<u>Lease Expiry Date</u>
Western region				
Delta, BC	Mfg/Sales	42,000	Leased	Aug. 31, 2015
Edmonton, AB	Mfg/Sales	42,000	Leased	Nov. 30, 2012
Winnipeg, MB	Mfg/Sales	38,000	Leased	Oct. 31, 2017
Regina, SK.....	Mfg/Sales	14,500	Leased	Oct. 31, 2013
Central region				
Etobicoke, ON	Mfg/Sales	98,000	Owned	n/a
Mississauga, ON.....	Mfg	85,500	Leased	Sept. 30, 2019
Eastern region				
LaSalle, QC	Mfg/Sales	126,000	Owned	n/a
Montreal, QC.....	Mfg/Sales	78,000	Leased	Oct. 31, 2011
Moncton, NB.....	Mfg/Sales	18,500	Leased	May 31, 2011
Buffalo region				
Buffalo, NY	Mfg/Sales	11,600	Leased	March 31, 2011

In addition to the above facilities, Supremex has two sales offices which are leased.

Seasonality

Supremex's revenue is subject to the moderate seasonal advertising and mailing patterns of its customers. The number of units sold by Supremex is generally higher during the months of August to February mainly due to the higher number of mailings related to events including the return to school, fund raisers and the holiday and tax seasons. The number of units sold by Supremex is generally lower during the months of March to July in anticipation of a slowdown in mailing activities of businesses during the summer. As a result, Supremex's financial performance for any single quarter may not be indicative of the performance which may be expected for the full year. However, to maintain production efficiencies, Supremex utilizes warehouse capabilities to inventory envelopes as required to counter these predictable seasonal variations in sales volumes.

Employees

As at December 31, 2010, Supremex and its subsidiaries had a total of approximately 650 full and part-time employees, of which approximately 76% were involved in production activities and the remainder in sales and administration activities.

Most of Supremex's workforce is non-unionized, with 27 workers employed under collective bargaining agreements. The collective bargaining agreements with respect to the unionized employees in (a) Vancouver, British Columbia covers 10 employees and is scheduled to expire on August 31, 2012; (b) Regina, Saskatchewan covers 2 employees, and expired on March 5, 2011, and (c) Vancouver, British Columbia covers 15 ex-Pioneer employees and has expired on June 30, 2010. Both of these collective bargaining agreements are currently under negotiation.

The LaSalle facility is not covered by a union certification, but has a non-recognized employee association which has adopted an employee manual. The employee manual contains personnel policies for hourly paid production and warehouse employees and is aimed at informing employees about their working conditions, in a manner similar to a standard collective agreement. The rights, privileges and benefits defined in the employee manual apply to all permanent employees of Supremex in this location. The current employee manual was renewed in January 2006 and will expire on August 31, 2011.

Competition

The Canadian envelope manufacturing industry is comprised of both domestic and foreign manufacturers. Management estimates that, in addition to Supremex, there are approximately nine domestic manufacturers of envelopes, all of which are owner-operator businesses that focus their efforts on local Canadian envelope markets. These domestic manufacturers primarily serve end users, direct mail customers and governmental entities. Only one domestic manufacturer operates more than one manufacturing location in Canada. Foreign manufacturers are almost exclusively U.S.-based without any Canadian manufacturing operations and generally concentrate their efforts in Canada on a narrow range of high volume purchasers of envelopes.

With the exception of a few national customer accounts, manufacturers of envelopes in Canada supply local customers. Manufacturing is locally organized due to the geographic scale of Canada and the freight costs involved in the transportation of envelopes. Consequently, most envelopes are produced and consumed locally wherever possible to maximize cost efficiency and speed to market and to permit press approvals, local warehousing and just-in-time purchasing strategies.

Supremex views its primary competitors in the Canadian envelope industry to be constituted both of large manufacturers located in the United States, consisting principally of National Envelope and Cenveo, and of many smaller Canadian and U.S. local competitors. The large manufacturers located in the United States, may in the future increase their market share and penetration of the Canadian envelope market. An additional factor that could contribute to such increase is the level of the US dollar compared to the Canadian dollar, which impacts significantly the competitiveness of U.S.-based manufacturers.

Environmental Regulations

Supremex's operations and real property are subject to a legislative regime including laws, statutes, regulations, by-laws, the common law, guidelines and policies as well as permits and other approvals relating to environmental matters, including those governing the use, storage, treatment, transportation and disposal of hazardous materials, the emission, release or discharge of such materials into the environment, the remediation of contamination and occupational health and safety matters (collectively, the "Environmental Laws"). Certain of these Environmental Laws may impose joint and several liability on lessees and owners or operators of facilities, as a result of their ownership or management and control of real properties, for the costs of investigation or remediation of contaminated properties, regardless of current ownership, fault, negligence or the legality of the original disposal or release.

Environmental liability is a risk associated with Supremex's business, principally with regard to past and present business operations involving the use, storage, handling and contracting for recycling or disposal of hazardous and non-hazardous materials such as washes, inks, alcohol-based products, plate solvent and photographic fixer. Supremex generates both hazardous and non-hazardous waste.

The facilities owned or operated by Supremex have been in operation for many years and, over such time, Supremex and the prior owners or operators of such properties may have used, generated or disposed of substances, some of which are or may be considered hazardous. Some of these facilities are located in industrial areas where there could have been migratory contamination from adjacent sources. Accordingly, it is possible that additional environmental liabilities may arise in the future as a result of the use, generation, release and disposal of any such hazardous and non-hazardous substances.

