

INTERTAPE POLYMER GROUP INC  
Form 6-K  
May 08, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of May, 2008

Commission File Number 1-10928

INTERTAPE POLYMER GROUP INC.

9999 Cavendish Blvd., Suite 200, Ville St. Laurent, Quebec, Canada, H4M 2X5

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:  
Form 20-F \_\_\_\_\_ Form 40-F  X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes \_\_\_\_\_

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with

Rule 12g3-2(b): 82-\_\_\_\_\_

The Information contained in this Report is incorporated by reference into Registration Statement No. 333-109944

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERTAPE POLYMER GROUP INC.

Date: May 7, 2008

By: /s/ Victor DiTommaso

Victor DiTommaso, Chief Financial Officer

**INTERTAPE POLYMER GROUP INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that the Annual Meeting of shareholders (the **Meeting** ) of INTERTAPE POLYMER GROUP INC. (the **Corporation** ) will be held:

Place:

Four Seasons Hotel

21 Avenue Road

Toronto, Ontario

Date:

June 4, 2008

Time:

4:00 p.m.

The purposes of the Meeting are to:

1.

receive and consider the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2007 and the auditors' report thereon;

2.

elect directors;

3.

appoint auditors and authorize the directors to fix their remuneration; and

4.

transact such other business as may properly be brought before the Meeting.

If you are unable to attend the Meeting in person, please date, sign and return the enclosed form of proxy. Proxies to be used at the Meeting must be deposited with CIBC Mellon Trust Company, Banking Hall, 320 Bay Street, Toronto, Ontario M5H 4A6 before the commencement of the Meeting or at any adjournment thereof.

DATED at Montreal, Québec

May 6, 2008

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Christopher J. Winn

Christopher J. Winn

Secretary

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES BY MANAGEMENT

**This Management Information Circular (the Circular ) is furnished in connection with the solicitation by the management of Intertape Polymer Group Inc. (the Corporation ) of proxies to be used at the Annual Meeting of shareholders (the Meeting ) of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting and all adjournments thereof.** Except as otherwise stated, the information contained herein is given as of April 30, 2008 and all dollar amounts in this Circular are in U.S. dollars. The solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **Each shareholder is entitled to appoint a person, who need not be a shareholder, to represent him or her at the Meeting other than those whose names are printed on the accompanying form of proxy by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.** To be valid, the duly-completed form of proxy must be deposited at the offices of CIBC Mellon Trust Company, Banking Hall, 320 Bay Street, Toronto, Ontario M5H 4A6 before the commencement of the Meeting or at any adjournment thereof, or with the Chairman of the Meeting before the commencement of the Meeting or any adjournment thereof. The instrument appointing a proxy holder must be executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporate body, by its authorized officer or officers.

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with CIBC Mellon Trust Company, Banking Hall, 320 Bay Street, Toronto, Ontario M5H 4A6 before the commencement of the Meeting or at any adjournment thereof, or with the Chairman of the Meeting before the commencement of the Meeting or any adjournment thereof, or in any other manner permitted by law.

### EXERCISE OF DISCRETION BY PROXIES

**In the absence of any direction to the contrary, shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy will be voted for: (i) the election of directors; and (ii) the appointment of auditors, as stated under such headings in this Circular.** Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

### NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a non-registered shareholder (a **Non-Registered Holder** ) are registered either: (i) in the name of an intermediary (an **Intermediary** ) that the Non-Registered Holder deals with in respect of the common shares (such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled **Communication with Beneficial Owners of Securities of a Reporting Issuer** , the Corporation

has distributed copies of the Notice of Meeting and this Circular (collectively, the **Meeting Materials** ) to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive it. Intermediaries often use service companies to forward meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive this Circular will either:

(a)

typically, be provided with a computerized form (often called a voting instruction form ) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder

and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or

(b)

less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to CIBC Mellon Trust Company, Banking Hall, 320 Bay Street, Toronto, Ontario M5H 4A6.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to CIBC Mellon Trust Company at the address above.

**In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.**

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

## VOTING SHARES

As at April 30, 2008, there were 58,956,348 common shares of the Corporation issued and outstanding. Each common share entitles the holder thereof to one vote. The Corporation has fixed May 6, 2008 as the record date (the **Record Date**) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during usual business hours at the registered office of the Corporation, 1250 René-Lévesque Blvd. West, Suite 2500, Montreal, Québec H3Y 4Y1 and at the Meeting.

