AIRBOSS OF AMERICA CORP.

ANNUAL INFORMATION FORM

For the year ended December 31, 2010

March 23rd, 2011

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AIRBOSS OF AMERICA CORP.

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.

Unless indicated otherwise, or the context otherwise requires, references in this document to "AirBoss", "The Company", "we", "us", "our Company", or "our" refer to AirBoss of America Corp. and its consolidated subsidiaries, except when it is clear that such terms refer to AirBoss of America Corp. only.

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, 2010 and 2009 on pages 18 to 35 of the Company's 2010 Annual Report; and

2. the Management's Discussion and Analysis ("MD&A") on pages 4 to 17 of the Company's 2010 Annual Report for the year ended December 31, 2010.

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, and retail industries; sufficient availability of raw materials at economical costs; weather conditions affecting raw materials, production and sales; potential product liability and warranty claims; AirBoss' 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 "Risk Factors" section of the MD&A on pages 15 to 16.

THE COMPANY

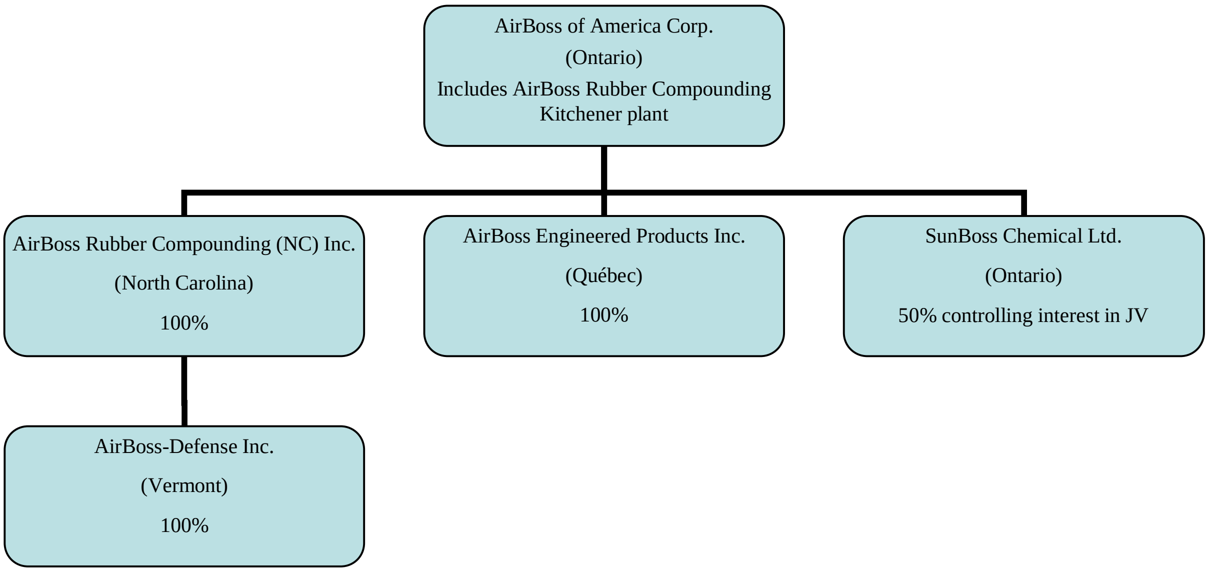
Incorporation

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 four business segments including AirBoss Rubber Compounding, AirBoss Defense, AEP Industrial Products and SunBoss Chemicals and in 5 legal entities (including the parent AirBoss of America Corp., three wholly-owned subsidiaries: AirBoss Rubber Compounding (NC) Inc., AirBoss Engineered Products Inc. and AirBoss-Defense Inc.) and a 50% controlling interest in SunBoss Chemical Ltd.



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

SunBoss Chemical Ltd. was incorporated in December 2007 under the laws of Ontario to source chemicals used in the rubber compounding business for both internal consumption and external sales to customers who mix compounds internally. In 2010 external sales and net income were not material to AirBoss.