DIVIDENDS AND DISTRIBUTION

Prior to the Arrangement, monthly distributions were paid to holders of Units. Supremex's current policy is to declare quarterly dividends of \$0.03 per Share. The dividend policy is subject to the discretion of the Board of Directors and may vary depending on, among other things, Supremex's earnings, financial requirements, the satisfaction of the solvency tests imposed by the CBCA for the declaration of dividends and other conditions existing at such future time.

The following table sets forth the monthly cash distribution per Unit declared by the Fund on the Units for the last three years:

Month	2010	2009	2008
January	\$0.01	\$0.05	\$0.0958
February	\$0.01	\$0.05	\$0.0958
March	\$0.01	\$0.05	\$0.0958
April	\$0.01	\$0.05	\$0.0958
May	\$0.01	\$0.05	\$0.0958
June	\$0.01	\$0.05	\$0.0958
July	\$0.01	\$0.05	\$0.0958
August	\$0.01	\$0.05	\$0.0958
September	\$0.01	\$0.05	\$0.0958
October	\$0.01	\$0.05	\$0.0958
November	\$0.01	\$0.05	\$0.0958
December	\$0.01	\$0.05	\$0.0958

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of Supremex consists of an unlimited number of Shares and an unlimited number of preferred non-voting shares, issuable in series. The rights, privileges, restrictions and conditions attaching to the shares and the preferred shares are as follows:

Common Shares

Holders of Shares are entitled to receive dividends as and when declared by the Board of Directors of Supremex and are entitled to one vote per Share on all matters to be voted on at all meetings of shareholders. Upon the voluntary or involuntary liquidation, dissolution or winding-up of Supremex, the holders of Shares are entitled to share ratably in the remaining assets available for distribution, after payment of liabilities and subject to the prior rights of preferred shares (if any).

Preferred Shares

The Board of Directors of Supremex has the authority, without further action by the shareholders, to issue an unlimited number of preferred shares in one or more series. These preferred shares may be entitled to dividend and liquidation preferences over the Shares. The Board of Directors may fix the designations, powers, preferences, privileges and relative, participating, optional or special rights of any preferred shares issued, including any qualifications, limitations or restrictions. Special rights which may be granted to a series of preferred shares may include dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any of which may be superior to the rights of the Shares.

On April 30, 2010, the Fund issued a press release confirming that, following the Arrangement, the number of preferred shares that Supremex could issue would be limited to a maximum of 10,000,000 and that such preferred shares would not be intended to be used to block any takeover.

DIRECTORS AND OFFICERS

The following table sets out, for each of the Directors and officers of Supremex, the name, municipality of residence, positions with Supremex (i.e. directorship), as the case may be, and principal occupation of each of the Directors and certain other officers of Supremex that occupy such positions. The term of office for each of the Directors will expire at the time of the next annual meeting of holders of the Shareholders. As of December 31, 2010, the Directors and officers of Supremex beneficially owned, directly or indirectly, shares representing in the aggregate approximately 3.3 % of the issued and outstanding Units on a fully-diluted basis.

Name and Municipality of Residence	Position	Principal Occupation	Trustee / Director since	Ownership of Units
Gilles Cyr La Prairie, Québec	President and Chief Executive Officer, Director	President and Chief Executive Officer of Supremex	February 10, 2006/ July 31, 1995	415,200
Stéphane Lavigne Kirkland, Québec	Vice-President, Chief Financial Officer and Corporate Secretary	Vice-President, Chief Financial Officer and Corporate Secretary of Supremex	N/A	300,700
Stewart Emerson Pickering, Ontario	Vice-President and General Manager, Central Region	Vice-President and General Manager, Central Region of Supremex	N/A	210,000
Manon Cloutier Brossard, Québec	Corporate Controller and Treasurer	Corporate Controller and Treasurer of Supremex	N/A	56,959
L.G. Serge Gadbois ⁽¹⁾ Boucherville, Québec	Director, Chairman of the board of Directors	Corporate Director	March 31, 2006	12,000
Georges Kobrynsky ⁽¹⁾⁽²⁾ Montréal, Québec	Director	Corporate Director	March 31, 2006	1,900
Herbert Lukofsky ⁽¹⁾⁽²⁾ St-Lambert, Québec	Director	Corporate Director	March 31, 2006	—

Name and Municipality of Residence	Position	Principal Occupation	Trustee / Director since	Ownership of Units
Harolde M. Savoy ⁽²⁾ Dallas, Texas	Director	President, Entreprises Dominion Blueline Inc. and Rediform Inc.	March 31, 2006	10,000
Melinda Lee Dartmouth, Nova Scotia	Director	Corporate Director	August 5, 2009	—

(1) Member of the Audit Committee.

(2) Member of the Compensation, Corporate Governance and Nominating Committee.

The following are brief profiles of the Directors and officers of Supremex:

Gilles Cyr, President and Chief Executive Officer

Gilles Cyr is the President and Chief Executive Officer of Supremex and has held this position since October 2004. Mr. Cyr has held various positions with Supremex since 1992, first as Chief Financial Officer, later as Vice-President and General Manager of Supremex's Eastern Region, from January 1996 to January 2006 and has again since November 2006. Prior to joining Supremex, Mr. Cyr was a partner at Arthur Andersen LLP, where he worked for ten years. Mr. Cyr holds a Bachelor's Degree in Commerce from the University of Québec at Trois-Rivières and is also a Chartered Accountant.