## PRINCIPAL SHAREHOLDERS

As at April 30, 2008, to the knowledge of the Corporation, the following are the only persons who beneficially own, or exercise control or direction over, more than 10% of the issued and outstanding common shares of the Corporation:

Name and place of residence	Number of shares held	Percentage
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Letko, Brosseau & Associates Inc. <sup>(1)</sup>	13,607,868	23.1%
Montreal, Québec		
Wells Fargo & Company <sup>(2)</sup>	12,356,278	21.0
San Francisco, California		
Brandes Investment Partners, L.P. <sup>(3)</sup>	7,171,211	12.2
San Diego, California		

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(1)

Based on a report filed on SEDAR by Letko, Brosseau & Associates Inc. on November 8, 2007.

(2)

Based on a report dated April 10, 2008 filed by Wells Fargo & Company with the United States Securities and Exchange Commission.

(3)

Based on a report filed on SEDAR by Brandes Investment Partners, L.P. on November 9, 2007.



**ELECTION OF DIRECTORS**

The Board currently consists of six directors. The persons named in the enclosed form of proxy intend to vote for the election of the six nominees whose names are set out below. Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his municipality of residence and principal occupation, the date on which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

<b>Name, municipality of residence and position with the Corporation</b>	<b>Principal occupation</b>	<b>Director since</b>	<b>Number of common shares beneficially owned or over which control is exercised as at April 30, 2008</b>
Eric E. Baker <sup>(1)</sup> Long Sault, Ontario, Canada Chairman of the Board of Directors	President Altacap Investors Inc. (private equity manager)	June 28, 2007 <sup>(4)</sup>	639,535
Melbourne F. Yull <sup>(1)</sup> Sarasota, Florida, U.S.A. Executive Director and Director	Executive Director of the Corporation	June 28, 2007 <sup>(5)</sup>	763,134
Robert Beil <sup>(3)</sup> Phoenix, Arizona, U.S.A. Director	Retired	September 5, 2007	2,000
George J. Bunze <sup>(2)</sup> Ile Bizard, Québec, Canada Director	Vice-Chairman Kruger Inc. (pulp and paper company)	June 28, 2007	5,250
Allan Cohen <sup>(2)</sup> Glenview, Illinois, U.S.A. Director	Co-manager The First Analysis Private Equity Fund IV, L.P. (private equity fund)	September 5, 2007	111,600
Torsten A. Schermer <sup>(2)(3)</sup> Charlotte, North Carolina, U.S.A. Director	President MESC Corporation (franchise development company)	September 5, 2007	

(1)

Member of the Executive Committee.

(2)

Member of the Audit Committee.

(3)

Member of the Compensation Committee.

(4)

Mr. Baker was also a director of the Corporation from its incorporation on December 22, 1989 to July 4, 2000 and, prior thereto, a director of a predecessor company from 1984.

(5)

Mr. Yull was also a director of the Corporation from its incorporation on December 22, 1989 to June 14, 2006 and, prior thereto, a director of a predecessor company from 1981.

George J. Bunze has held the principal occupation set out opposite his name above for the last five years.

Robert Beil has held the principal occupation set out opposite his name above since September 2006. Prior thereto, Mr. Beil worked for The Dow Chemical Company for more than 31 years, where he held numerous positions in sales, marketing, business and executive management, including North American Commercial Vice-President for the Dow Chemical's Plastics Business.

None of the foregoing nominees for election as director of the Corporation:

(a)

is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:

(i)

was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an Order ), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(ii)

was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(b)

is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c)

has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets,

except for: Allan Cohen, who, as a representative of First Analysis Private Equity Fund IV, is a director of NanoOpto Corporation, an early-stage company which has liquidated its assets as a result of a lack of sufficient funding; and George J. Bunze, who, as a nominee of Kruger Inc., served as Vice-Chairman of Global Tissue LLC, a Delaware limited liability company acquired in 1999 by an indirect partially-owned subsidiary of Kruger Inc., and which commenced bankruptcy proceedings in 2000 before the U.S. Bankruptcy Court in Delaware.

None of the foregoing nominees for election as director of the Corporation has been subject to:

(a)

any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b)

any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **DIRECTORS AND OFFICERS INSURANCE**

The Corporation maintains directors and officers liability insurance covering liability, including defence costs, of directors and officers of the Corporation incurred as a result of acting in such capacity, provided that they acted honestly and in good faith with a view to the best interests of the Corporation. The current limit of the insurance is \$25 million. An annual premium of \$375,278 was paid by the Corporation in the last-completed financial year with respect to the period from December 2007 to December 2008. Claims payable to the Corporation are subject to retention or a deductible of up to \$1,000,000 per occurrence.

### **COMPENSATION OF DIRECTORS AND OFFICERS**

#### **Executive Compensation**

The following table sets out all annual and long-term compensation for services in all capacities to the Corporation and its subsidiaries earned by each person who served as Chief Executive Officer or Chief Financial Officer during the fiscal year ended December 31, 2007, and the three other most highly-compensated executive officers of the Corporation who were serving as such at the end of the fiscal year ended December 31, 2007 (collectively, the **Named Executive Officers** ), for the fiscal years ended December 31, 2007, 2006 and 2005.

