AIRBOSS OF AMERICA CORP.

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ANNUAL INFORMATION FORM

For the year ended December 31, 2007

March 20th, 2008

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AIRBOSS OF AMERICA CORP.
16441 Yonge Street
Newmarket, Ontario
L3X 2G8

ANNUAL INFORMATION FORM

Certain information contained in this Annual Information Form has been obtained from publicly available information from third party sources. AirBoss of America Corp. (the "Company" or "AirBoss") has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, the Company has not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information contained in such publicly available information has been furnished or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

Documents Incorporated By Reference

The following documents are incorporated by reference herein and are available on SEDAR at www.sedar.com and the Company's website at www.airbossofamerica.com:

1. the audited consolidated financial statements of the Company for the years ended December 31, 2007 and 2006 on pages 24 to 39 of the Company's 2007 Annual Report; and

2. the Management's Discussion and Analysis ("MD&A") on pages 12 to 23 of the Company's 2007 Annual Report for the year ended December 31, 2007.

Forward-Looking Statements

Certain statements included herein, including those that express management's expectations or estimates of future developments or AirBoss' future performance, constitute "forward-looking statements" within the meaning of applicable securities laws. Words such as "may", "could" "expects", "anticipates", "forecasts", "plans", "intends" or similar expressions are intended to identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive uncertainties and contingencies. AirBoss cautions that such forward-looking statements involve known and unknown risks, uncertainties and other risks that may cause AirBoss' actual financial results, performance, or achievements to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation: changes in accounting policies and methods including uncertainties associated with critical accounting assumptions and estimates; AirBoss' ability to maintain existing customers or develop new customers in light of increased competition; cyclical trends in the tire and automotive, construction, mining, retail and rail transportation industries; sufficient availability of raw materials at economical costs; weather conditions affecting raw materials, production and sales; potential product liability and warranty claims; its dependence on key customers; equipment malfunction; changes in the value of the Canadian dollar relative to the US dollar; ability to obtain financing on acceptable terms; environmental damage caused by it and non-compliance with environmental laws and regulations; changes in tax laws, and potential litigation.

This list is not exhaustive of the factors that may affect any of AirBoss' forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements. All subsequent written and oral forward-looking statements attributable to AirBoss or persons acting on its behalf are expressly qualified in their entirety by this notice. Whether as a result of new information, future events or otherwise, AirBoss disclaims any intent or obligation to update publicly these forward-looking statements. Risks and uncertainties about AirBoss' business are more fully discussed under the heading "Risk Factors" section of the MD&A on pages 20 to 22.

THE COMPANY

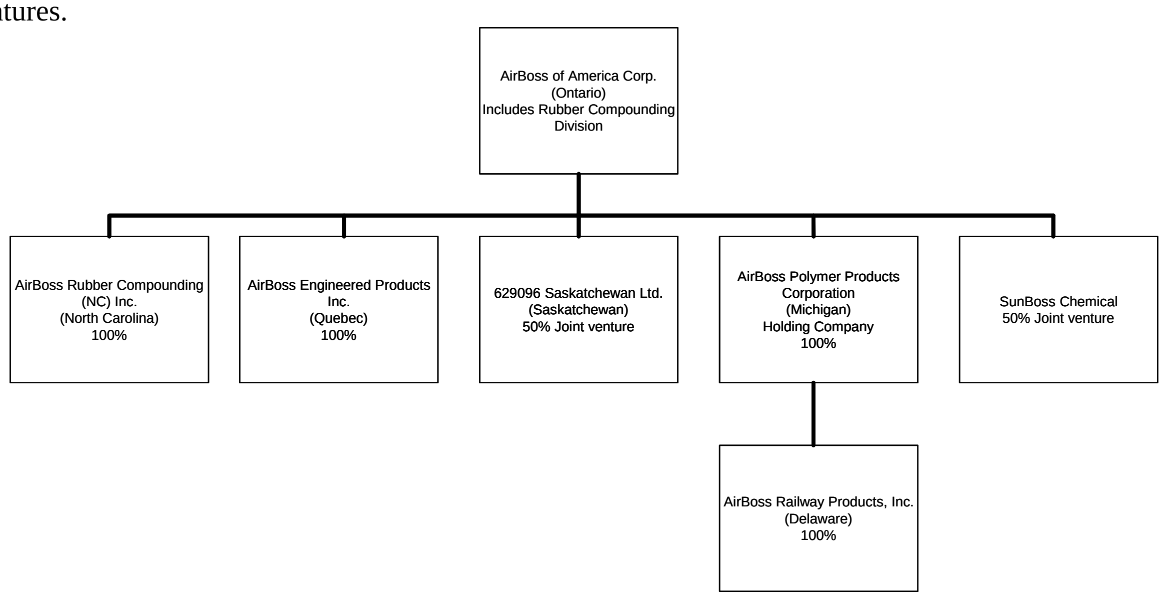
Incorporation

The Company was formed under the *Business Corporations Act* (Ontario) upon the amalgamation of Greenstrike Gold Corp. and 846241 Ontario Limited under the name "IATCO Industries Inc." on October 13, 1989. The articles of amalgamation were amended by articles of amendment filed on April 18, 1994 to change its name to "AirBoss of America Corp." On December 31, 1996, the Company, through its subsidiary ITRM Inc., purchased substantially all the assets of International Technical Rubber Manufacturing Inc. ITRM Inc. was amalgamated with AirBoss on July 1, 1998.

AirBoss maintains its registered office and its head office at 16441 Yonge Street, Newmarket, Ontario, L3X 2G8.

Subsidiaries and joint ventures

AirBoss operates in three business segments through a manufacturing division, three wholly-owned subsidiaries, and a 50% interest in two joint ventures.



AirBoss, through its AirBoss Rubber Compounding division and its wholly-owned subsidiary, AirBoss Rubber Compounding (NC) Inc. (together called "ARC"), is engaged in custom rubber compounding, supplying mixed rubber for use in transportation and industrial rubber parts manufacturing including mining, military, automotive, conveyor belting, and other products, primarily in North America.

AirBoss Produits d'Ingenierie Inc. / AirBoss Engineered Products Inc. ("AEP" or "AirBoss Engineered Products"), formerly Acton International Inc., of Acton-Vale, Québec, is a world-leader in the development and sale of chemical, biological, radiological and nuclear ("CBRN") protective rubber wear for military and first response applications. AEP also produces calendared and extruded rubber products used by its customers in the manufacture of industrial and recreational products.

AirBoss Railway Products, Inc. ("ARP" or "AirBoss Railway Products") is a wholly-owned United States subsidiary headquartered in Kansas City, Missouri and incorporated in Delaware. ARP is a leading manufacturer of railway track fastening devices.