Stéphane Lavigne, Vice-President, Chief Financial Officer and Corporate Secretary

Stéphane Lavigne is the Vice-President, Chief Financial Officer and Corporate Secretary of Supremex and has held this position since January 2006. Mr. Lavigne initially joined Supremex in 1991 as Special Projects Manager, Eastern Region, and was promoted to the position of Administration Manager, Eastern Region in 1992 and appointed as Vice-President, Finance and Administration for the Supremex head office in 1996. He left Supremex from April 2005 to January 2006 to become co-owner of a private company. From 1988 to 1991, he was employed by KPMG LLP as auditor. He holds a Bachelor's Degree in Business Administration from the University of Québec at Montreal and is also a Chartered Accountant.

Stewart Emerson, Vice-President and General Manager, Central Region

Stewart Emerson is the Vice-President and General Manager, Central Region of Supremex. Prior to his current role, Mr. Emerson began his career as Account Manager at Innova Envelope Inc. in 1990 and has since held a number of positions, including Sales Manager, General Sales Manager, General Manager. He holds a Bachelor's Degree in Business Administration with a double major in Marketing and Management from the Northeastern University of Boston.

Manon Cloutier, Corporate Controller and Treasurer

Manon Cloutier is the Corporate Controller and Treasurer of Supremex and has held these positions since November 2005 and April 2006, respectively. Prior to joining Supremex, Ms. Cloutier held a number of positions for Bombardier Recreational Products Inc. including Manager – Compliance and Director of Finance from March 1997 to November 2005. From May 1988 to February 1997, she was employed by KPMG LLP first as auditors and as manager – audit service. She holds a Bachelor's Degree in Business Administration from the University of Québec at Montreal and is also a Chartered Accountant.

L.G. Serge Gadbois, Director, Chairman of the Board of Directors

L.G. Serge Gadbois is a corporate director of Industrial Alliance, Insurance and Financial Services Inc. and Cogeco Cable Inc. Previously, Mr. Gadbois held various positions at Metro Inc. such as Senior Vice-President, Finance, from 1997 until February 2006, and was also Vice-President Finance from 1985 to 1997. Prior to this, he served as Controller and Director of Financial Services at the School Council of the Island of Montreal for eight years. He holds a Master of Business Administration from the École des Hautes Études Commerciales and is a member and Fellow of the Quebec Order of Chartered Accountants.

Georges Kobrynsky, Director

Georges Kobrynsky is a corporate director of Fibrek Inc. and Cascades Inc. Previously, Mr. Kobrynsky was Senior Vice-President, Investments Forest Products of the Société générale de financement du Québec from 2005 to 2010 and held various senior positions at Domtar Inc. over 30 years including Senior Vice-President, Pulp and Paper Sales, Marketing/Customer Relations Group from 2001 to 2005 and Senior Vice-President, Communication Papers Division from 1995 to 2001. He also held a position at the Ministry of the Environment of Canada from 1971 to 1975. Mr. Kobrynsky has completed the Senior Executive Program from University of Western Ontario. He also holds a Master of Business Administration from McGill University, a Bachelor's degree in Sciences from the Université Laval and a Bachelor's of Arts degree from the Université de Montréal.

Herbert Lukofsky, Director

Herbert Lukofsky has been a corporate director of numerous public and private companies including Liquidation World Inc., Société de développement de Montréal, Solareh Inc., LaGran Inc., International Aqua Foods Inc., Hallmark Technologies Inc. and Inventronics Inc. Previously, Mr. Lukofsky was a tax partner and head of tax division at the Montreal office of Arthur Andersen LLP from 1970 to 1984 and President of Lukofsky Lajoie & Associates, a business consulting firm specializing in mergers and acquisitions, from 1984 to 1992. Mr. Lukofsky holds a Bachelor's degree in Commerce from Concordia University and a Chartered Accountancy Designation from McGill University.

Harolde M. Savoy, Director

Harolde M. Savoy has been the President of Entreprises Dominion Blueline Inc. since 1990 and also President of Rediform Inc., a subsidiary based in Dallas, Texas. For the past 27 years, Mr. Savoy has held different positions within Entreprises Dominion Blueline Inc. such as General Manager and Vice-President of Sales and Marketing, General Manager of Dominion Envelope Inc., a subsidiary, and Production Superintendent. He holds a Master of Business Administration as well as a Bachelor of Art in Economics from the University of Western, Ontario.

Melinda Lee, Director

Melinda Lee is a corporate director of Royal Host Inc. and General Donlee Canada Inc. Previously, she was Vice-President of Investments of Clarke Inc. from 2006 to 2010. Prior to joining Clarke, Ms. Lee was the Vice-President of Geosam Investments Limited for three years and has gained seven years of public accounting experience at Chartered Accountant firms in Ottawa and Halifax. She holds a Bachelor of Business Administration from St. Francis Xavier University in Antigonish, Nova Scotia.

CORPORATE GOVERNANCE

The Directors are responsible for the governance of Supremex and have established an Audit Committee and a Compensation, Corporate Governance and Nominating Committee, each of which shall have three members who shall all be "independent" within the meaning of applicable securities laws.

Compensation, Corporate Governance and Nominating Committee

Compensation, Corporate Governance and Nominating Committee shall annually review the Chief Executive Officer's goals and objectives for the upcoming year and provide an appraisal of the Chief Executive Officer's performance. The committee shall make recommendations concerning the remuneration of the Directors and shall administer and make recommendations regarding any employee bonus plans.