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The Corporation has not had a Chief Executive Officer since the resignation of the Interim Chief Executive Officer on June 28, 2007. Eric E. Baker and Melbourne F. Yull have served, respectively, as the Chairman of the Board of Directors and Executive Director of the Corporation since June 28, 2007. The compensation paid to companies with which Messrs. Baker and Yull are respectively associated is set out under Advisory Services Agreements, commencing on page 9 below.

Andrew A. Archibald, C.A. retired as Chief Financial Officer of the Corporation on June 30, 2007. The details of an Advisory Services Agreement between the Corporation and a company with which Mr. Archibald is associated are also set out under Advisory Services Agreements below.

Each of Eric E. Baker, Melbourne F. Yull, Andrew A. Archibald, C.A. and Gregory A. Yull entered into a Standby Purchase Agreement with the Corporation dated as of July 30, 2007 in connection with the Corporation's rights offering. Under the Standby Purchase Agreement, the foregoing executive officers subscribed for common shares of the Corporation in an aggregate amount of \$5.5 million at the rights offering issue price of \$3.44 per share (Cdn.\$3.61 per share in the case of Mr. Baker). A copy of the Standby Purchase Agreement is available under the Corporation's company profile on SEDAR at www.sedar.com.

**Summary Compensation Table**

Name and principal position	Year	Annual Compensation			Long-Term Compensation			
		Salary \$	Bonus \$	Other annual compensation <sup>(1)</sup>	Awards Number of options granted	Payouts Restricted stock awards	LTIP payouts	All other
H. Dale McSween <sup>(2)</sup>	2007	212,648	356,700	—	¾	—	¾	710,608 <sup>(5)</sup>
Interim Chief Executive Officer	2006	356,467	113,470	¾	¾	¾	¾	—
	2005	344,374	133,141	¾	22,492	¾	¾	¾
Victor DiTommaso, CPA <sup>(3)</sup> Chief Financial Officer	2007	229,446	225,600	—	2,784	—	¾	¾
	2006	225,454	89,729	¾	30,000	¾	¾	¾
Andrew M. Archibald, C.A. <sup>(4)</sup> Chief Financial Officer	2005	213,590	35,956	¾	20,000	¾	¾	¾
	2007	152,913	443,125	—	¾	—	¾	471,015 <sup>(5)</sup>
Gregory A. Yull President, Tapes & Films Division	2006	294,308	156,134	¾	45,000	¾	¾	—
	2005	284,385	139,250	¾	51,086	¾	¾	¾
Jim Bob Carpenter President, ECP Division and Executive Vice-President, Global	2007	340,000	340,000	—	442,073	—	¾	¾
	2006	338,594	146,475	¾	105,000	¾	¾	¾
Jim Bob Carpenter	2005	266,439	121,456	¾	5,000	¾	¾	¾
	2007	267,992	260,300	—	2,907	¾	¾	¾
President, ECP Division and Executive Vice-President, Global	2006	263,444	138,023	¾	35,000	¾	¾	¾
	2005	252,835	121,478	¾	—	¾	¾	¾

## Sourcing

Burgess Hildreth	2007	203,900	203,900	—	152,439	—	¾	¾
Vice-President, Human Resources	2006	203,767	54,057	¾	25,000	¾	¾	¾
	2005	196,598	35,222	¾	20,000	¾	¾	¾

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(1)

Perquisites and other personal benefits are not required to be disclosed as they are less than the lesser of \$50,000 and 10% of the total of the annual salary and bonus of each Named Executive Officer.

(2)

Mr. McSween served as Interim Chief Executive Officer of the Corporation until June 28, 2007.

(3)

Mr. DiTommaso was appointed Chief Financial Officer of the Corporation on November 9, 2007. Prior thereto, Mr. DiTommaso was Vice-President, Finance and Treasurer of the Corporation.

(4)

Mr. Archibald retired as Chief Financial Officer of the Corporation on June 30, 2007.

(5)

This amount was paid as severance.

### Option Grants During the Most Recently Completed Fiscal Year

The following table sets out the details of all grants of options to the Named Executive Officers during the fiscal year ended December 31, 2007.

Name	Options granted	% of total options granted to employees in financial year	Exercise price	Market value on date of grant	Expiration date
H. Dale McSween	—	¾	¾	¾	¾
Victor DiTommaso	2,784	0.2%	\$3.44 <sup>(1)</sup>	\$3.27	September 17, 2013
Andrew M. Archibald, C.A.	—	¾	¾	¾	¾
Gregory A. Yull	442,073	28.9	3.44 <sup>(1)</sup>	3.27	September 17, 2013
Jim Bob Carpenter	2,907	0.2	3.44 <sup>(1)</sup>	3.27	September 17, 2013
Burgess Hildreth	152,439	10.0	3.44 <sup>(1)</sup>	3.27	September 17, 2013

(1)

The exercise price of the options is equal to the issue price of the Corporation's common shares pursuant to the Corporation's rights offering, effected by way of short form prospectus dated August 9, 2007.