629096 Saskatchewan Ltd. ("629096") is a joint venture company in which AirBoss holds a 50% interest. Incorporated under the laws of Saskatchewan in June 1999, the joint venture was created to manufacture steel railway fastening clips, which are distributed exclusively by ARP. The joint venture owns certain equipment which is used to manufacture certain of the steel fastening clips sold by ARP.

SunBoss Chemical Corp., a 50% owned joint venture, was incorporated in December, 2007 under the laws of Ontario. This joint venture was incorporated to source chemicals used in the rubber compounding business for internal and external customers. There was no activity in 2007.

GENERAL DEVELOPMENT OF THE BUSINESS

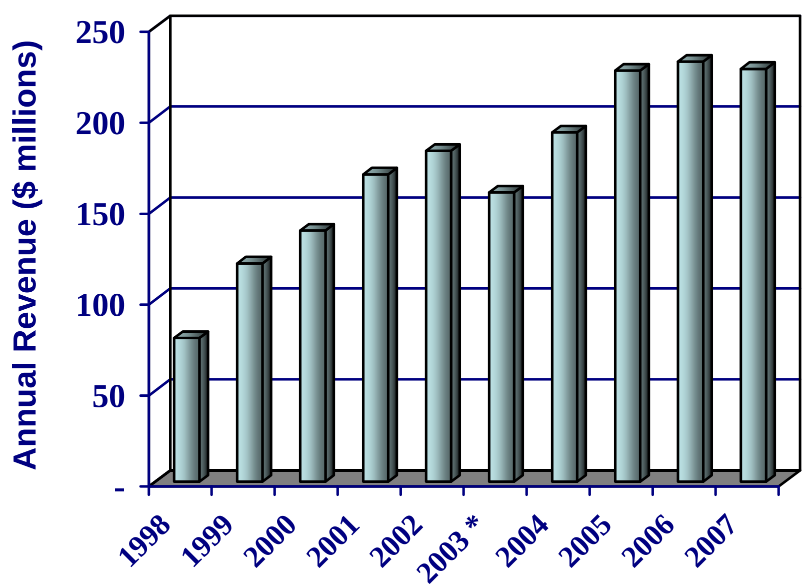
AirBoss was incorporated in 1989 to commercialize a unique design for an off-road flat proof tire for skid-steer loaders. It produced its initial designs of these tires in 1991 and acquired its first manufacturing facility in Michigan in 1995 as the result of the acquisition of a rubber injection moulded products company. This facility also manufactured rubber pads for the railway industry and rubber automotive parts.

From 1995 to 1996, AirBoss grew the tire and railway products portion of the business and on December 31, 1996 acquired a customer rubber compounding business in Kitchener, Ontario. At the time of acquisition, this business was selling approximately 25 million pounds of rubber compounds annually. Over a three-year period sales of rubber compounds increased to meet the facility's manufacturing capacity of 100 million pounds. In late 2000 this capacity was expanded to 180 million pounds.

In 1999 AirBoss acquired 100% of Acton International Inc. and established a separate rail products division in Kansas City, Missouri.

The chart below shows the consolidated sales of AirBoss over the past nine years:

<u>Consolidated Sales (1998-2007)</u>



This sales chart reflects the reclassification in 2003 into discontinued operations of two businesses which were subsequently sold. These businesses were the original flat proof industrial tire business and a consumer rubber footwear business that was included in AirBoss Engineered Products when it was originally acquired.

History

Rubber Compounding Division

In 2003 the Rubber Compounding Division sold approximately 125 million pounds of compounds in the United States and Canada. By the middle of 2004 sales had increased significantly and the Division's Kitchener manufacturing facility was operating at approximately 90% of capacity. Consequently, it was decided to establish another permanent manufacturing facility in Scotland Neck, North Carolina.

The Scotland Neck facility has a planned capacity of between 40 and 50 million pounds annually (depending on product mix) and commenced limited production in March 2006. Additional production equipment was installed in late 2006 to allow this facility to reach planned commercial production levels in 2007.

Sales for the combined Kitchener and Scotland Neck facilities in 2006 amounted to approximately 175 million pounds. This represents a volume growth of 40% over the three year period (2004-2006). The Division began 2007 with the capacity to grow the business by another 25% before any further capital expenditures for expansion are required.

Sales volumes expressed in pounds decreased by 7.5% compared to 2006 as a result of weaknesses in two sectors, tires and belting. A weaker US dollar accounted for $7.3 million or 90% of the reduction in revenue.

Management anticipates that sales volumes may increase in 2008 based upon increased activity levels and the addition of new customers in the first two months of 2008. An increased level of activity in product development has also been experienced which usually precedes an increase in sales. These improvements are a result of penetration into new market segments in 2007 and improving conditions in certain existing markets. We have signed strategic alliances with world leaders in transportation, mining and defense products and hope to do so with additional industry leaders in the coming year.

Raw material prices volatility will continue to impact both our rubber product businesses, particularly in the first six months of 2008. Short term shortages will likely cause temporary increases in synthetic rubber prices. Other key materials such as carbon black, processing oils and natural rubber have also increased in price. These increases will continue to exert pressure on margins.

AirBoss Engineered Products

At the beginning of 2004, AEP was comprised of three distinct businesses all of which were located in Acton-Vale, Québec. The three businesses or operating divisions were (i) AirBoss-Defense with sales in 2003 of $17.7 million; (ii) Consumer Footwear with $17.8 million in sales; and (iii) Industrial Products with $21.7 million in sales. The Consumer Footwear business was sold in 2004 and the only footwear currently being manufactured and sold are the AirBoss-Defense CBRN and firefighter products.

AirBoss-Defense installed rubber injection moulding equipment in a facility established in Kitchener, Ontario in 2002, and in 2003 manufactured and sold CBRN gloves for the first time to the United States military and gas masks to the Canadian Department of National Defence.

As part of a special US Military Joint Services procurement initiative in 2005, AirBoss-Defense was selected as the sole supplier for contract awards following Phase II testing of AFS CBRN over boots and JB2GU Type II CBRN gloves. Ceiling contract values assuming all option quantities are exercised over the five-year contract life are US $88 million for over boots and US $33 million for gloves.

AirBoss-Defense was awarded UL certification in 2006 for the world's first NFPA compliant rubber firefighter boot that also provides CBRN. Other features of this innovative footwear include extreme lightweight, reflective surfaces and a new last (foot) design to assure optimum fit and comfort.

AEP sales increased by 22% to $45.8 million for the year ended December 31, 2007 compared to $37.5 million in 2006 even though a weaker US dollar reduced sales to US customers expressed in Canadian dollars by approximately $2.1 million. AirBoss-Defense sales in 2007 increased by 46% to $28 million. This increase was attributed to strong sales of CBRN overboots, ECW boots and gloves to the US Military as well as rubber tank repair items such as tank track pad pre-forms and rubber strip stock.