The committee shall also review and make recommendations to the Directors concerning the appointment of officers of Supremex and its subsidiary entities. The committee is responsible for developing the Supremex's approach to corporate governance issues, advising the board on filling vacancies on the board and periodically reviewing the composition and effectiveness of the board and the contribution of individual Directors. The committee is responsible for adopting and periodically reviewing and updating Supremex's written disclosure policy. This policy, among other things: (i) articulates the legal obligations of Supremex, its affiliates and their respective, directors,

officers, employees and consultants with respect to confidential information; (ii) identifies spokespersons of Supremex who are the only persons authorized to communicate with third parties such as analysts, the media and investors; (iii) provides guidelines on the disclosure of forward-looking information; (iv) requires advance review by senior executives of Supremex of any selective disclosure of financial information to ensure the information is not material, to prevent the selective disclosure of material information and to ensure that, if selective disclosure of material information does occur, a news release is issued immediately; and (v) establishes “black-out” periods prior to and following the disclosure of quarterly and annual financial results and prior to the disclosure of certain material changes, during which periods Supremex, its affiliates and their respective directors, officers, employees and consultants may not purchase or sell Shares.

Audit Committee information

The Audit Committee assists the Directors in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of Supremex, the adequacy of internal accounting controls and procedures, and the quality and integrity of the financial statements of Supremex. In addition, the committee is responsible for directing the auditors’ examination of specific areas and for the selection of potential independent auditors to be appointed by the Shareholders.

Charter of the Audit Committee

The charter of the Audit Committee, as approved on April 12, 2006 and amended on November 5, 2007 and on March 22, 2011, is set out in Schedule A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of three members, as follows: L.G. Serge Gadbois, Georges Kobrynsky and Hebert Lukofsky. Each member of the Audit Committee is independent of Supremex and financially literate as required under Multilateral Instrument 52-110 – *Audit Committees*

Relevant Education and Experience of the Audit Committee Members

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

- (i) L.G. Serge Gadbois is a corporate director of Industrial Alliance, Insurance and Financial Services Inc., and Cogeco Cable Inc. Previously, Mr. Gadbois held various positions at Metro Inc. such as Senior Vice-President, Finance, from 1997 until February 2006, and was also Vice-President Finance from 1985 to 1997. Prior to this, he served as Controller and Director of Financial Services at the School Council of the Island of Montreal for eight years. He holds a Master of Business Administration from the École des Hautes Études Commerciales and is a member and Fellow of the Quebec Order of Chartered Accountants.
- (ii) Georges Kobrynsky is a corporate director of Fibrek Inc. and Cascades Inc. Previously, Mr. Kobrynsky was Senior Vice-President, Investments Forest Products of the Société générale de financement du Québec from 2005 to 2010 and held various senior positions at Domtar Inc. over 30 years including Senior Vice-President, Pulp and Paper Sales, Marketing/Customer Relations Group from 2001 to 2005 and Senior Vice-President, Communication Papers Division from 1995 to 2001. He also held a position at the Ministry of the Environment of Canada from 1971 to 1975. Mr. Kobrynsky has completed the Senior Executive Program from the University of Western Ontario. He also holds a Master of Business Administration from McGill University, a Bachelor’s degree in Sciences from the Université Laval and a Bachelor’s of Arts degree from the Université de Montréal.
- (iii) Herbert Lukofsky has been a corporate director of numerous public and private companies including Liquidation World Inc., Société de développement de Montréal, Solareh Inc., LaGran

Inc., International Aqua Foods Inc., Hallmark Technologies Inc. and Inventronics Inc. Previously, Mr. Lukofsky was a tax partner and head of tax division at the Montreal office of Arthur Andersen LLP from 1970 to 1984 and President of Lukofsky Lajoie & Associates, a business consulting firm specializing in mergers and acquisitions, from 1984 to 1992. Mr. Lukofsky holds a Bachelor's degree in Commerce from Concordia University and a Chartered Accountancy Designation from McGill University.

Audit Fees

Ernst & Young LLP has served as the Fund's and Supremex's auditing firm since October 2005. Fees payable for the years ended December 31, 2010 and December 31, 2009 to Ernst & Young LLP and its affiliates are \$246,485 and \$243,870, respectively. Fees payable to Ernst & Young LLP and its affiliates in 2010 and 2009 are detailed below.

	Year ended December 31, 2010	Year ended December 31, 2009
Audit fees	144,000	160,000
Audit-related fees	74,246	75,000
Tax fees	24,439	2,200
All other fees	<u>3,800</u>	<u>6,670</u>
	246,485	243,870

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of the Fund's annual financial statements.

Audit-related fees. Audit-related fees were paid for consultations concerning financial accounting or the presentation of financial information which are not categorized as "audit services", pension plan audits, accounting work related to acquisitions and review of documents filed with regulatory authorities.

Tax fees. Tax fees were paid for the review of tax returns.

All other fees. Fees paid for services other than the audit fees, audit related fees and tax fees described above. These services consisted primarily of related tax services and translation services.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of Supremex, in the last ten years, no Director or executive officer of Supremex is or has been a director or executive officer of any company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (b) was the subject of an event that resulted, after that person ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for:

- (a) Mr. Gilles Cyr who was from June 2003 to November 2004, a shareholder and a director of Précis Métal Inc., which filed for bankruptcy in November 2004 pursuant to the Bankruptcy and Insolvency Act (Canada),

- (b) Mr. L.G. Serge Gadbois who was a director of Mecachrome International Inc. since May 2006, which filed for protection with the Quebec Superior Court under the Companies' Creditor Arrangement Act (Canada) on December 12, 2008 and has obtained similar protection from the Courts for its French subsidiaries under the safeguard procedure (procédure de sauvegarde) in France, and
- (c) Ms. Melinda Lee who was from May 2007 to October 2009 a director of Shermag Inc., which filed for protection with the Quebec Superior Court under the Companies' Creditor Arrangement Act (Canada) on May 5, 2008. Shermag Inc.'s common shares were suspended from trading on the TSX since May 1, 2009 and Shermag Inc. is subject to a cease trade order since November 20, 2009.