AirBoss Produits d'Ingénierie Inc./AirBoss Engineered Products Inc. ("AEP" or "AirBoss Engineered Products"), formerly Acton International Inc., of Acton-Vale, Québec, and AirBoss-Defense Inc. (together called "AirBoss-Defense") are world leaders in the development and sale of Chemical, Biological, Radiological and Nuclear ("CBRN") protective rubber wear for military and first response applications. AEP's Industrial division also produces calendered and extruded rubber products used by its customers in the manufacture of industrial products and recreational vehicles. AirBoss-Defense is located in Vermont, USA and was established to injection mould certain defense products sold in the US.

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.

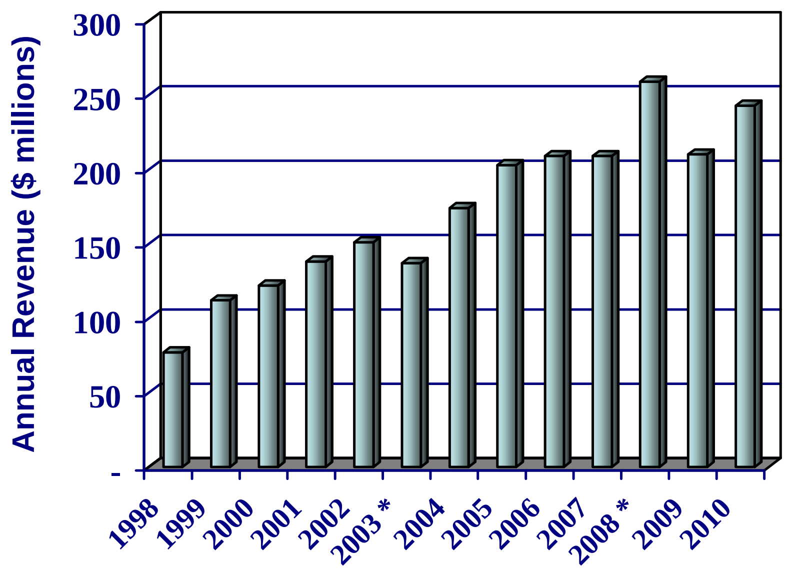
In 1999, AirBoss acquired 100% of Acton International Inc. and established a separate rail products division in Kansas City, Missouri. This rail products business which was sold in December 2008 accounted for less than 10% of total consolidated sales and 5% of pre-tax profits.

In 2005, AirBoss acquired and installed rubber mixing equipment in North Carolina which commenced production in March 2006.

In 2009, AirBoss-Defense Inc. was incorporated to manufacture injection moulded gloves and over-boots in Vermont. Production commenced in January 2010.

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

Consolidated Sales (1998-2010)



This sales chart reflects the reclassification of certain businesses into discontinued operations in 2003 and 2008 each of which businesses were subsequently sold.

History (3 years)

Rubber Compounding Division

2008

Despite a difficult year in the rubber industry due to volatile raw material costs this business performed very well with sales of rubber compounds increasing by $32 million or 20% compared to 2007. While the Company's overall market share increased, most of the sales dollar increase was due to inflationary pressures resulting from dramatic price increases in natural and synthetic rubber, chemicals and carbon blacks.

Increased sales to third-party defense products manufacturers and to the mining sector were offset by declines in sales to the belting, solid tires and automotive sectors. These were trends that were experienced throughout the year in the North American market but became even more prevalent in December 2008 when sharp volume declines, due to the economic downturn, were first experienced. Many of these sectors continued to show considerable weakness during 2009.

The ability of AirBoss to establish and maintain worldwide supply sources combined with the ability to finance the additional working capital requirements during this period contributed to achieving increased market share.

Raw material sourcing was a major issue in the third quarter of 2008 for the rubber industry as a whole, and this continued until late in November. With the realization by suppliers of the extent of the economic weakness, supply constraints loosened. Prices for raw materials, which in many cases had more than doubled during the year, started the decline which would eventually see them decrease to 2007 levels. We expected that this reduced pricing for raw materials would have been beneficial to the rubber industry as a whole in the long-term, restoring margins and reducing working capital financing requirements. There is, however, considerable short-term pain as all the Company's write-down inventories were purchased at the higher costs. These unusually large write-downs of inventory to net realizable value which amounted to approximately $4 million pre-tax are reflected in our results for 2008.