#### Option Exercises In Last Fiscal Year and Fiscal Year-End Option Value

No options to purchase common shares of the Corporation were exercised by any of the Named Executive Officers during the fiscal year ended December 31, 2007. The following table sets out for each of the Named Executive Officers the total number of unexercised options held as at December 31, 2007 and the value of such unexercised options at that date.

Name	Shares acquired on exercise	Value realized	Number of unexercised options at fiscal year-end Exercisable / Unexercisable	Value of unexercised in the money options at fiscal year-end Exercisable / Unexercisable (\$) <sup>(1)</sup>
H. Dale McSween	—	¾	181,246 / 21,246	— / ¾
Victor DiTommaso	—	¾	54,250 / 26,534	— / ¾
Andrew M. Archibald, C.A.	—	¾	169,793 / 58,043	— / ¾
Gregory A. Yull	—	¾	166,250 / 540,823	— / ¾
Jim Bob Carpenter	—	¾	132,750 / 46,657	— / ¾
Burgess Hildreth	—	¾	86,500 / 184,939	— / ¾

(1)

The value of unexercised in-the-money options is calculated using the closing price of the common shares of the Corporation on the New York Stock Exchange on December 31, 2007 (\$3.14) less the respective exercise prices of the options.

As at December 31, 2007: (i) Eric E. Baker, the Chairman of the Board of Directors, did not hold any stock options; and (ii) Melbourne F. Yull, the Executive Director of the Corporation, held 677,000 unexercised options, all of which were exercisable, and the value of which was nil.

### **Executive Stock Option Plan**

In 1992, the Corporation established the Executive Stock Option Plan (the **ESOP**) in respect of the common shares of the Corporation, which has been amended from time-to-time. At a special meeting of shareholders of the Corporation held on September 5, 2007, shareholders approved the most recent amendment to the ESOP, which increased the maximum number of common shares that may be issued under the ESOP to a number equal to 10% of the issued and outstanding common shares of the Corporation from time-to-time. The ESOP is administered by the Board of Directors of the Corporation.

The purpose of the ESOP is to promote a proprietary interest in the Corporation among the executives, key employees and directors of the Corporation and its subsidiaries, in order to both encourage such persons to further the development of the Corporation and assist the Corporation in attracting and retaining key personnel necessary for the Corporation's long-term success. The Board of Directors designates from time-to-time those persons to whom options are to be granted and determines the number of common shares covered by such options. Generally, participation in the ESOP is limited to persons holding positions that can have an impact on the Corporation's long-term results.



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The number of common shares to which the options relate is determined by taking into account, *inter alia*, the market value of the common shares and each optionee's base salary.

The following is a description of certain features of the ESOP, as required by the Toronto Stock Exchange:

(a)

options expire not later than ten years after the date of grant and, unless otherwise determined by the Board of Directors, all vested options under a particular grant expire 24 months after the vesting date of the last tranche of such grant;

(b)

options vest at the rate of 25% per year, beginning, in the case of options granted to employees, on the first anniversary date of the grant and, in the case of options granted to non-management directors, on the date of the grant;

(c)

the aggregate number of options that may be granted to directors who are not part of management may not exceed 1% of the number of issued and outstanding common shares of the Corporation;

(d)

the exercise price of the options is determined by the Board of Directors, but cannot be less than the Market Value of the common shares of the Corporation, defined in the ESOP as the average of the closing price of the common shares on the Toronto Stock Exchange and New York Stock Exchange for the day immediately preceding the effective date of the grant;

(e)

notwithstanding the foregoing, Market Value cannot be lower than the closing price of the common shares on the Toronto Stock Exchange for the day immediately preceding the effective date of the grant;

(f)

the number of common shares reserved for issuance to any person cannot exceed 5% of the number of issued and outstanding common shares of the Corporation;

(g)

the number of common shares issuable to any one insider of the Corporation and such person's associates within a one-year period cannot exceed 5% of the number of issued and outstanding common shares of the Corporation;

(h)

the number of common shares reserved for issuance pursuant to stock options granted to insiders under the ESOP or any other compensation arrangement of the Corporation cannot exceed 10% of the number of issued and outstanding common shares of the Corporation, and the number of common shares issuable to insiders within a one-year period under the ESOP or any other compensation arrangement of the Corporation cannot exceed 10% of the number of issued and outstanding common shares of the Corporation;

(i)

options granted under the ESOP may not at any time be repriced;