A further substantial increase in sales is anticipated for this Division in 2008. This increase will be as a result of increased sales to Europe Military and First Response customers as well as the commencement of production of gas masks for the Canadian Department of Defense. Sales and orders received as at February 2008 are almost equal to the total sales in 2007 with further substantial orders expected.

AirBoss is the market leader in the development and production of CBRN protective wear as a result of its investment in rubber technology. We intend to continue to invest in this core strength and have several projects underway to develop both next generation products for protective applications and the rubber compounds that provide the excellence in their function. The newest version of our CBRN overboot combines product enhancements with improved production methodologies which will reduce production costs. It is currently being field tested with a planned release date early in 2009.

The majority of these products continue to be sold in US dollars and foreign exchange is an increasingly important profitability factor. The unit production cost reductions to be realized due to the increase in volume currently being experienced will be important components to improving margins on these products to offset the effects of currency.

AirBoss Rail Products

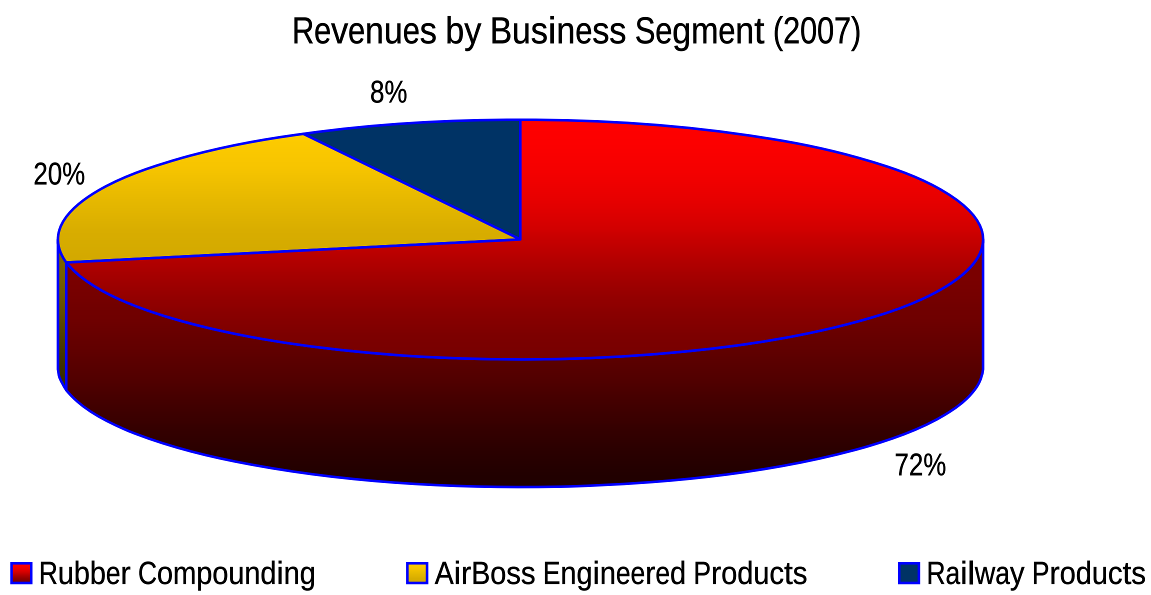
There were no major acquisitions or manufacturing expansions during the three-year period from 2004 to 2006. The Company introduced different generations of its fastening products into the marketplace and expanded its sales geographically into South America and application-wise into the North American rapid transit market resulting in a 28% sales increase between 2004 and 2005. A patent settlement was paid in 2005, but this did not impact ARP's current product offering.

The lower US dollar exchange rate accounted for $1 million of this decline and the balance is from a decline in sales of plastic insulators.

DESCRIPTION OF THE BUSINESS

Description

The Company operates in three significant business segments: Rubber Compounding, AirBoss Engineered Products, and Railway Products. Each business has separate operational management. The breakdown of the Company's revenues for 2007 is set out in the chart below:



Custom Rubber Compounding

Description

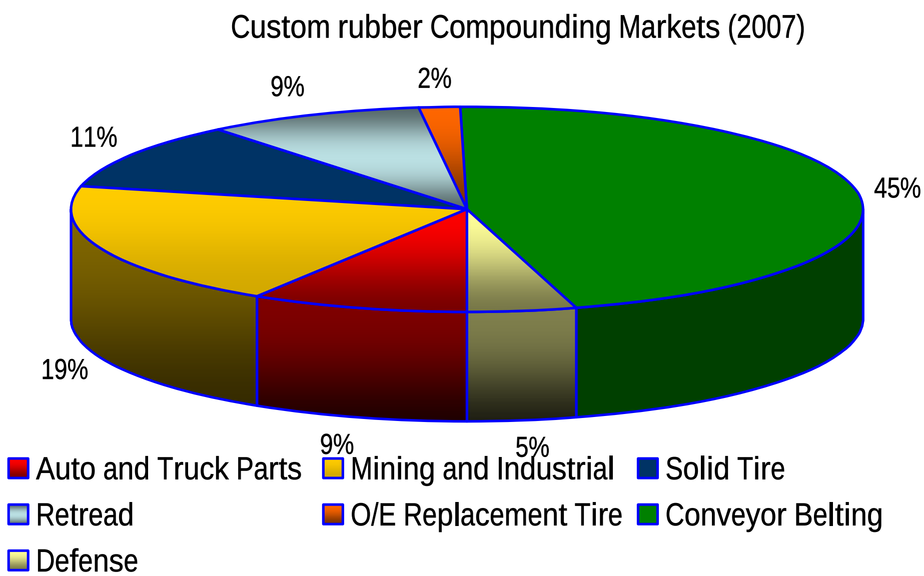
ARC manufactures over 1,000 different un-vulcanized custom compounds from synthetic or natural rubber, strengthening agents and various additives and chemicals, for a wide variety of customers in North America. The end use applications of these compounds include applications for conveyor belts for mining and energy generation plants, transportation, and other industrial rubber parts manufacturing industries. Formulas are developed by ARC's chemists and technical staff to meet specific customer requirements or are supplied by the customer.

Management believes the main advantage the Company has over many of its competitors is its large capacity, state-of-the-art equipment and the high level of automation of its production processes. This allows the Company to maximize efficiency due to larger batch sizes and shorter production cycles. Thorough quality control processes, continuous improvement initiatives, sourcing of high quality raw materials, and blending production batches, the Company provides its customer with consistent quality products. Increased compound homogeneity is a key factor in improving the quality of end products.