2009

AirBoss Rubber Compounding returned to marginal profitability in the third quarter of 2009 after having disposed of all of its high priced raw materials. Volumes for the year declined by 30% due to generally depressed economic conditions in the first half of 2009. This was an industry-wide phenomenon with declines being evident in virtually all market segments. Recovery to pre-recession levels of customer demand began in the second half of the year.

2010

AirBoss Rubber Compounding 2010 sales dollars increased by 25% during 2010 while unit volumes increased by 22%. This was due to the continuing economic recovery in the United States and significant new mixing volumes commencing in the fourth quarter for major tire companies in the United States. Increased volumes in other markets new to AirBoss, such as wire and cable, also contributed. These increased volumes experienced are expected to continue into the first quarter of 2011.

Commodity price increases, particularly in natural and synthetic rubber, affected selling prices in the fourth quarter and this trend is also expected to continue into 2011.

AirBoss Engineered Products

2008

AEP sales increased by 39% to $64 million. The main reasons for the increase were increased volumes of CBRN protective wear. Another contributing factor to the increase was the drop in the Canadian dollar in the fourth quarter as a large percentage of sales are denominated in US dollars.

2009

Defense product sales for the year ended December 31, 2009 increased by 40% while EBIT for the entire AirBoss Engineered Products group increased by 21% to $77 million compared to the same period in 2008. The increased sales are due to higher demand for the CBRN products including gas masks, over-boots and gloves. The increase in profitability was due to greater fixed cost recoveries and efficiencies due to the increase in volume as well as favourable exchange rates during the first half of the year.

2010

AEP sales in Canadian dollars remained flat on a year-over-year basis increasing by only $0.1 million despite increasing by 9% or $7 million when expressed in US dollars. Most sales are in US dollars and the amount translated into Canadian dollars was impacted by the rising Canadian dollar.

A major research & development initiative to broaden the AirBoss-Defense product line and develop next generation versions of existing products will be launched in 2011. This initiative will be in collaboration with governmental, academic and industry partners and is aimed at the military and first response protective wear markets.

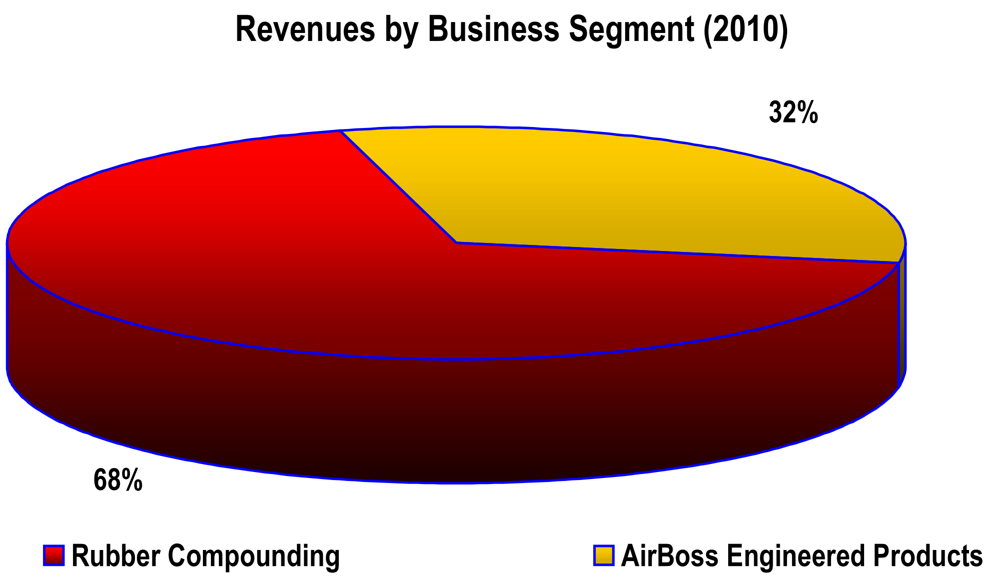
In 2010, AEP began production of its next generation CBRN footwear which utilizes more efficient production technologies and eliminates potential weaknesses inherent in seamed designs. Increased injection moulding capacity was established in Vermont, USA to provide the required capacity for both the increased volumes and new products. The Company also worked on joint government development projects to advance product performance and related materials science.