(j)

options granted under the ESOP may not be assigned;

(k)

in the event that a *bona fide* offer to purchase all or part of the outstanding shares is made to all shareholders, notice thereof must be given by the Corporation to all optionees and all options will become immediately exercisable, but only to the extent necessary to enable an optionee to tender his or her shares should the optionee so desire;

(l)

when a director of the Corporation ceases to be a director, all non-vested options are immediately cancelled and the former director is entitled to exercise, within a period of three months from such event, options that had vested at the time the director ceased to be a director;

(m)

in the case of retirement, all non-vested options are immediately cancelled and the former employee is entitled to exercise, within a period of twelve months from retirement, options that had vested at the time of retirement;

(n)

in the case of an optionee's or director's death, all non-vested options are immediately cancelled and the estate is entitled to exercise, within a period of twelve months from death, options that had vested at the time of death; and

(o)

when a optionee ceases to be an employee of the Corporation or a subsidiary for any reason other than retirement or death, all non-vested options are immediately cancelled and the optionee is entitled to exercise, within a period of three months from the termination of employment, options that had vested at the time of termination of employment.

As at April 30, 2008, there were options outstanding under the ESOP to purchase an aggregate of 3,674,712 common shares, representing 6.2% of the issued and outstanding common shares of the Corporation, and a total of 2,219,469 common shares were available for future grants of stock options, representing 3.8% of the issued and outstanding common shares of the Corporation.

### **Advisory Services Agreements**

The Corporation entered into an Advisory Services Agreement dated as of August 1, 2007, as amended, with Sammana Group, Inc. ( **Sammana** ). Melbourne F. Yull, the Executive Director of the Corporation, is a director, officer and shareholder of Sammana. Under the Advisory Services Agreement, Sammana provides advisory services to the Corporation regarding the operations, business objectives and strategic planning of the Corporation. In addition, Sammana makes available to the Corporation the services of Mr. Yull as Executive Director of the Corporation. As compensation, the Corporation pays Sammana a fee of \$50,000 per month, for the period which commenced January 1, 2008 and continuing for a period of not less than three months. The Corporation also paid Sammana a fee of \$300,000 with respect to the services provided by Sammana to the Corporation in connection with the rights offering effected by the Corporation in 2007. The Advisory Services Agreement further provides that if the simple average closing price of the Corporation's common shares on the Toronto Stock Exchange for the ten trading days prior to July 1, 2010 (the **2010 Average Price** ) is more than \$4.76, the Corporation will pay Sammana a performance fee in an amount equal to: (i) the amount by which the 2010 Average Price exceeds the subscription price of the Corporation's shares pursuant to the rights offering effected in 2007 (Cdn.\$3.61); (ii) multiplied by 500,000. The Corporation is also required to reimburse Sammana for all reasonable out-of-pocket expenses incurred by it in the performance of the Advisory Services Agreement. In the event of a change in control of the Corporation, as that term is defined in the Advisory Services Agreement, Sammana will be entitled to a lump-sum payment on the effective date thereof of all amounts remaining due as its monthly fee for the term of the Advisory Services Agreement. In addition, Sammana will be entitled to the performance fee referred to above, with the exception that the price of the Corporation's shares will be calculated based on the simple average closing price of the Corporation's shares for the ten trading days prior to the effective date of the change in control (the **Change in Control Average Price** ), rather than the 2010 Average Price. The performance fee will be paid in such event only if the Change in Control Average Price is more than \$4.76. The Advisory Services Agreement remains in effect until December 31, 2009, subject to Sammana's right to terminate the agreement upon 30 days' prior written notice to the Corporation. The Advisory Services Agreement does not end should Melbourne F. Yull cease to be a member of the Board of Directors or Executive Director of the Corporation.

The Corporation also entered into an Advisory Services Agreement dated as of August 1, 2007, as amended, with Altacap II Inc. ( **Altacap** ). Eric E. Baker, the Chairman of the Board of Directors of the Corporation, is a director, officer and shareholder of Altacap. Under the Advisory Services Agreement, Altacap provides advisory services to the Corporation regarding the operations, business objectives and strategic planning of the Corporation. In addition, Altacap makes available to the Corporation the services of Mr. Baker as Chairman of the Board of the Corporation. As compensation, the Corporation pays Altacap a fee of Cdn.\$100,000 per month, for the period from January 1, 2008 to December 31, 2009. The Corporation also paid Altacap a fee of Cdn.\$600,000 with respect to the services provided by Altacap to the Corporation in connection with the rights offering effected by the Corporation in 2007. The Advisory Services Agreement further provides that if the 2010 Average Price is more than \$4.76, the Corporation will pay Altacap a performance fee in an amount equal to: (i) the amount by which the 2010 Average Price exceeds the subscription price of the Corporation's shares pursuant to the rights offering effected in 2007 (Cdn.\$3.61); (ii) multiplied by 1,500,000. The Corporation is also required to reimburse Altacap for all reasonable