Penalties or Sanctions

To the knowledge of Supremex, no Director or executive officer of Supremex, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of Supremex, in the last ten years, no Director or executive officer of Supremex has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

MARKET FOR SECURITIES

Trading Price and Volume

The Shares are currently listed for trading on the TSX under the symbol "SXP". Prior to the Arrangement, the Units were listed for trading on the TSX under the symbol "SXP.UN".

The following table shows the monthly range of high and low prices per Unit and the total monthly volumes and the average daily volumes of Units traded on the TSX for the months of January to, and including, December 2010.

2010 Month	Price per Unit (\$) Monthly High	Price per Unit (\$) Monthly Low	Units Total Monthly Volume
January	3.00	2.20	4,356,646
February	2.40	2.26	1,104,695
March	2.51	2.34	3,521,249
April	2.51	2.35	1,356,176
May	2.47	2.34	1,229,656
June	2.45	2.25	292,187
July	2.56	2.31	280,360
August	2.40	2.00	308,175
September	2.30	2.11	199,851
October	2.31	2.12	282,079
November	2.30	2.18	683,752
December	2.41	2.16	1,194,376

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal transfer office in Montreal, Québec.

CONFLICTS OF INTEREST

Except as disclosed below and elsewhere herein, no Director or senior officer of Supremex or other insider of Supremex, nor any associate or affiliate of the foregoing persons has any substantial interest, direct or indirect, in any material transaction since the commencement of Supremex's last financial year.

RISK FACTORS

The results of operations, business prospects and financial condition of Supremex are subject to a number of risks and uncertainties, and are affected by a number of factors outside the control of Supremex's management.

Decline in Envelope Consumption

Supremex's envelope manufacturing business is highly dependent upon the demand for envelopes sent through the mail. Supremex may compete with product substitutes, which can impact demand for its products. Usage of the Internet and other electronic media continues to grow. Consumers use these media to purchase goods and services, and for other purpose such as paying utility and credit card bills. Advertisers use the Internet and electronic media for targeted campaigns directed at specific electronic user groups. Large and small businesses use electronic media to conduct business, send invoices and collect bills. The demand for envelopes and other printed materials for transactional purposes is expected to decline in the future.

The North American envelope manufacturing and mailing industries are not expected to grow at all in the foreseeable future, due to a general progressive decline in the use of traditional paper-based products. The business depends on transactional mail and direct mail activities. Transactional mail volumes are thought to have been declining in the last few years due in part to the increasing use of non-traditional means of communication and information transfer, such as facsimile machines, electronic mail and the Internet. While management believes that the decline experienced in the direct mail volume in 2009 and 2008 was more related to the economic conditions, there is no assurance that the direct mail industry will regain its level from before the latest recession and that it will offset any decline in transactional mail. As a result, there can be no assurance that Supremex will be able to grow or even maintain historical sales levels.

Supremex typically does not enter into long-term, written agreements with customers. As a result, there is a risk that customers may, without notice or penalty, terminate their relationship with Supremex at any time. In addition, even if customers should decide to continue their relationship with Supremex, there can be no guarantee that customers will purchase the same amount as in the past, or that purchases will be on similar terms. Supremex's customer base is solidly diversified with no single account representing more than 10% of sales, thus reducing dependence on any given single customer.

Supremex operates in an industry which uses large quantities of paper in its day-to-day operations. With society's mounting concern over the protection of the environment and sustainable development, Supremex's products and services are under pressure to be more environmentally friendly. For instance, the growing concern over the environment could change the consumption habits of consumers and new regulations could force Supremex to use more expensive environmentally friendly materials in its production process. To mitigate this risk, Supremex tries to be at the forefront of its industry in terms of commitment to the environment and, in collaboration with its suppliers, seeks on an ongoing basis to reduce its impact on the environment. Supremex is also a leader in the Canadian envelope market in the marketing of environmental friendly products, such as a 100% recycled paper.

Economic Cycles

A significant risk that Supremex faces and over which it has no control is related to economic cycles. In a soft economy, or a recession similar to the one faced recently, the market most affected at Supremex is its direct mail market. There is a direct correlation between growth/decline in the gross domestic product and direct mail volume. Because of the economic conditions faced recently, we have experienced a significant direct mail volume decline. However, in 2010, the direct mail market improved due to the rebound in the economy. For Supremex, such impact is partially mitigated as direct mail represents approximately 20% of Supremex's total annual volume. For transactional mail, which represents about 50% of Supremex's annual volume, economic cycles had a lesser impact than on direct mail since businesses must still mail out bills to their customers, and the online billing penetration is fairly low in this segment. For many years, transactional volume has been declining by 1% to 4% a year. Supremex is a leader in its market, with a solidly diversified customer base and long-standing relationships with a number of key customers.

Competition

Despite Supremex's leading market position in Canada, new entrants into the Canadian envelope market may have an impact on sales and margins. The strengthening of the Canadian dollar against the US dollar created an incentive for US-based competitors to increase market penetration in Canada in the last three years. The large US envelope manufacturers are using their excess capacity to penetrate the Canadian envelope market. As long as the US market stays relatively soft, there will be pricing pressure in the Canadian market. This phenomenon has been amplified since April 2008, coinciding with the termination of the non-solicitation agreement with Cenveo. In the fall of 2008, the Canadian dollar weakened by almost 25%, easing the pressure on the Canadian envelope market. Since then, the dollar has regained most of its loss and has been trading close to parity with the US dollar, creating pressure on pricing in Canada. However, the cost of freight coupled with the efficiency of delivery are barriers to servicing any significant customer volume from a distance.