The AEP Industrial division is completing an equipment enhancement and update which will broaden its capabilities to provide in-line screened rubber compounds in strip form for the first time. This project is expected to be completed early in the second quarter of 2011.

Description of the Business

Description

The Company operates in two significant reporting units: Rubber Compounding and AirBoss Engineered Products. Each business has separate operational management. The breakdown of the Company's revenues for 2010 is set out in the chart below:



Custom Rubber Compounding

Description

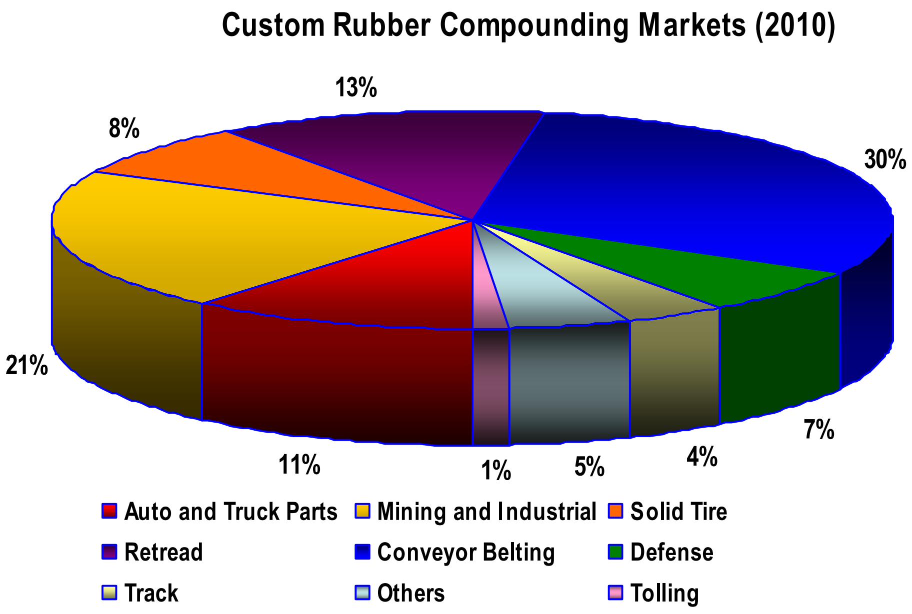
ARC manufactures over 1,000 different un-vulcanized custom compounds from synthetic or natural rubber, strengthening agents and various additives and chemicals, for a wide variety of customers in North America. The end use applications of these compounds include applications for conveyor belts for mining 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. The Company provides its customers with consistent quality products from thorough quality control processes, continuous improvement initiatives, sourcing of high quality raw materials, and blending production batches. 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 retreads, conveyor belting, roll covering, mining products, automotive parts, and other industrial rubber goods. The pie chart below shows custom rubber compounding sales attributable to major industrial segments:



One of the factors that we believe distinguishes 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 in North America is Excel Polymers LLC, which operates several facilities with an estimated total capacity of 600 million pounds of rubber compound 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 of rubber compound annually, seven have between 50-100 million pounds of rubber compound capacity and seven have over 100 million pounds of rubber compound 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 location of the Company's manufacturing facility in Kitchener, Ontario allows 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 the most negatively affected by declining industry sales in recent years. This has led 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, the acquisition by Hexagon Polymers of Gold Key Processing Ltd. in 2007 and Excel in 2010, and the acquisition of the US plants of Biltrite Rubber (1984) Inc. by Robbins LLC.

These general market conditions have resulted in a very competitive environment where manufacturing efficiency and worldwide raw material purchasing are key requirements for success.