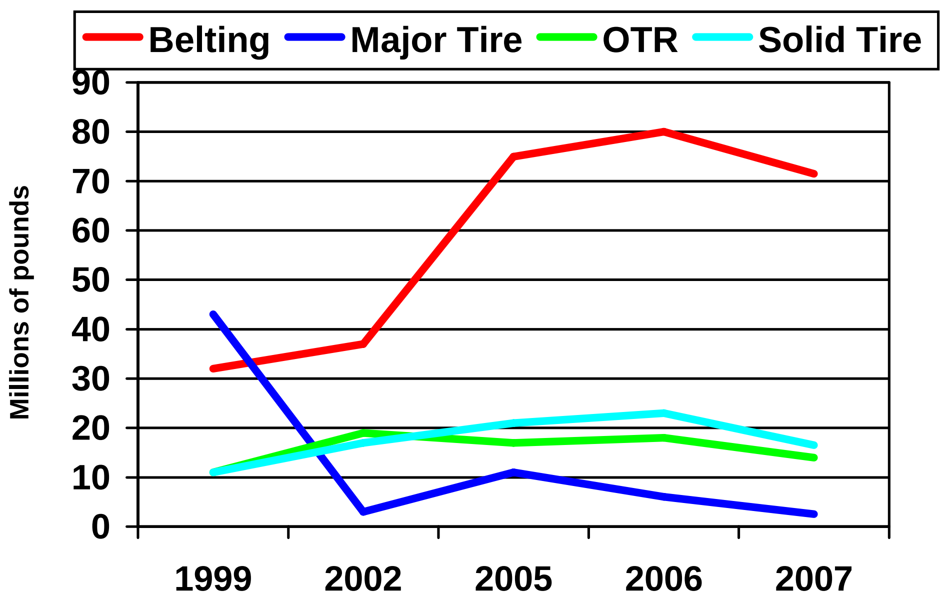
Custom compound development is crucial in both maintaining customer relationships and developing new business. The Company has established a complete compound development laboratory, A2UL certified, which is separate from its quality control laboratory.

Market

The Company's custom rubber compounds are used in the manufacture of solid tires, off-road pneumatic tire re-treads, conveyor belting, roll covering, mining products, automotive parts, and other industrial rubber goods. Lower 2007 sales were attributable to weaknesses in two sectors, tires and belting, raw material price volatility and short term shortages, and a weaker US dollar. The pie chart below shows custom rubber compounding sales attributable to major industrial segments:



The following graph shows volume trends in millions of pounds for some of the major industrial segments:



One of the factors that distinguish AirBoss in the industry is the high percentage of its business that is industrial dependent, in comparison to most of the North American market for custom compound manufacturers which is automotive based. The oil sands have been identified as a major future user of wide conveyor belting, and management believes this should ensure continued growth for rubber compound use in the mining and industrial market segment.

Competition

The Company's largest competitor with facilities in Canada is Biltrite Industries, a division of Biltrite Rubber (1984) Inc. The Company's largest competitor in the United States is Excel Polymers LLC, which operates five facilities with an estimated total capacity of 600 million pounds annually. However, competitors' facilities in the United States are generally smaller in manufacturing capacity than AirBoss' Kitchener plant and more specialized. Of the 32 most significant competitors in the United States, 18 possess capacity to process less than 50 million pounds annually, seven have between 50-100 million pounds of capacity and seven have over 100 million pounds of capacity. Capacity is a strategic variable governing the ability to produce competitively priced compounds and to sustain research and development activities. Another key competitive factor is location of the manufacturing facilities, as freight costs and exchange rates impact cost competitiveness. The Company's location in Kitchener, Ontario permits it to benefit from close proximity to the United States and Canadian industrial heartlands and an efficient highway system.

Competitors with a greater reliance on supplying the transportation sector including automotive parts or tire manufacturers have been negatively affected by declining sales. This has lead to closures, consolidations and excess industry capacity. For example, in 2006, Technor Apex Co., formerly a major competitor, shut down domestic rubber compounding production in the United States. There have also been recent industry consolidations, such as the merger of Preferred Rubber Compounding Corp. and Associated Rubber Co. during 2006 and the acquisition by Hexagon Polymers of Gold Key Processing Ltd. in 2007.

These general market conditions have resulted in a very competitive environment where manufacturing efficiency and world-wide raw material purchasing are key requirements.

Marketing, Sales and Distribution

Rubber compounds are sold through highly trained sales personnel with access to significant technical resources, including an extensive product development laboratory and experienced polymer chemists. The Company advertises in industry trade publications and on the Internet, and participates in industry trade conventions in North America. The current customer base encompasses virtually all industrial rubber segments in North America.

Distribution costs represent a significant proportion of total product cost, and accordingly it is advantageous to be close to major markets and customers. In addition, many rubber compounds do not have a long shelf life and short shipping distances help preserve product quality. With locations in the south-eastern United States and Kitchener, Ontario's close proximity to industrialized areas in Canada and the United States such as the Ohio Valley, AirBoss believes it is well situated to serve major rubber compound markets.

Manufacturing

The mixing of custom rubber compounds for both internal use and sale to outside customers is done at the Company's 950,000 square foot facility in Kitchener, Ontario. The plant is ISO 9002 registered.

The manufacturing process is capital intensive. ARC operates five mixers at its Kitchener location with an estimated mixing capacity of 170-180 million pounds annually (depending on product mix). Four of the five mixers are new or have been substantially refurbished in the last five years. The mixers and material handling within the plant are highly computerized and automated. The Company utilizes the latest equipment for the automated handling of many different grades of carbon black as well as custom designed robotic equipment for piling and packaging of finished compound in strip form.

Batch sizes of each of the five mixers range up to almost 800 pounds and many compounds are mixed in a two-pass formula in less than five minutes.

The facility in Scotland Neck, North Carolina began limited production in March 2006 but did not install its last major equipment component until late 2006. This facility now has a production capacity of up to 50 million pounds. The mixing equipment is capable of maintaining extremely narrow tolerances over the production of millions of pounds to satisfy even the most demanding customer requirements.

Rubber mixing equipment with a 20 million pound annual capacity has been refurbished in Acton at the end of 2006. At the end of 2007 a rubber mixer with a 50 million pound annual capacity was replaced in Kitchener.

These Kitchener and Scotland Neck facilities, combined with approximately 20 million pounds of capacity the Company maintains in its AEP facility in Acton-Vale, Québec, provides a combined custom rubber compound capacity of approximately 250 million pounds annually.

AEP and Other

AirBoss Engineered Products is located in Acton-Vale, Québec and is comprised of two distinct businesses, AirBoss-Defense and Industrial Products. These two businesses share manufacturing equipment and administrative resources, although they also maintain independent equipment and administrative resources.