out-of-pocket expenses incurred by it in the performance of the Advisory Services Agreement. In the event of a change in control of the Corporation, as that term is defined in the Advisory Services Agreement, Altacap will be entitled to a lump-sum payment on the effective date thereof of all amounts remaining due as its monthly fee for the term of the Advisory Services Agreement. In addition, Altacap will be entitled to the performance fee referred to above, with the exception that the price of the Corporation's shares will be calculated based on the Change in Control Average Price, rather than the 2010 Average Price. The performance fee will be paid in such event only if the Change in Control Average Price is more than \$4.76. The Advisory Services Agreement remains in effect until December 31, 2009, subject to Altacap's right to terminate the agreement upon 30 days' prior written notice to the Corporation.

The Corporation also entered into an Advisory Services Agreement dated as of August 1, 2007, as amended, with Archibald Global Enterprises, Inc. ( **Global** ). Andrew M. Archibald, C.A., the former Chief Financial Officer of the Corporation, is a director, officer and shareholder of Global. Under the Advisory Services Agreement, Global provides advisory services to

the Corporation regarding the operations, business objectives and strategic planning of the Corporation. As compensation, the Corporation pays Global a fee of \$25,000 per month, for the period commencing January 1, 2008 and continuing for a period of not less than six months. The Corporation also paid Global a fee of \$150,000 with respect to the services provided by Global to the Corporation in connection with the rights offering effected by the Corporation in 2007, less any amounts paid to Global directly by the Corporation during 2007. The Advisory Services Agreement further provides that if the 2010 Average Price is more than \$4.76, the Corporation will pay Global a performance fee in an amount equal to: (i) the amount by which the 2010 Average Price exceeds the subscription price of the Corporation's shares pursuant to the rights offering effected in 2007 (Cdn.\$3.61); (ii) multiplied by 200,000. In the event that Global terminates the Advisory Services Agreement, the performance fee will be equal to: (i) the amount, if any, by which the simple average closing price of the Corporation's common shares on the Toronto Stock Exchange for the last ten trading days of a 30-day notice period exceeds \$4.76; (ii) multiplied by 66,667 for each full year of service provided by Global pursuant to the Advisory Services Agreement. The Corporation is also required to reimburse Global for all reasonable out-of-pocket expenses incurred by it in the performance of the Advisory Services Agreement. In the event of a change in control of the Corporation, as that term is defined in the Advisory Services Agreement, Global will be entitled to a lump-sum payment on the effective date thereof of all amounts remaining due as its monthly fee for the term of the Advisory Services Agreement. In addition, Global will be entitled to the performance fee referred to above, with the exception that the price of the Corporation's shares will be calculated based on the Change in Control Average Price, rather than the 2010 Average Price. The performance fee will be paid in such event only the Change in Control Average Price is more than \$4.76. The Advisory Services Agreement remains in effect until December 31, 2009, subject to Global's right to terminate the agreement upon 30 days' prior written notice to the Corporation.

#### **Pension and Post-Retirement Benefit Plans**

Reference is made to note 17 of the Notes to Consolidated Financial Statements of the Corporation for the fiscal year ended December 31, 2007 for details regarding the Corporation's pension and post-retirement benefit plans.

Melbourne F. Yull was Chairman of the Board of Directors and Chief Executive Officer of the Corporation from January 11, 1995 to June 14, 2006. Prior thereto, Mr. Yull was the President and a director of the Corporation or a predecessor thereof, from 1981. The former employment agreement entered into between the Corporation and Mr. Yull provides that Mr. Yull receives from the Corporation a defined benefit supplementary pension annually for life in an amount equal to 2% of the average of Mr. Yull's annual gross salary for the final five years of his employment with the Corporation, multiplied by his years of service with the Corporation to retirement. Accordingly, Mr. Yull receives a pension from the Corporation in an amount of \$260,935 per year. Mr. Yull is currently Executive Director of the Corporation.

H. Dale McSween was an employee of the Corporation from 1982 and held several executive positions with the Corporation. Mr. McSween served as the Interim Chief Executive Officer of the Corporation until June 28, 2007. In 2005, the Corporation entered into a letter agreement with Mr. McSween with respect to a defined benefit retirement arrangement whereby the Corporation agreed to fund a \$150,000 annual pension (at age 65) for Mr. McSween with a 50% survivor benefit (or, in the case of death prior to age 65, a survivor benefit of 100% of base salary for one year, and 50% of base salary for each of the following four years). In August 2006, the Corporation and Mr. McSween formalized their agreement and amended it to provide for a \$200,000 annual pension (at age 65), with the remaining terms and conditions unchanged.