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 most 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 the Kitchener facility'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 a mixing capacity of 180 million pounds annually (depending on product mix). The mixers and material handling within the plant are highly automated. The Company utilizes the latest modern technology 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.

Rubber mixing equipment with a 20 million pound annual capacity was 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 product lines, AirBoss-Defense and Industrial Products. These two product lines 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 CBRN protection. AirBoss-Defense has accounted for 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.

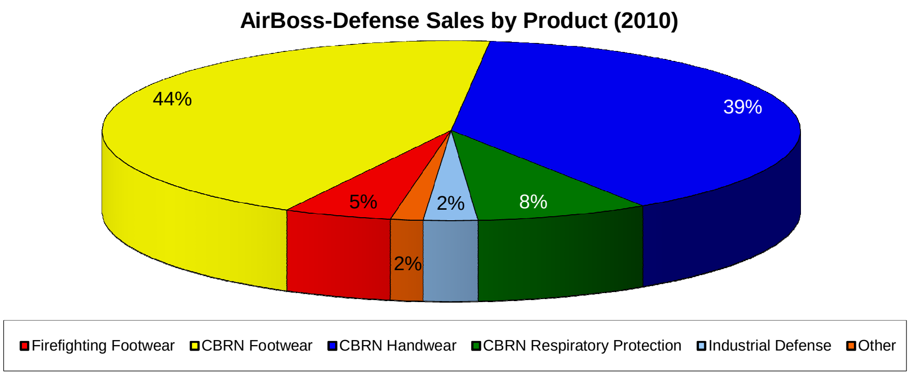
A 20,000 square foot facility in Vermont was recently commissioned to provide the required injection moulding capacity for both the increased volumes and new products.

Markets

AirBoss-Defense sells military protective wear and rubber engineered products to armed forces, worldwide. 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 include, among other features, 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 many 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 2010:



Competition

The competitors in the CBRN over-boot 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 generate significant revenues from industrial rubber products. As discussed under "AEP and Other – Markets", AirBoss gloves and over-boots are the recent choices of the US 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 United States while LaCrosse and Black Diamond import products from Asia.

Marketing, Sales and Distribution

CBRN products are marketed to defense organizations directly by in-house business development and contract managers to North American markets, and through both direct sales efforts and a network of independent agents for international markets. The Company also deals directly with prime contractors and distributors in Europe, Asia and the Middle-East that bid on complete CBRN clothing ensembles which include suits as well as gloves, over-boots and masks. A key strategy of the Company is to work with government program managers and acquisition agencies to incorporate the most stringent specifications for applicable CBRN products into their solicitations.

Fire protective footwear and CBRN items targeted to the first response market are sold through a network of distributors in Canada and the United States. Canadian fire distributors are well established and are the leaders within the domestic market allowing AirBoss to maintain our leadership market position. United States distributors consider fire boots a commodity, and accordingly price, prompt delivery and excellent customer service are crucial to maintaining and increasing market share.

Other traditional defense products such as rubber boots and ECW boots are marketed to the United States and Canadian defense markets directly by AirBoss-Defense's contract management staff.

Rubber compound and rubber pre-forms for track pad repair and overhaul ("R&O") sold to the US Tank Automotive Command's Red River Army Depot ("RRAD") are also marketed through direct in-house sales.

Most formal contracts with the US Department of Defense ("US DOD") are awarded through the Canadian Commercial Corporation, a Canadian Crown corporation, whose mandate is to provide endorsement of Canadian industrial base offers to the United States government. All marketing and business development efforts are performed by in-house staff with the related US DOD program and acquisition agencies. Pursuant to two contracts awarded in 2005, AirBoss was selected as the sole supplier to the US Joint Services of CBRN over-boots and JB2 gloves. Indefinite delivery indefinite quantity ("IDIQ") contracts on hand for CBRN gloves and over-boots for the US DOD have exercisable options 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. Additional orders were placed in September and October of 2010 to be filled in 2011 as the terms for a new contract are negotiated.