AirBoss-Defense

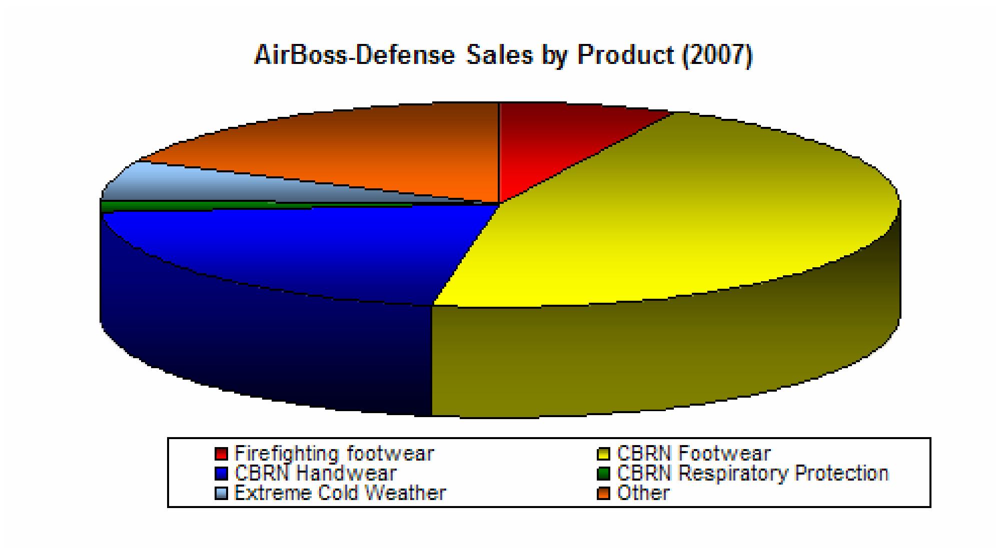
AirBoss-Defense is a manufacturer of protective wear for military and first response applications. AirBoss is a world leader in developing and manufacturing protective rubber wear providing chemical, biological, radiological, and nuclear ("CBRN") protection. AirBoss-Defense has accounted for slightly more than half of AEP's sales. The remainder of AEP's sales is comprised of Engineered Products such as extruded rubber, calender rubber (rubber coated fabric), cushion gum for tire retreads, and a variety of compression moulded products.

Markets

Defense Products – AirBoss-Defense sells military protective wear and rubber engineered products to armed forces, world-wide. Specifically, AirBoss-Defense provides gas masks, rubber gloves, boots and over-boots for military applications requiring CBRN contaminant protection. AirBoss-Defense also develops and supplies extreme cold weather ("ECW") footwear protection for military use and rubber compounds and pre-forms for military tank track repair.

Advantages of the AirBoss products, among other features, include a proven longer protective life than competing products and the ability to be decontaminated under field conditions. The technology advantages are largely the result of the extensive rubber compound development that has gone into the products. Largely because of jointly-developed design features and superior product performance, CBRN gloves and over boots are currently the preferred choice of most western militaries including the US Joint Services and the Canadian armed forces.

The CBRN and ECW products are also used by many first response organizations along with a full line of fire fighting footwear. The following chart provides a breakdown of the split of sales between the major products in 2006:



Competition

The competitors in the CBRN overboot market are mainly American companies including North Safety Products Ltd. ("North Safety"), LaCrosse Rubber Mills, Inc. ("LaCrosse"), and Tingley Rubber Corporation. Competitors in gloves include Guardian Manufacturing Co., KCL Kachele-Cama Latex GmbH and North Safety. Gas mask competitors are Avon Rubber PLC ("Avon") in the United Kingdom and Scott Health & Safety (a unit of Tyco International Ltd.) in the United States. With the exception of Avon, none of these companies generates significant revenues from industrial rubber products. As discussed under "AEP and Other – Markets", AirBoss gloves and over boots are the recent choices of the U.S. Joint Services and Canadian armed forces, and AirBoss' gas mask is currently the only gas mask purchased by the Canadian Department of Defense.

Firefighter boot competitors include North Safety, the industry leader, LaCrosse and Black Diamond Rubber Fireboots, Inc ("Black Diamond"). North Safety manufactures product in the US while LaCrosse and Black Diamond import product from Asia.

Marketing, Sales and Distribution

CBRN products are marketed to militaries through a network of independent agents in Europe and the United States and in-house contract managers. The Company also deals directly with distributors in Europe who bid on CBRN outfitting contracts that include suits as well as gloves, over boots and masks. A key marketing strategy of the Company is promoting the benefit of purchasers incorporating the most stringent specifications for the applicable product into their contract tenders.

First response products are sold through a network of distributors in the United States and Canada, and through the Company's defence sales agents in Europe. Most United States distributors were established in 2006, because prior to 2006 the Company was a private label manufacturer of fire boots in the United States. Canadian distributors are well established as the Company has been the leading Canadian manufacturer of first response products for over five years.

ECW boots and rubber compounds and tank track pad pre-forms are marketed to the United States military by our United States sales agent.

Most sales to the United States military are contracted through a Canadian governmental agency whose mandate is to provide this service for Canadian suppliers. United States contracts for CBRN products tend to be for multi-year requirements. Pursuant to two contracts awarded in 2005, AirBoss was chosen as the sole supplier to the US Joint Services of CBRN over boots and JB2 gloves. These supply contracts could extend through 2010. Ceiling values provided in the contracts, if all option quantities are ordered, are $88 million for over boots and $33 million for gloves.

Manufacturing

The CBRN over boots, fire boots, ECW boots rubber compounds and tank track pad pre-forms are manufactured in Acton-Vale, Québec, utilizing an F-270 mixer which was rebuilt in 2006 and two state-of-the-art extruders and calenders. All assembly, inspection and packaging is done in Acton-Vale. Gloves and gas mask face plates are manufactured in Kitchener, Ontario using injection moulding technology.

Industrial Products

AEP's industrial division sells a wide variety of vulcanized and non-vulcanized products for the tire re-treading, recreational vehicle and other industries. These products are sold in North America to companies which require large-scale high volume calendered (rubber on fabric) or extruded rubber products, including reinforced moulded products. The customer base of this business is currently concentrated, with over 80% of sales in 2006 represented by three customers. AEP products are sold to customers in North America through one sales manager and commissioned sales agents for specific products.

Competition

The main competitors in industrial products are U.S.-based custom rubber mixers which provide calendered and extruded products as well as a number of companies located in Québec. In this segment, AirBoss' competition includes American Biltrite Inc. (mixing, calendering), Thona, a subsidiary of Hexagon, AB (mixing), PPD Group Inc. (mixing, extrusion, calendering), and Soucy-Techno Inc. (mixing).

Manufacturing

The Industrial Division shares major pieces of rubber processing equipment with AirBoss-Defense.

Railway Products

ARP designs, sells, and services a complete line of rail fastening products. The primary products are moulded plastic pads and insulators, metal rail fastening clips and cast tie plates, all of which are used in the railway industry for track installations using concrete railway ties.

Market

The market for the Company's railway fastening systems is mainly heavy haulage railway lines in North America and South America, although these fastening systems are suitable for, and have been sold for, all railway and rapid transit applications. The Company's railway fastening systems are currently used by three major North American railways as well as one recent major rapid transit application. A potential growth area for the Company is South America and Central America. The Company completed the first phase of its first installation in South America in 2006.

In recent years, heavy haulage railway lines have been constructed using concrete ties instead of wooden ties, due to a longer useful life and the ability to support additional weight. Concrete ties require the use of a protective pad between the rail and the tie to prevent wear on the tie. The rails are resurfaced every four to ten years at which time the clips, pads and insulators must be replaced, thereby sustaining and potentially expanding the railway fastening market. The sales pattern during the year corresponds with the seasonality of construction and is affected by weather conditions, with most sales occurring during the first six months of the calendar year.

The Company is developing new fastening systems which will permit faster installation of rails at the track site as well as fastening clips designed specifically for maintenance applications.

Competition

The Company's major competitor for railway pads and fastening systems is Pandrol USA, LP, a subsidiary of Delachaux S.A. who is much larger than AirBoss in the railway products business and also offers a complete line of track fastening products. There are also several other companies manufacturing pads for light duty applications. The Company believes that its range of fastening systems and its attention to product development, competitive pricing and customer service offers railway customers a competitive option to existing suppliers.

Marketing, Sales and Distribution

Railway products are sold by ARP directly to its customers. ARP employs railway engineers who deal directly with customers' engineers and purchasing personnel to provide customer service and develop new products.

Railway products accounted for 7.8% of the Company's sales in 2007, compared to 9.4% in 2006.

Manufacturing

Polyurethane pads and plastic track insulators are outsourced from custom plastic injection moulding manufacturers. The Company owns all plastic product moulds and specialized tooling. Steel rail fastening clips have been manufactured by the Company's 50% owned joint venture 629096 Saskatchewan Ltd., and the new South American clips are outsourced to a third party in Australia. These manufacturing arrangements provide the Company greater flexibility by allowing it to concentrate on product development in an ever-changing marketplace without concern for equipment obsolescence and the need to devote resources to production activities. Sub-contracting manufacturing also permits the Company to source from low cost producers.

Facilities and Equipment

Management believes that all of the facilities and equipment of the Company are in a condition satisfactory for its operations.

ARC

The Company's Kitchener, Ontario rubber mixing plant expanded its capacity to over 180 million pounds in 2000. A permanent facility was established in Scotland Neck, North Carolina in 2006 and new equipment was sourced with the capability of mixing up to 50 million pounds once the facility achieves full production. Additional capacity of up to 20 million pounds is available in Acton-Vale, Québec. Management believes that the Company has sufficient plant, property, and capacity to meet its needs for the businesses.

The Kitchener property includes approximately 950,000 square feet of manufacturing and warehouse space, and 50,000 square feet of office space. The facility in North Carolina includes a 150,000 square foot leased facility on 26 acres of land.

AEP

AEP's manufacturing operations are located at a 260,000 square foot Company-owned facility on 12.7 acres of land in Acton-Vale, Québec. The key manufacturing equipment includes an F-270 rubber mixer, a four-roll calender, two extruders, and a slitting machine. The calender is capable of bonding rubber to both sides of a roll of fabric simultaneously. AEP also operates six rubber moulding injection presses located within ARC's facility in Kitchener. These presses are used to manufacture the rubber components of gas masks and gloves for military applications.

Corporate Head Office

The Company's corporate head office is a leased 5,200 square foot facility located in Newmarket, Ontario.

Loan Facility

During the last fiscal quarter of 2006, the Company refinanced its term facility. Two loans were advanced consisting of CDN $9 million, bearing interest at 6.18%, and US $10 million, bearing interest at LIBOR plus 2.25%, both having a five year term and fifteen year amortization. The loan proceeds were used to retire CDN $15 million and US $4.8 million of the then existing term facility.

Environmental Matters

The Company handles hazardous chemicals in its manufacturing process and accordingly is subject to environmental regulation by federal, state, provincial, and local authorities. Management does not anticipate being required to make any significant capital expenditures to comply with applicable environmental regulations.

Environmental assessments have been conducted on the Kitchener property. In March 2001, the Company initiated various environmental assessments which resulted in further investigations, remediation and prevention efforts. Based upon its efforts to date and investigations conducted by qualified external environmental professionals, the Company believes that no significant environmental exposure exists and that the costs to remediate the areas of ongoing concern will not significantly impact the financial resources of the Company. The Company has secured liability insurance coverage for environmental issues which the Company believes to be appropriate for the nature of its operations.

Prior to completing its acquisition of AEP, Phase I and II investigations were completed which identified certain environmental clean-up matters to be undertaken. The purchase and sale agreement entered into between the Company and the vendor provides for the vendors to bear the costs of any environmental clean-up in excess of $50,000. The Company conducts an ongoing process to remediate areas of concern, aided by additional environmental assessments conducted by qualified external environmental professionals. The Company has been successful in the remediation of the identified environmental issues and believes it will be successful in recovering the remediation costs from the vendors. Accordingly, management believes these costs will not have a significant impact on the financial resources of the Company.

Employees

Management believes that its relationship with its employees is very good. The Company's personnel at December 31, 2007 consisted of:

Name of Business	Number of Employees
ARC	287
AEP	391
ARP	6
Corporate Office	6
Total	690

Approximately 290 of the AEP employees are unionized under a collective bargaining agreement, which was renewed in 2005 for an additional seven year period.

Raw Materials

All critical raw materials required by the Company, in particular natural rubber, are commodities readily traded in world markets. Synthetic rubber and carbon black costs are affected by world petroleum prices. To the best of the Company's knowledge, the Company is not dependent on any single source for its raw materials and to date has been able to secure the amount and quality of raw materials needed to meet production requirements.

Intellectual Property and Research and Development

For the year ended December 31, 2007, the Company expensed $0.9 million ($1.3 million in 2006) on product research and development.

Much of AirBoss' proprietary technology results from "know-how" which cannot be the subject of intellectual property protection through registration, and which is protected by the use, where appropriate, of confidentiality agreements controlled dissemination of information.

AirBoss has registered the trademark "AirBoss" in Canada and in the United States for use in connection with its products.

Sales to Significant Customers

During the financial year ended December 31, 2007, sales to five customers represented 49.0% (54.3% in 2006) of the consolidated sales of the Company.

Bankruptcy

The Company has not been materially impacted as a result of any bankruptcy, receivership, or similar proceedings against it or any of its subsidiaries nor were there any voluntary bankruptcy, receivership, or similar proceedings by our Company or any of its subsidiaries, within the three most recently completed financial years and up to March 20, 2008.