In the current market, the Canadian envelope manufacturers are more aggressive on pricing in order to generate new sales to replace their lost sales. Given the large market share of Supremex in Canada, most of the gains of our smaller competitors in Canada are done at Supremex's accounts.

Nonetheless, to mitigate this risk, Supremex continues to focus on continuous improvement programs, cost reduction initiatives and development of value-added services and products around its core businesses, and still believes in the value of having local service and representation in all the major Canadian markets.

Exchange Rate

A portion of Supremex's revenue is earned in US dollars and a large portion of Supremex's expenses, including most of its paper and other raw materials costs as well as certain capital expenditures are incurred in US dollars. Supremex also derives a portion of its revenue from Canadian dollar sales to certain customers with whom selling price is sensitive to US competition.

Net exposure to the US dollar has increased over the last three years: due to lower sales volume, revenue generated in the United States represented 6.9% of consolidated revenue in fiscal 2010, down from 7.6% in fiscal 2009, while US dollar purchases have risen over the last two years as most of our large suppliers are US-based.

Availability of Capital

In 2009, the Fund completed the refinancing of its credit facilities totaling \$110 million consisting of a \$35 million revolving facility and \$75 million term credit facility. Both facilities mature on January 4, 2012. Although the Fund has carried out this refinancing activity during an economic crisis, this is not a guarantee that additional funds will be available in the future, and if they are, that they will be provided in a timeframe and under conditions acceptable to Supremex. On January 18, 2010, the Board of Trustees of the Fund believed it was prudent to reduce the monthly distribution from \$0.05 per unit to \$0.01 per unit, commencing in the month of January 2010, in order to reduce the Fund's debt, preserve cash and increase capital flexibility. The \$0.01 monthly distribution per Unit has been converted into a quarterly dividend of \$0.03 in 2011 as part of the conversion of the Fund into a publicly traded corporation as of January 1, 2011.

The acquisitions contemplated by Supremex will require additional financing. The global financial market crisis and the global economic slowdown may extend further and constrain Supremex's ability to meet its future financing requirements, increase its weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher cost of capital. Risk factors such as disruptions in capital markets could reduce the amount of capital available or increase the cost of capital and there can be no assurance that additional financing would be available to Supremex or, if available, that it can be obtained on a timely basis and on acceptable terms. Failure to obtain additional financing, when and if required, could have a material adverse effect on the Fund's future growth by limiting acquisitions. This risk is mitigated by the fact that Supremex has a solid financial position and generates significant cash flow from operations.

Raw Materials Price Increases

The primary raw materials Supremex uses are paper, window material, glue and ink. Fluctuations in raw material and energy prices are affecting our operations.

First, the current tightening in the paper market, due to paper mill closures, has resulted in a decrease in the supply of paper which could in turn lead to paper price increases such as the one announced during the spring of 2010. While paper costs were generally a pass through in the past, an increase in the price of paper can negatively affect our operations if it changes the purchasing habits of our customers, especially in the current economic conditions. Moreover, an increase in the price of paper negatively affects the profitability of Supremex if the increases cannot be passed on to the customer. To mitigate this risk, Supremex does not rely on any one supplier and is generally disciplined in passing on any raw material increases to its customers.

Second, fluctuations in the price of oil, a core ingredient in the composition of window material, glue and ink have a direct impact on their price. An increase in the price of oil can have a negative effect on our operations if it changes the purchasing habits of our customers.

Credit

Supremex is exposed to credit risk with respect to trade receivables. To mitigate this risk, Supremex analyzes and reviews the financial health of its current customers on an ongoing basis. A specific credit limit is established for each customer and reviewed periodically by Supremex. Supremex is protected against any concentration of credit risk through its clientele and geographic diversity. No single customer accounts for more than 10% of consolidated accounts receivable. Supremex's customer base is solidly diversified and consists mainly of large national customers, such as large Canadian corporations, nationwide resellers and governmental entities, as well as paper merchants and solution and process providers. Historically, the level of bad debt has been low given the nature of the customers. As at December 31, 2010, the maximum credit risk exposure for receivables corresponds to their carrying value.

Employee Future Benefits

Supremex maintains three registered defined benefit pension plans substantially covering all of its employees. Two of these plans are hybrid, including a defined contribution component. In the past, Supremex has also provided post-retirement and post-employment benefits, including health care, dental care and life insurance, to a limited number of employees.

The most recent actuarial valuations for the three pension plans for funding purposes was made as at December 31, 2009 and showed the registered retirement plans to be in a solvency deficit position of 12.7 million. This deficit will then be paid over 5 years starting in January 2011. Supremex has elected to use the funding relief allowed by law and defer for one year the start of deficiency payment for two of its pension plans totaling 12.1 million of deficit. Supremex has the financial flexibility due to cash flow generated from operations to pay this additional annual contribution.

The level of these contributions may vary depending on the pension fund performance, which could affect the financial condition of Supremex.

Postal Services

Because the majority of envelopes consumed in Canada and the United States are mailed, any strike or other work stoppage by unionized postal workers would effectively result in a temporary suspension of the mail activities of most of Supremex's customers and could have a material adverse effect on Supremex.

In addition, postal rates are a significant factor affecting envelope usage and any increases in postal rates, relative to changes in the cost of alternative delivery means or advertising media, could result in reductions in the volume of mail sent. No assurance can be provided that future increases in postal rates will not have a negative effect on the level of mail sent or the volume of envelopes purchased. Canada Post renewed its bargaining agreement with the majority of its employees in the past year, reducing the risk of a strike.