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 performed in Acton-Vale. Gloves and gas mask face plates are manufactured in Kitchener, Ontario using injection moulding technology. In 2010, additional gloves were injection moulded and packaged in Vermont.

Industrial Products

AEP's industrial division sells a wide variety of vulcanized and non-vulcanized products for the tire retreading, 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 78% of sales in 2010 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 US-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.

ARC

The Company's Kitchener, Ontario rubber mixing plant expanded its capacity to 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 and has put in place four rubber injection moulding presses in its new facility in Vermont. 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.

On October 1, 2008, the Company obtained an additional senior secured loan facility for CDN$10 million, at a fixed rate of 6.39%, financed over a seven-year term with a fifteen-year amortization and interest only (no principal payments required until November 15, 2011). The proceeds were used to reduce the US operating line of credit and, accordingly, there was no net increase in its borrowing capacity. As well, the Company renewed its operating facility to provide $35 million of current borrowings (2007 - $45 million) at slightly higher rates reflecting the current cost of borrowings.

The unused line of credit facility was $35 million at December 31, 2010.

The demand loan bears interest at a range from the bank's prime rate plus 0.35% to prime plus 0.50% per annum, with respect to loans denominated in Canadian currency and from the US prime rate plus 0.10% to the US prime rate plus 0.25% with respect to loans denominated in US currency.

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. During 2008, the Company implemented measures to remediate the cause of an odour complaint and monitor levels through a program of odour sampling. 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, 2010 consisted of:

Name of Business	Number of Employees
ARC	302
AEP	316
Corporate Office	7
Total	625

Approximately 173 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. 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, 2010, the Company expensed $0.9 million ($1.2 million in 2009) 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, 2010, sales to five customers represented 51.9% (58.0% in 2009) of the consolidated sales of the Company. One customer represented 17.8% (20.9% in 2009) of consolidated sales.

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, except as described in the notes to the financial statements or the management discussion and analysis ("MD&A"), 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 23, 2011.

RISK FACTORS

A discussion of risks affecting the Company and its business is set forth under the heading "Risk Factors" in the Management Discussion and Analysis as contained on pages 15 to 16 of the Company's Annual Report to the Shareholders for the year ended December 31, 2010. 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 16, 27, 30 and 35 of the Annual Report to the Shareholders of the Company for the year ended December 31, 2010. 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 18 to 35 of the Annual Report to the Shareholders of the Company for the year ended December 31, 2010. The Audited Financial Statements are available on SEDAR at www.sedar.com.

MATERIAL CONTRACTS

On October 1, 2008, the Company obtained an additional senior secured loan facility for CDN$10 million, at a fixed rate of 6.39%, financed over a seven-year term with a fifteen-year amortization and interest only (no principal payments required until November 15, 2011). The proceeds were used to reduce its US operating line so there was no net increase in its borrowing capacity. As well, the Company renewed its operating facility to provide $35 million of current borrowings (2008 - $45 million) at slightly higher rates reflecting the current cost of borrowings.

The demand loan bears interest at a range from the bank's prime rate plus 0.35% to prime plus 0.85% per annum, with respect to loans denominated in Canadian currency and from the US prime rate plus 0.55% to the US prime rate plus 1% with respect to loans denominated in US currency.

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, 2010 was 23,613,020.

The capital structure of the Company 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, 2010.

DIVIDEND RECORD AND POLICY

Holders of Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors, out of funds legally available for such payments. 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, 2009 and the dividend was increased to $0.04 for shareholders of record as at December 31, 2009. On October 11, 2009, the Board of Directors approved an amendment to the dividend policy to provide for the payment of a quarterly dividend. Initially this was set at $0.02 but was subsequently increased to $0.03 during 2010. The Board of Directors reviews the dividend policy quarterly based on the anticipated cash requirements of AirBoss' operating assets and manufacturing activities, and for any potential acquisitions, combined with the current and projected financial position of AirBoss. Although AirBoss has, since 2007, declared a semi-annual and/or quarterly, as applicable, cash dividend on the Common Shares, we are not required to pay dividends and our Board of Directors may reduce, defer, or eliminate our Common Share dividend in the future.

The Company has declared the following dividends per share on its outstanding Common Shares during the past three years:

Fiscal Period	Dividend per Common Share
2008	$0.05
2009	$0.065
2010	$0.11

Certain of AirBoss' credit facilities, typical of commercial lending arrangements, contain provisions which could limit the payment of dividends if certain financial covenants are not met. As at December 31, 2010, the Company was in full compliance with these covenants.

NORMAL COURSE ISSUER BID

On May 12, 2009, the Company announced that the TSX had accepted a notice of its intention to proceed with a normal course issuer bid (the "NCIB") on the facilities of the TSX. Pursuant to the NCIB, the Company had purchased 166,400 Common Shares under the NCIB.

On May 13, 2010, the Company announced that the TSX had accepted a notice of its intention to extend NCIB on the facilities of the TSX. As of March 23, 2011, the Company had purchased 329,355 Common Shares under the NCIB. A copy of the notice the Company provided to the TSX may be obtained without charge by contacting the Company at the address provided under "Additional Information" below.

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, 2010 are set forth in the following table:

Date	Open	High	Low	Close	Volume
December	6.69	6.74	6.00	6.29	617,069
November	6.15	7.44	6.20	6.69	342,054
October	5.25	6.26	5.30	6.15	352,853
September	5.50	5.50	5.20	5.25	724,323
August	5.35	5.50	5.25	5.50	2,237,910
July	5.85	5.76	5.25	5.35	105,394
June	5.35	6.01	5.39	5.85	943,913
May	5.60	6.25	5.25	5.35	306,528
April	4.85	5.98	4.90	5.60	2,580,077
March	5.10	5.16	4.85	4.85	28,659
February	5.50	5.55	5.00	5.10	44,440
January	5.50	5.95	5.40	5.50	144,830

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, C.A.(2)(3)(4) Ontario, Canada	Director	EVP Sales & Marketing Alpha Macro Strategies Fund (an investment fund) Previously Founding Partner of Magna Partners Ltd..(broker/dealer), EVP Sales & Marketing Sprott Asset Management, Partner & Director of Sprott Securities Inc. (Cormark Securities)	May 29, 2006 to Present
Alan J. Watson (4) New South Wales, Australia	Director	Private Investor, Former Investment Banker Formerly Head of Securities, Europe Macquarie Capital (Europe) Limited until December 2010	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 this 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. Crowe is the Chairman of this Committee.

To the knowledge of the Company, as at March 23, 2011, all directors and senior officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 5,865,010 Common Shares representing approximately 24.8% of the Common Shares outstanding (based on 23,613,020 Common Shares outstanding as at March 23, 2011).

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 of 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 the AirBoss' Board of Directors in 1997 and is Chairman of the Audit Committee.

Mr. Robbins 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.

Mr. Richard F. Crowe joined the 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 J.R. Senecal Investment Counsel managing its 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 C.A. designation in 1981, and is currently with EVP Sales & Marketing Alpha Macro Strategies. Ms. Matthews was also the Founding Partner of Magna Partners Ltd., a Toronto based broker dealer. Her previous work experience also includes EVP Sales and Marketing at Sprott Asset Management Partner and Director of Sprott Securities Inc. (Cormark Securities), and Vice President of CIBC. Ms. Matthews joined the AirBoss Board of Directors in 2006.

Mr. Robert McLeish joined the 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 a private investor.

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	**2010**	2009
Audit	**$272,000**	270,000
Audit-related fees (accounting, consulting, and regulatory support)	**Nil**	Nil
Tax fees (tax compliance and tax consulting)	**Nil**	15,400
IFRS related	**$65,000-$100,000**	Nil
Total	**$337,000-372,000**	285,400

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. 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 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

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 General and Special Meeting of shareholders to be held on May 12, 2011. Additional financial information is provided in the Company's comparative financial statements and MD&A for the financial year ended December 31, 2010, which are included in the Company's 2010 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 of 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 co-operate 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 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.