DIVIDEND RECORD AND POLICY

The Company instituted a semi-annual dividend policy in 2007. A semi-annual dividend of $0.025 was declared for shareholders of record as at June 30, 2007 and December 31, 2007.

Certain of AirBoss' credit facilities, typical to commercial lending arrangements, contain provisions which could limit the payment of dividends if certain financial covenants are not met. As at December 31, 2007, the Company was in full compliance with these covenants.

RISK FACTORS

A discussion of risks affecting the Company and its business is set forth under the heading "Risk Factors" in the MD&A as contained on pages 20 to 22 of the Company's Annual Report to the Shareholders for the year ended December 31, 2007. The Management Discussion and Analysis is available on SEDAR at www.sedar.com. This description of risks does not include all possible risks, and there may be other risks the Company is not currently aware of.

LEGAL PROCEEDINGS

There are no material legal proceedings, except as disclosed in the Audited Financial Statements on pages 25 and 33 of the Annual Report to the Shareholders of the Company for the year ended December 31, 2007. The Audited Financial Statements are available on SEDAR at www.sedar.com.

AirBoss is occasionally named as a party in various claims and legal proceedings, which arise during the normal course of its business. AirBoss reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. Although there can be no assurance that any particular claim will be resolved in the Company's favour, management does not believe that the outcome of any claim or potential claims of which it is currently aware will have a material adverse effect on the Company, taken as a whole.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company, except as disclosed in the "Audited Financial Statements" on pages 24-39 of the Annual Report to the Shareholders of the Company for the year ended December 31, 2007. The Audited Financial Statements are available on SEDAR at www.sedar.com.

MATERIAL CONTRACTS

During the fourth quarter of 2006, the Company renewed its term loan facility. Two loans were advanced consisting of:

- CDN $9 million, bearing interest at 6.18%, five year term, amortized over 15 years, with principal and interest payable monthly and the balance repayable October 15, 2011
- US $10 million, bearing interest at Libor plus 2.25% five year term, amortized over 15 years, with principal and interest payable monthly and the balance repayable October 15, 2011

The required principal payments were made pursuant to the loan agreement.

The Company also obtained a $45 million operating facility for capital and working capital requirements. The operating line of credit bears interest at a range from the bank’s prime rate less 0.25% to prime plus 0.65% per annum, with respect to loans denominated in Canadian currency and from the U.S. prime rate less 1% with respect to loans denominated in US currency. This facility is still in place.

There are no contracts, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect.

CAPITAL STRUCTURE

The capital structure of the Company is comprised of an unlimited number of Class A shares without par value designated as common shares ("Common Shares"). The rights of the holders include the rights to vote at all meetings of shareholders and, subject to the rights, privileges, restrictions, and conditions attaching to any other class of shares of the Company, to receive the remaining property of the Company upon dissolution. The number of shares outstanding as at December 31, 2007 was 23,805,423.

The capital structure also consists of an unlimited number of Class B preference shares without par value and issuable in series subject to the filing of articles of amendment. The directors may fix, from time to time before such issue, the number of shares that is to comprise each series and the designations, rights, privileges, restrictions, and conditions attaching to each series. No Class B preference shares were outstanding as at December 31, 2007.

MARKET FOR SECURITIES

The Common Shares are listed on the Toronto Stock Exchange and trade under the stock symbol "BOS". The monthly volume of trading and price ranges for the Common Shares for the year ended December 31, 2007 are set forth in the following table:

Date	Open	High	Low	Close	Volume
December	$3.20	$3.30	$3.01	$3.25	274,755
November	$3.00	$3.71	$3.00	$3.00	69,950
October	$3.80	$3.71	$3.00	$3.00	1,094.925
September	$3.75	$3.90	$3.55	$3.80	74,121
August	$4.25	$4.26	$3.70	$3.75	90,508
July	$4.40	$4.65	$4.15	$4.25	32,091
June	$4.50	$4.85	$4.39	$4.40	43,000
May	$4.42	$4.95	$4.27	$4.50	628,300
April	$4.25	$4.65	$4.25	$4.42	83,500
March	$4.40	$4.50	$4.10	$4.25	42,944
February	$4.80	$4.90	$4.31	$4.40	432,535
January	$4.70	$5.00	$4.24	$4.80	778,460

DIRECTORS AND OFFICERS

The tables below provide the names, province or state and country of residence, the office held with the Company and the principal occupation of each of the directors and executive officers of the Company during the past five years and, with respect to each director, the date of his or her election as director.

Directors

Name and Residence	Position(s) with the Company	Principal Occupation	Period of Service as a Director of the Company[(1)]
P. Grenville Schoch Ontario, Canada	Chairman and Director	Chairman of the Company	October 13, 1989 to Present
Robert L. Hagerman Ontario, Canada	President and Chief Executive Officer and Director	President and Chief Executive Officer of the Company	October 13, 1989 to Present
Brian A. Robbins[(2)] Ontario, Canada	Director	President and Chief Executive Officer of Exco Technologies Limited (a tooling manufacturing corporation)	June 5, 1997 to Present
Robert L. McLeish[(2)(3)(4)] Ontario, Canada	Director	Private investor, Vice Chairman and Director of Merrill Lynch Canada Inc. (an investment bank) until November 1998	February 1, 1999 to Present
Richard F. Crowe[(2)(3)(4)] Ontario, Canada	Lead Director	Private Investor, Formerly Chairman of J. R. Senecal Investment Counsel Inc. (an investment counsel and portfolio manager)	February 24, 2005 to Present
Mary Matthews[(2)(3)(4)] Ontario, Canada	Director	C.A. & Managing Partner of Magna Partners Ltd. (a broker dealer)	May 29, 2006 to Present
Alan J. Watson East Sussex, UK	Director	Head of Securities, Europe Macquarie Capital (Europe) Limited	September 10, 2007 to Present

Notes:

(1) Each director of the Company will hold office until the next annual meeting of shareholders or until his/her successor is elected or appointed.
(2) Member of the Audit Committee. Mr. Robbins is the Chairman of the Committee.
(3) Member of the Nominating and Compensation Committee. Mr. McLeish is the Chairman of this Committee.
(4) Member of the Corporate Governance Committee. Mr. McLeish is the Chairman of this Committee.
(5) To the knowledge of the Company, as at March 20, 2008, all directors and senior officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 5,622,973 Common Shares representing approximately 23.6% of the Common Shares outstanding (based on 23,805,423 Common Shares outstanding as at March 20, 2008).

Officers

Name and Residence	Position(s) with the Company
Robert L. Hagerman Ontario, Canada	President and Chief Executive Officer
Stephen W. Richards Ontario, Canada	Vice President Finance, Chief Financial Officer and Corporate Secretary

AUDIT COMMITTEE INFORMATION

Membership Committee

The Audit Committee of AirBoss is comprised of the following four members: Brian A. Robbins, Mary Matthews, Richard F. Crowe, and Robert L. McLeish. The responsibilities and duties of the Committee are set out in the Committee's charter, attached as Appendix A to this Annual Information Form.

The Board of Directors believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise and has determined that each member of the Audit Committee is "independent" and "financially literate" under Canadian securities laws as defined in Multilateral Instrument 52-110. The Board has made these determinations based on the education and breadth and depth of the committee members' experience.

Mr. Brian Robbins, President and Chief Executive Officer of Exco Technologies Limited ("Exco"), joined AirBoss' Board of Directors in 1997 and is Chairman of the Audit Committee.

He was hired by Exco in 1970 and was appointed President and CEO in 1976. Exco is listed on the TSX and is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries, with operations in Canada, the United States, Mexico and Morocco. Mr. Robbins is a director of Héroux-Devtek Inc. and Exco Technologies Limited.

Mr. Richard F. Crowe joined AirBoss' Board of Directors in 2005 and holds an MBA from the Ivey School of Business. Previously, he worked in corporate finance for a large Canadian investment dealer, was a founding partner of Senecal Investment Counsel managing their Canadian equity corporate pension fund business and eventually became President. Prior to the founding of Senecal Investment Counsel, Mr. Crowe worked for Manulife and Greenshields Incorporated.

Ms. Mary Matthews obtained her CA designation in 1981 and is the founding partner of Magna Partners Ltd., a Toronto based Broker Dealer. Ms. Matthews previous work experience includes EVP Sales and Marketing at Sprott Asset Management, Partner and Director of Sprott Securities Inc., and Vice President of CIBC. Ms. Matthews joined AirBoss' Board of Directors in 2006.

Mr. Robert McLeish joined AirBoss' Board of Directors in 1999, holds a Bachelor of Commerce from the University of Toronto and is a CFA. Mr. McLeish spent 35 years in the investment business with Merrill Lynch Canada and retired in 1998 as a Vice Chairman and Director. Currently, Mr. McLeish is the Lead Director of Dundee Wealth Management and is on the Board of Dundee Corp. and Welton Energy.

Mr. Alan Watson currently is based in London, U.K. and has held senior positions in the investment business for over 23 years. He currently holds the position of Head of Securities, Europe at Macquarie Capital (Europe) Limited. He has been Managing Director of several American and U.K. based investment banks and has worked in the U.K., Australia, Canada, China and Japan.

Audit related fees

KPMG was hired to render an audit opinion on the consolidated financial statements of AirBoss and the fees for all services performed are summarized in the table below:

Description	**2007**	2006
Audit	**$297,000**	$315,500
Audit-related fees (accounting, consulting, and regulatory support)	**$15,000**	$13,500
Tax fees (tax compliance and tax consulting)	**$50,900**	$24,000
All other fees	**[Nil]**	[Nil]
Total	**$362,900**	$353,000

The Audit Committee has adopted a policy to pre-approve any audit and non-audit services to be provided to AirBoss or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. Audit, audit related services, and tax compliance services as identified in the annual audit plan and presented by the external auditors, are approved by the Audit Committee annually. 2007 audit related services included a special report used to apply for a capital grant. Non-audit services over $10,000 are approved on a case-by-case basis.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services, Inc., at its principal office located at 320 Bay Street, P.O. Box 1, Toronto, Ontario, M5H 4A6.

ADDITIONAL INFORMATION

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

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its annual and special meeting of shareholders to be held on May 15, 2008. Additional financial information is provided in the Company's comparative financial statements and MD&A for the financial year ended December 31, 2007, which are included in the Company's 2007 Annual Report. A copy of such documents may be obtained upon request from the Corporate Secretary of the Company, 16441 Yonge Street, Newmarket, Ontario, L3X 2G8.

APPENDIX "A"

AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of AirBoss of America Corp. ("AirBoss") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:

1. To assist directors on meeting their responsibilities in respect of the review and approval of the financial statements of AirBoss and related documentation;

2. To provide a communication link between independent directors and external auditors;

3. To enhance the external auditor's independence;

4. To increase the credibility and objectivity of financial reports; and

5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Approval of Charter

Amendments to the Audit Committee Charter require approval by the Board.

Membership Committee

1. The Committee shall be comprised of at least three (3) directors of AirBoss, none of whom are members of management of AirBoss and all of whom are "independent" (as such term is used in Multilateral Instrument 52-110 — Audit Committees ("MI 52-110") unless the Board shall have determined that the exemption in MI 52-110 is available and has determined to rely thereon.

2. The Board shall appoint the Committee Chair.

3. All of the members of the Committee shall be "financially literate" (as defined in MI 52-110) unless the Board shall determine that an exemption under MI 52-110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of MI 52-110.

Mandate and Responsibilities of Committee

1. The Committee shall provide oversight on the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.

2. The Committee shall satisfy itself on behalf of the Board with respect to AirBoss' Internal Control Systems and its ability to:

- identify, monitor and mitigate business risks; and
- ensure compliance with legal, ethical and regulatory requirements.

3. The primary responsibility of the Committee is to review the annual and interim financial statements of AirBoss and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:

- reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
- reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
- reviewing accounting treatment of unusual or non-recurring transactions;
- reviewing disclosure requirements for commitments and contingencies;
- reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
- reviewing unresolved differences between management and the external auditors; and
- obtaining explanations of significant variances with comparative reporting periods.

4. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of AirBoss' disclosure of all other financial information.

5. With respect to the appointment of external auditors by the Board, the Committee shall:

- recommend to the Board the external auditors to be nominated;
- recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
- on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Company to determine the auditors' independence;
- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
- review and pre-approve any non-audit services to be provided to AirBoss or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre–approve non–audit services, provided that the member report to the Committee at the next scheduled meeting such pre–approval and the member comply with such other procedures as may be established by the Committee from time to time.

6. Review with external auditors (and internal auditor if one is appointed by AirBoss) their assessment of the internal controls of AirBoss, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and,

upon completion of the audit, their reports upon the financial statements of AirBoss and its subsidiaries.

7. The Committee shall review risk management policies and procedures of AirBoss (e.g. hedging, litigation and insurance).

8. The Committee shall establish a procedure for:

- the receipt, retention and treatment of complaints received by AirBoss regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission by employees of AirBoss of concerns regarding questionable accounting or auditing matters.

9. The Committee shall review and be apprised of any intent of AirBoss regarding the hiring of partners and employees who work on AirBoss' account and former partners and employees of the present and former external auditors of AirBoss.

10. The Committee shall have the authority to investigate any financial activity of AirBoss. All employees of AirBoss are to cooperate as requested by the Committee.

11. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of AirBoss without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.

2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Board.

4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.

5. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of AirBoss as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.

8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of AirBoss.

10. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.