#### **Executive Employment Contracts and Change of Control Agreements**

The following agreements between the Corporation and Named Executive Officers were in effect at the end of the Corporation's most recently-completed financial year.

The Corporation entered into change of control agreements as of January 2001 with each of Messrs. Jim Bob Carpenter (President, ECP Division and Executive Vice-President, Global Sourcing), Burgess Hildreth (Vice-President, Human Resources) and Gregory A. Yull (President, Tapes & Films Division), and as of January 2004 with Victor DiTommaso (Chief Financial Officer). These agreements provide that if, within a period of six months after a change of control of the Corporation: (a) the executive voluntarily terminates his employment with the Corporation; or (b) the Corporation terminates the executive's employment without cause, such executive will be entitled to a lump sum in the case of his resignation or an indemnity in lieu of notice in a lump sum in the case of his termination, equal to 12 to 24 months of such executive's remuneration at the effective date of such resignation or termination, depending on his seniority.

Furthermore, these agreements also provide that if during the term of the executive's employment a *bona fide* offer is made to all shareholders of the Corporation which, if accepted, would result in a change of control of the Corporation, then, subject to any applicable law, all of the executive's options which have not yet become vested and exercisable shall become vested

and exercisable immediately. Upon expiry of such *bona fide* offer, if it does not result in a change of control of the Corporation, all of the executive's unexercised options which were not vested prior to such offer, shall immediately revert to their unvested status and to their former provisions with respect to the time of their vesting.

On August 2, 2006, the Corporation entered into an employment agreement with Gregory A. Yull, President, Tapes & Films Division of the Corporation, which provides Mr. Yull with an annual salary of \$340,000. The employment agreement further provides that upon termination of his employment, Mr. Yull will receive his annual salary for 24 months plus an amount not to be less than his average bonus percentage for the years 2005 and 2006, but in no event, when combined with the salary payments, more than \$952,000 in the aggregate. Mr. Yull will continue to benefit from the Corporation's medical and dental plan as well as paid golf club membership fees for the 24 months. He will also benefit from outplacement services upon termination of his employment and have to repay to the Corporation all outstanding loans, if any, within 24 months.

On June 28, 2007, the Corporation entered into Retention Bonus Letter Agreements with Jim Bob Carpenter, President, ECP Division and Executive Vice-President, Global Sourcing of the Corporation, and with Victor DiTommaso, Chief Financial Officer of the Corporation. The Retention Bonus Letter Agreements were amended on December 11, 2007. The Retention Bonus Letter Agreements provide for the payment of a retention bonus equal to one year of the executive's then-current base salary if the executive remains in the employ of the Corporation until the earlier of: (i) his release date (if any) as determined by the Corporation; and (ii) June 28, 2008. Accordingly, it is expected that retention bonuses in the amounts of \$269,411 and \$233,496 will be paid to Mr. Carpenter and Mr. DiTommaso, respectively, on or after June 28, 2008.

### **Composition of the Compensation Committee and Report on Executive Compensation**

The Compensation Committee is appointed by the Board and is currently composed of two directors, that is, Robert Beil (Chairman) and Torsten A. Schermer, neither of whom is or has been at any previous time an employee of the Corporation or any of its subsidiaries.

The Compensation Committee administers the Corporation's compensation program in accordance with the mandate set out in the Compensation Committee's charter, which has been adopted by the Board. Part of the mandate is to evaluate and recommend to the Board compensation policies and programs for the Corporation's directors, executive officers and senior management, including option grants under the ESOP described above. The Compensation Committee has the authority to retain compensation consultants to assist in the evaluation of director, chief executive officer or senior executive compensation.

Three primary components comprise the Corporation's compensation program: basic salary, annual bonuses based on performance, and long-term stock options. Each element of compensation fulfills a different role in the attraction, retention and motivation of qualified executives and employees with the expertise and skills required in the business of the Corporation, who can effectively contribute to the long-term success and objectives of the Corporation. The annual bonus program is both formula based, measured against pre-determined performance targets, and discretionary. Stock options are granted to executives and key employees periodically by the Board based on the recommendations of the Compensation Committee. The amount and terms of outstanding options are taken into account when determining whether and how many new options will be granted. The options vest at a rate of 25% per year, beginning, in the case of options granted to employees, on the first anniversary date of the grant and, in the case of options granted to non-management directors, on the date of the grant. The options have no resulting value if the stock market price of the Corporation's shares does not appreciate.