Finally, there has been growing talk of "do-not-mail" legislation in the US with respect to the direct marketing industry. Supremex does not believe that such legislation would be passed in Congress as it would have a detrimental impact on the United States Postal Service, the country's largest employer. "Do-not-mail" legislation is instituted at the state level. In 2008, such legislation was introduced but not passed in some states. That being said, if such legislation were to be passed, it would have a negative impact on Supremex's sales volume.

Interest Rate

Supremex is exposed to market risks related to interest rate fluctuations. At the end of fiscal 2010, the floating-rate portion of the Fund's long-term debt was at floating-rate, following the swap expiration in March 2010. As interest rates were low at that time, and no increases of rates were forecasted short term, Supremex did not renew its swap until January 2011. On January 14, 2011, a \$30 million interest swap was contracted. Supremex's policy is to fix a portion of its long-term debt. Considering the swap taken right after year-end, the fixed portion represented 43% at the time of the swap contract. The floating-rate portion of long-term debt increased in 2007 and 2008 following the two acquisitions and the normal course issuer bid, but it decreased in 2009 mainly due to the reduction in distributions since January 2009. Floating-rate debt bears interest rates based on bankers' acceptances. This swap converts the variable interest rate, based on bankers' acceptance rate, to an average fixed interest rate of 2.84% until January 14, 2010, excluding an applicable margin which is 275 basis points as at December 31, 2009.

To mitigate this risk Supremex tries to maintain a good balance of fixed versus floating rate debt.

The Canadian central bank has reduced its rates since the second quarter of fiscal 2008. Supremex benefits partially from such reductions in its floating rate debt. Supremex believes that Canadian interest rates are likely to increase in the next years, thus the reason of the swap taken in January 2011.

Litigation

Supremex, like other manufacturing and sales organizations, is subject to potential liabilities connected with its business operations, including expenses associated with product defects, performance, reliability or delivery delays. Supremex is from time to time threatened with, or named as a defendant in, legal proceedings, including lawsuits based on product liability, personal injury, breach of contract and lost profits or other consequential damages claims, in the ordinary course of conducting its business. A significant judgment against Supremex, or the imposition of a significant fine or penalty, as a result of a finding that Supremex failed to comply with laws or regulations, or being named as a defendant on multiple claims could have a material adverse effect on Supremex's business, financial condition, results of operations and cash available for distributions.

MATERIAL CONTRACTS

The only material contracts entered into by any of the Fund, or its subsidiary entities, prior to (and which are still in effect) or during the year ended December 31, 2010, other than in the ordinary course of business, are as follows:

- the Arrangement Agreement, described below.

Arrangement Agreement

On March 22, 2010, Supremex, the Fund and 7351020 Canada Inc. entered into an arrangement agreement, as amended on December 17, 2010 (the “**Arrangement Agreement**”) providing for the reorganization of the Fund's income trust structure into a public corporation, Supremex. Such reorganization was effected pursuant to a plan of arrangement under Section 192 of the CBCA.

The foregoing document is on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

Ernst & Young LLP are the auditors of Supremex and have advised that they are independent with respect to Supremex within the meaning of the Rules of Professional Conduct of the Ordre des comptables agréés du Québec.

ADDITIONAL INFORMATION

Additional information relating to Supremex may be found on SEDAR at www.sedar.com.

Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of Supremex's securities and securities authorized for issuance under equity compensation plans will be contained in Supremex's information circular for its annual meeting of Shareholders of Supremex. Additional financial information is provided in the Fund's financial statements and management's discussion and analysis for the year ended December 31, 2010.

Supremex will, upon request to the Corporate Secretary of Supremex, 7213 Cordner, Lasalle, Québec, H8N 2J7, provide to any person or company, the documents specified below:

- (a) when Supremex is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:
 - (i) one copy of Supremex's latest annual information form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;
 - (ii) one copy of the comparative consolidated financial statements of Supremex for the most recently completed financial year for which financial statements have been filed, together with the auditors' report thereon, and one copy of any interim financial statements of Supremex for any period after its most recently completed financial year;
 - (iii) one copy of the information circular of Supremex in respect of its most recent annual meeting of Shareholders that involved the election of Directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or

- (b) at any other time, Supremex shall provide to any person or company one copy of any of the documents referred to in subparagraphs (a)(i), (ii) and (iii) above, provided that Supremex may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of Supremex's securities.

GLOSSARY OF TERMS

“**Acquisition Agreement**” means the acquisition agreement dated as of March 31, 2006 entered into between the Fund, the Vendor and Cenveo.

“**Arrangement**” means the arrangement under Section 192 of the CBCA as set out in the plan of arrangement attached as a schedule to the Arrangement Agreement, pursuant to which, on January 1, 2010, the Fund converted from an income trust structure to Supremex.

“**Arrangement Agreement**” means the arrangement agreement dated March 22, 2010, as amended on December 17, 2010 between Supremex, the Fund and 7351020 Canada Inc.

“**Audit Committee**” means the audit committee of Supremex.

“**Board of Directors**” means the board of directors of Supremex.

“**Board of Trustees**” means the board of trustees of the Fund.

“**Business**” means the business of manufacturing envelopes and related products carried on prior to the closing of the Initial Public Offering by Supremex Inc. and its two wholly-owned subsidiaries, PNG Products Inc. and Innova Envelope Inc.

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Montreal, in the Province of Québec, for the transaction of banking business.

“**CBCA**” means the *Canada Business Corporations Act*.

“**Cenveo Depew**” means the business unit located in Buffalo, New York, which has been named “Buffalo Envelope” on the closing of the Acquisition.

“**Directors**” means the directors of Supremex.

“**Distributable Cash**” has the meaning ascribed thereto under “Definition of EBITDA and Distributable Cash”.

“**Environmental Laws**” has the meaning ascribed thereto under “Business – Environmental Regulations”

“**Fund**” means Supremex Income Fund, an unincorporated open-ended trust formed pursuant to the Fund Declaration of Trust under the laws of the Province of Québec, which converted into Supremex pursuant to the Arrangement.

“**Fund Declaration of Trust**” means the Fund Declaration of Trust made as of February 10, 2006 as amended and restated between the trustee and the settlor thereof governed by the laws of the Province of Québec, pursuant to which the Fund was established, as amended, supplemented or restated from time to time.

“**GAAP**” means generally accepted accounting principles in Canada.

“**Initial Public Offering**” means the offering of 17,500,000 Units issued and sold by the Fund pursuant to the prospectus dated March 17, 2006 on March 31, 2006.

“**Management**” means the management of Supremex.

“**Person**” means any individual, partnership, firm, trust, body corporate, government, governmental body, agency or instrumentality, unincorporated body of persons or association.

“**Shares**” means the common shares of Supremex.

“**Shareholders**” means the holders of the Shares.

“**Supremex**” refers to Supremex Inc., together with their respective subsidiaries and other entities controlled by them and as applicable, its predecessor, Supremex Income Fund.

“**TSX**” means the Toronto Stock Exchange.

“**Units**” means the units of the Fund.

“**U.S.**” means the United States of America.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SCHEDULE A

AUDIT COMMITTEE CHARTER (the "Committee")

SECTION 1 ROLE AND PURPOSE

The Audit Committee (sometimes referred to herein as the "Committee") is a committee of the Board of Supremex Inc. ("Supremex"). The primary function of the Audit Committee is to assist the Board members in fulfilling their roles by:

- (a) recommending to the Board the appointment and compensation of the external auditor;
- (b) overseeing the work of the external auditor, including the resolution of any issues between the external auditor and management;
- (c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to Supremex or its subsidiaries by the external auditor;
- (d) reviewing and recommending the approval of the annual and interim financial statements, related management discussion and analysis ("MD&A"), and annual and interim earnings press releases before such information is publicly disclosed;
- (e) ensuring that adequate procedures are in place for the review of Supremex's public disclosure of financial information, other than those described in (d) above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures; and
- (f) reviewing and approving any proposed hiring of current or former partner or employee of the current and former auditor of Supremex or its subsidiaries.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in this Charter. However, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with International Financial Reporting Standards ("IFRS"), to conduct investigations, or to assure compliance with laws and regulations or Supremex's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor, as the case may be.

SECTION 2 COMPOSITION OF THE COMMITTEE AND MEETINGS

- (1) The Audit Committee must be constituted as required under Multilateral Instrument 52-110, as it may be amended from time to time ("MI 52-110").
- (2) The Committee should be comprised of such members as are determined by the Board, all of whom should be independent members Directors (as defined by MI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (3) All members of the Committee must (except to the extent permitted by MI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Supremex's financial statements).
- (4) The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

- (5) Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains.
- (6) The Committee shall meet at least four times annually, or more frequently as circumstances require.
- (7) The Committee Chair may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of Supremex with senior employees, officers and the external auditor of Supremex or the Corporation, and others as they consider appropriate.
- (8) In order to foster open communication, the Committee or its Chair shall meet at least quarterly with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with Supremex's interim financial statements.
- (9) Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall determine by resolution.
- (10) Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board and the external auditor, and the President and Chief Executive Officer and the Vice President, Chief Financial Officer and Corporate Secretary of the Corporation, shall be entitled to request that any member of the Committee call a meeting.
- (11) The Committee shall determine any desired agenda items.

SECTION 3 ACTIVITIES

The Audit Committee shall, in addition to the matters described in Section 1:

- (1) Review on an annual basis and recommend to the Board changes to this Charter as considered appropriate from time to time.
- (2) Review the public disclosure regarding the Audit Committee required by MI 52-110.
- (3) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with Supremex to assess their independence.
- (4) Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
- (5) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (6) Arrange for the external auditor to be available to the Committee and the Board as needed.
- (7) Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor.

- (8) Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of Supremex's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.
- (9) Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- (10) Consider proposed major changes to Supremex's accounting principles and practices.
- (11) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- (12) Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- (13) Periodically consider the need for an internal audit function, if not present.
- (14) Following completion of the annual audit and, if applicable, quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (15) Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
- (16) Review activities, organizational structure and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board.
- (17) Review management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.
- (18) Establish procedures for: the receipt, retention and treatment of complaints received by Supremex regarding accounting, internal accounting controls or auditing matters; and the confidential, anonymous submission by Supremex employees of concerns regarding questionable accounting or auditing matters.

SECTION 4 GENERAL MATTERS

- (1) The Committee is authorized to retain independent counsel, accountants, consultants and any other professionals ("Advisors") it deems necessary to carry out its duties, and the Committee shall have the authority to determine the compensation of and to cause Supremex to pay any such Advisors.
- (2) The Committee is authorized to communicate directly with the external (and, if applicable, internal) auditors as it sees fit.
- (3) If considered appropriated by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.
- (4) Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible for preparing financial statements, for planning or conducting internal or external audits or for determining that

Supremex's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, as these are the responsibility of management and in certain cases the external auditor, as the case may be. Nothing contained in this Charter is intended to make the Committee liable for any non-compliance by Supremex with applicable laws or regulations.

- (5) The Committee is a committee of the Board and is not and shall not be deemed to be an agent of Supremex's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of Supremex or to any other liability whatsoever.