The Compensation Committee annually reviews the compensation levels for the executive officers and certain members of senior management. For the fiscal year ended December 31, 2007, the Compensation Committee reviewed information it received from the Corporation's Executive Director as well as from external compensation consultants. It used this information to determine and approve such changes to the general compensation levels that it

considered appropriate. In addition, on the recommendation of the Executive Director, the Compensation Committee approved and recommended to the Board discretionary cash bonuses, annual bonuses and stock option awards for executive officers and senior management. In arriving at its decisions, the Compensation Committee reviewed industry comparisons for similar-sized companies and for other companies in the packaging materials sector.

The Corporation has not had a Chief Executive Officer since the resignation of the Interim Chief Executive Officer on June 28, 2007. The compensation of the former Interim Chief Executive Officer was determined by the previous Board of Directors of the Corporation.



Directors who are not officers or employees of the Corporation receive both cash compensation and options based on the recommendations of the Compensation Committee following its review of compensation arrangements for directors of public companies with comparable market capitalization.

The above report is submitted on behalf of the Compensation Committee by the directors whose names appear below:

Robert Beil

Torsten A. Schermer

### Performance Graph

The following graph compares the total return of a \$100 investment in the common shares of the Corporation made on January 1, 2003 with the cumulative return of the S&P/TSX Composite Index for the period from January 1, 2003 to December 31, 2007, assuming reinvestment of all dividends.

#### FIVE-YEAR TOTAL RETURN ON \$100 INVESTMENT (DIVIDENDS REINVESTED)

(Based on the Corporation's activity on the Toronto Stock Exchange (rounded to the nearest dollar))

[GRAPH]

### Compensation of Directors

On September 5, 2007, the Board of Directors established the following compensation for the Corporation's directors: (i) directors of the Corporation who are not also officers of the Corporation receive an annual fee of \$30,000 for their services as directors; (ii) directors of the Corporation who are not also officers of the Corporation receive an attendance fee of \$1,000 for each meeting of the Board of Directors or a committee thereof attended in person and a fee of \$500 for each meeting of the Board of Directors or a committee thereof in which the director participates by telephone; (iii) the Chairman of the Audit Committee receives an annual fee of \$10,000; (iv) other members of the Audit Committee receive an annual fee of \$5,000; (v) the Chairman of the Compensation Committee receives an annual fee of \$5,000; and (vi) other members of the Compensation Committee receive an annual fee of \$2,000. The foregoing fees are paid on a quarterly basis. During the period from June 28, 2007 to December 31, 2007, the Corporation paid a total of \$85,500 in fees to the six directors of the Corporation. During the period from January 1, 2007 to June 26, 2007, the Corporation paid a total of \$226,500 in fees to six former directors of the Corporation.

The following table sets out the details of all grants of options to the directors under the ESOP during the fiscal year ended December 31, 2007. Options in respect of an aggregate of 120,000 common shares were granted to such directors during the fiscal year.

Name	Options granted	Exercise price	Market value on date of grant	Expiry date
Eric E. Baker	—	¾	¾	¾
Melbourne F. Yull	—	¾	¾	¾
Robert Beil	30,000	\$3.44	\$3.10	September 5, 2013
George J. Bunze	30,000	Cdn.\$3.61	\$3.10	September 5, 2013
Allan Cohen	30,000	\$3.44	\$3.10	September 5, 2013
Torsten A. Schermer	30,000	\$3.44	\$3.10	September 5, 2013

#### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2007 with respect to the Corporation's plans pursuant to which equity securities of the Corporation are authorized for issuance.

**Equity Compensation Plan Information**

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
<b>Equity compensation plans approved by securityholders</b>	3,976,337	\$6.44	1,867,432
<b>Equity compensation plans not approved by securityholders</b>	—	$\frac{3}{4}$	$\frac{3}{4}$
<b>Total</b>	3,976,377	\$6.44	1,867,432

**AUDIT COMMITTEE INFORMATION**

Reference is made to the section entitled "Audit Committee" in the Corporation's Annual Information Form for the fiscal year ended December 31, 2007 for required disclosure relating to the Audit Committee. The Annual Information Form is available under the Corporation's company profile on SEDAR at [www.sedar.com](http://www.sedar.com) and can be obtained by contacting the Secretary of the Corporation at 9999 Cavendish Blvd., Suite 200, Ville-St-Laurent, Québec H4M 2X5, telephone (514) 731-7591.

**APPOINTMENT OF AUDITORS**

Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of Raymond Chabot Grant Thornton LLP, Chartered Accountants, as the auditors of the Corporation until the next annual meeting of shareholders. Raymond Chabot Grant Thornton LLP, Chartered Accountants, have served as the auditors of the Corporation since December 22, 1989 and were the auditors of the Corporation's predecessor company from 1981.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS****Aggregate Indebtedness**

The following table sets out the aggregate indebtedness to the Corporation and its subsidiaries, as at April 30, 2008, of the executive officers, directors, employees and former executive officers, directors and employees of the Corporation and its subsidiaries. As at April 30, 2008, the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof.