

**SAVARIA CORPORATION**



**Notice of  
Annual Meeting  
of Shareholders**

**May 17, 2007**

**Management Information Circular**

# SAVARIA CORPORATION

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

You are cordially invited to attend the annual meeting of the shareholders (the "**Meeting**") of SAVARIA CORPORATION (the "**Corporation**") which will be held at the Ritz Carlton Hotel in the Blue room, located at 1228 Sherbrooke St West, Montreal, Quebec on May 17, 2007, at 11:00 a.m. (Montreal time) for the purposes of:

- (a) receiving the audited financial statements of the Corporation for the year ended December 31, 2006, and the report of its auditors;
- (b) electing the directors for the ensuing year;
- (c) appointing PricewaterhouseCoopers LLP, Chartered Accountants, as the Corporation's auditors for the ensuing year and authorizing the directors to fix their remuneration;
- (d) transacting such other business as may properly come before the said meeting or any adjournment of the Meeting.

Shareholders who are unable to attend the Meeting in person are asked to complete, sign and return the enclosed proxy in the envelope provided or alternatively, vote by telephone or the internet at their discretion. Please note that your proxy must be deposited and received by Global Corporate Compliance Inc., 850, 505-3rd St SW Calgary, Alberta T2P 3E6 by 4:00 p.m. (Montreal time) on Tuesday, May 15, 2007, or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the reconvened meeting, otherwise the proxy may be invalid.

Shareholders of record at the close of business on April 12, 2007 will be entitled to receive notice of and vote at the Meeting.

Your participation as a shareholder is very important to our Corporation. Please ensure your shares are represented at the Meeting.

By Order of the Board of Directors



Marcel Bourassa  
President and Chief Executive Officer

Laval (Quebec)  
April 10, 2007

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# **SAVARIA CORPORATION**

## **MANAGEMENT INFORMATION CIRCULAR**

### **FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 17, 2007**

#### **I - PROXY RELATED INFORMATION**

##### **Solicitation of Proxies**

**THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF SAVARIA CORPORATION** (the "**Corporation**") for use at the annual meeting of the shareholders of the Corporation to be held at the Ritz Carlton Hotel in the Blue room, located at 1228 Sherbrooke St West, Montreal, Quebec on May 17, 2007, at 11:00 a.m. (Montreal Time) (the "**Meeting**") and at any adjournments of the Meeting, for the purposes set out in the accompanying Notice of Meeting. The solicitation of proxies will be primarily by mail, but may also be by telephone or oral communications by the directors, officers and regular employees of the Corporation, at no additional compensation. The costs of preparation and mailing of the Notice of Meeting, Instrument of Proxy and this Information Circular as well as any such solicitation referred to above will be paid by the Corporation. Except as otherwise stated, the information contained in this Information Circular is given as of April 10, 2007.

##### **Appointment of Proxy and Discretionary Authority**

**A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION) OTHER THAN MARCEL BOURASSA AND JEAN-MARIE BOURASSA, THE MANAGEMENT DESIGNEES, TO ATTEND AND ACT FOR HIM AT THE MEETING. SUCH RIGHT MAY BE EXERCISED BY INSERTING IN THE BLANK SPACE PROVIDED THE NAME OF THE PERSON OR COMPANY TO BE DESIGNATED AND DELETING THEREFROM THE NAMES OF THE MANAGEMENT DESIGNEES OR BY COMPLETING ANOTHER PROPER INSTRUMENT OF PROXY** and in either case, depositing the resulting instrument of proxy at Global Corporate Compliance Inc., 850, 505 - 3rd St SW, Calgary, Alberta, T2P 3E6 at least 48 hours before the Meeting for which it is to be used. The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**ALL SHARES REPRESENTED AT THE MEETING BY PROPERLY EXECUTED PROXIES WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDERS ON ANY BALLOT THAT MAY BE CALLED FOR AND WHERE A CHOICE WITH RESPECT TO ANY MATTER TO BE ACTED UPON HAS BEEN SPECIFIED IN THE INSTRUMENT OF PROXY, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED IN ACCORDANCE WITH SUCH SPECIFICATION. IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT THEREIN. IF A SHAREHOLDER APPOINTS A PERSON DESIGNATED IN THE FORM OF PROXY OR NOMINEE AND WHERE A CHOICE WITH RESPECT TO ANY MATTERS TO BE ACTED UPON HAS NOT BEEN SPECIFIED, THE PROXY WILL BE VOTED IN FAVOUR OF ALL THE MATTERS SET OUT THEREIN.**

**THE ENCLOSED INSTRUMENT OF PROXY, WHEN PROPERLY SIGNED, ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING, OR AT ANY ADJOURNMENT THEREOF, THE MANAGEMENT OF THE CORPORATION DOES NOT KNOW OF ANY MATTERS WHICH MAY BE PRESENTED AT THE MEETING, OTHER THAN THE MATTERS SET OUT IN THE NOTICE. BUT IF THE OTHER MATTERS OR AMENDMENTS OR VARIATIONS DO PROPERLY COME BEFORE THE MEETING, IT IS THE INTENTION OF THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY TO VOTE SUCH PROXY ACCORDING TO THEIR BEST JUDGMENT.**

#### **Revocation of Proxies**

**A shareholder or intermediary who has given a proxy, or his attorney authorized in writing, may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy, by instrument in writing executed by the shareholder or his attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized in writing and deposited either at the registered office of the Corporation or the office of Global Corporate Compliance Inc., 310, 441 – 5<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 2V1 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the Chairman of such meeting on the day of the Meeting or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending at the Meeting and voting his shares.**

#### **Beneficial Holder of Shares**

**The information set out in this section is of significant importance to many shareholders of the Corporation, as a substantial number of the shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will more likely be registered under the name of the broker or an agent of a broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., (the registration name for The Canadian Depository for Securities, which acts as the nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholders. Without specific instructions, brokers/nominees are prohibited from voting common shares for their clients. The Corporation does not know for whose benefit the common shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting the common shares in person or by way of proxy, except as set out below.**

**Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that the common shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for**

obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically mails a scannable Voting Instruction Form in lieu of the form of proxy. The Beneficial Shareholder is asked to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free number to vote the Shares held by the Beneficial Shareholder. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote common shares directly at the Meeting as the Voting Instruction Form must be returned as directed by ADP well in advance of the Meeting in order to have the common shares votes.

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

### Voting Shares and Principal Shareholders

The authorized capital of the Corporation consists of an unlimited number of common shares, an unlimited number of First Preferred shares and an unlimited number of Second Preferred shares, of which 28 865 514 common shares were issued and outstanding at the date of this Information Circular. There are no First Preferred or Second Preferred shares issued and outstanding at the date of this Information Circular.

Each common share entitles the holder to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares of the Corporation. The directors of the Corporation have fixed April 12, 2007, as the record date for determination of the persons entitled to receive notice of the Meeting.

Shareholders as of the record date are entitled to vote their common shares except to the extent that they have transferred the ownership of any of their shares after the record date. The transferees of those common shares must produce properly endorsed share certificates or otherwise establish that they own the shares, and demand, not later than 10 days before the Meeting, that their name be included in the shareholder list before the Meeting, in which case the transferees are entitled to vote their common shares at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, the only persons beneficially owning, directly or indirectly, shares carrying more than 10 percent of the voting rights attached to all shares of the Corporation as of the date of this Information Circular are:

Name and Municipality Of Residence	Number of Voting Shares Owned or Controlled Directly or Indirectly	Percentage of Outstanding Voting Shares
Les Elevateurs Savaria Inc. <sup>(1)</sup> Laval, QC	14,375,000 common	50 %

(1) Les Elevateurs Savaria Inc. is beneficially owned by Marcel Bourassa as to 80% and Jean-Marie Bourassa as to 20%, both of whom are directors and officers of the Corporation.

## II - PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

At the Meeting it is proposed that seven directors be elected to serve until the next annual general meeting or until their successors are elected or appointed in accordance with the *Business Corporations Act* (Alberta) and the By-laws of the Corporation.

The Corporation is required to have a minimum of three directors and a maximum of eleven directors. The following table indicates the names of the nominees for directors and the date each such person first became a director, the principal occupation of each such person, and the number of shares of the Corporation beneficially owned or controlled (either directly or indirectly) by each such person. The information contained in the table as to number of shares of the Corporation beneficially owned or controlled, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees. The board of directors is required to appoint an Audit Committee, the current and proposed members of which are indicated in the table.

Name, Residence, Date First Became a Director	Principal Occupation During the Past 5 Years	Voting Shares Beneficially Owned and/or Controlled
Marcel Bourassa Laval, QC January, 2002	President and Chief Executive Officer of the Corporation since January 2002. President of the Corporation's wholly-owned subsidiary, Savaria Concord Lifts Inc., since 1989.	11,860,900 <sup>(2)</sup> (common)
Jean-Marie Bourassa Montreal, QC January, 2002	Chief Financial Officer of the Corporation since January 2002. Associate director with Bourassa Boyer, a Chartered Accountant Firm, since 1980.	3,146,000 <sup>(3)</sup> (common)
Robert Berthiaume Montreal, QC January, 2002	Professional engineer with the Corporation's wholly-owned subsidiary, Savaria Concord Lifts Inc., since 1991.	255,000 (common)
Peter Drutz <sup>(1)</sup> Richmond Hill, ON October, 1999	Chief Operating Officer of S&S Comfort Canada Inc. (dba Comfort Keepers) since October 2004. Executive Vice President, Retail of Indigo Books & Music Inc. since March 2003. President of OutThink in Toronto, ON from October 2002 to March 2003. Vice-President and General Manager, Travel Service Network with Amex Canada Inc. from 1982 to October 2002.	82,766 (common)
Kenneth R. McKinnon <sup>(1)</sup> Calgary, AB May, 2000	Director of Petrobank Energy and Resources Ltd. since March 2000. Vice-President, Finance and Chief Financial Officer of Petrobank Energy and Resources Ltd from November 1997 to March 2000. Corporate Secretary of Petrobank Energy and Resources Ltd. from November 1997 to December 2004. Vice-President Legal and General Counsel of Critical Mass Inc since March 2000; Director of Petrominerales Ltd. since April 2006; Director of Quorum Information Technologies Inc. since February 2007. Director of the Corporation since May 2000.	56,667 (common)

Name, Residence, Date First Became a Director	Principal Occupation During the Past 5 Years	Voting Shares Beneficially Owned and/or Controlled
Normand Balthazard <sup>(1)</sup> Montreal, QC March, 2003	President and CEO of BioCapital Management Inc. since 1990. Chairman of Contact Image Corporation from November 2004 until March 2007.	90,000
Jean-Louis Chapdelaine Montreal, QC May, 2005	President of Saraguay Investment Inc. since 1975.	nil

- (1) Current and proposed members of the Corporation's Audit Committee. Mr. Balthazard is Chairman of the Audit Committee
- (2) Of the 11,860,900 common shares indicated, 11,500,000 are held indirectly through Les Elevateurs Savaria Inc., a private holding company which is controlled by Marcel Bourassa and his family, and 360,900 are held personally by Marcel Bourassa.
- (3) Of the 3,146,000 indicated, 2,875,000 are held indirectly through Les Elevateurs Savaria Inc., a private holding company which is held, in part, by Jean-Marie Bourassa and his family, and 271,000 are held personally by Jean-Marie Bourassa.

### Appointment of Auditors

The management of the Corporation proposes to nominate PricewaterhouseCoopers LLP, Chartered Accountants, as auditors for the Corporation until the next annual general meeting of shareholders at remuneration to be fixed by the directors. PricewaterhouseCoopers LLP, Chartered Accountants has been the Corporation's auditor since May 12, 2003.

In the absence of contrary directions, the management designees intend to vote proxies in the accompanying form in favour of the appointment of PricewaterhouseCoopers LLP, Chartered Accountants.

### Other Business

Management is not aware of any matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting it is the intention of the individuals indicated in the form of proxy to vote with respect to such matters in accordance with their best judgment.

## III - INFORMATION CONCERNING THE CORPORATION

### Statement of Executive Compensation

During the most recently completed fiscal year of the Corporation, the Corporation had two Named Executive Officers (as defined in National Instrument Form 51-102F6): Marcel Bourassa, the President, Chief Executive Officer and a director of the Corporation and Jean-Marie Bourassa, Chief Financial Officer and a director of the Corporation. Robert Berthiaume, Peter Drutz, Kenneth R. McKinnon, Normand Balthazard and Jean-Louis Chapdelaine are not officers of the Corporation but are directors of the Corporation. Mr. Berthiaume is an employee of the Corporation. The Corporation had no other executive officers that are reportable based on salary and bonus for the last three fiscal years.

## Summary Compensation Table

					Long-Term Compensation	
Annual Compensation					Awards	
Named Executive Officers Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation	Number of Securities Under Options	All Other Compensation
Jean-Marie Bourassa Chief Financial Officer	2006 2005 2004	\$0 \$0 \$0	nil nil nil	nil nil nil	nil nil nil	nil nil nil

### Long-Term Incentive Plans - Awards in Most Recently Completed Fiscal Year

The Corporation does not currently have a long-term incentive plan. A “long-term incentive plan” is a plan under which awards are made based on performance over a period longer than one fiscal year, other than a plan for options, SARs (stock appreciation rights) or restricted share compensation.

### Options Granted During the Most Recently Completed Fiscal Year

No options were granted to the Named Executive Officers during the most recently completed financial year.

### Aggregated Option Exercises during the Most Recently Completed Fiscal Year and the Fiscal Year End Option Values

The following table sets out details of all exercises of stock options during the year ended December 31, 2006 and the fiscal year-end value of unexercised options on an aggregated basis for the Named Executive Officers and directors.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Fiscal Year-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) Exercisable/Unexercisable <sup>(1)</sup>
Marcel Bourassa	nil	nil	nil/nil	n/a
Jean-Marie Bourassa	nil	nil	nil/nil	n/a
Robert Berthiaume	nil	nil	250,000 / 50,000	\$250,000 / \$20,000
Peter Drutz	nil	nil	150,000 / nil	\$76,250 / \$0
Kenneth R. McKinnon	nil	nil	150,000 / nil	\$76,250 / \$0
Normand Balthazard	nil	nil	100,000 / nil	\$26,250 / \$0
Jean-Louis Chapdelaine	nil	nil	25,000 / 25,000	\$7,500 / \$5,000

- (1) In-the-Money Options are those where the market value of the underlying securities as at the most recent fiscal year end exceeds the option exercise price. The closing market price of common shares as at December 31, 2006 (i.e. fiscal year end) was \$2.00.

## Termination of Employment, Change in Responsibilities and Employment Contracts

There are no compensatory plans or arrangements with respect to the Named Executive Officers resulting from the resignation, retirement or other termination of employment or from a change of control of the Corporation.

## Report on Executive Compensation

Since there is no Compensation Committee, the board of directors as a whole makes decisions respecting the compensation of the Named Executive Officers. The only Named Executive Officer receiving compensation is Marcel Bourassa, the President and Chief Executive Officer. His compensation consists exclusively of a cash base salary which the board of directors has determined is below market value for such a position. Mr. Bourassa has agreed that his overall compensation is satisfactory. If there were to be a re-evaluation, the board of directors would take into consideration the Corporation's performance and similar executive positions in the market place.

## Compensation of Directors

Compensation for the Named Executive Officers has already been disclosed above. Kenneth McKinnon, Peter Drutz, Normand Balthazard and Jean-Louis Chapdelaine were each paid \$16,000 for the director's services as a director during the fiscal year ended December 31, 2006. Such fees are based upon an amount of \$4,000 per quarter. Directors are also reimbursed for out-of-pocket expenses. A salary of \$129,000 and other compensation totaling \$3,830 was paid to Mr. Robert Berthiaume who is employed by the Corporation as a professional engineer, in addition to his position as a director of the Corporation. In addition, directors may, from time to time, be granted incentive stock options in accordance with terms of Savaria's stock option plan and the policies of the TSX.

## Board and Audit Committee Attendance

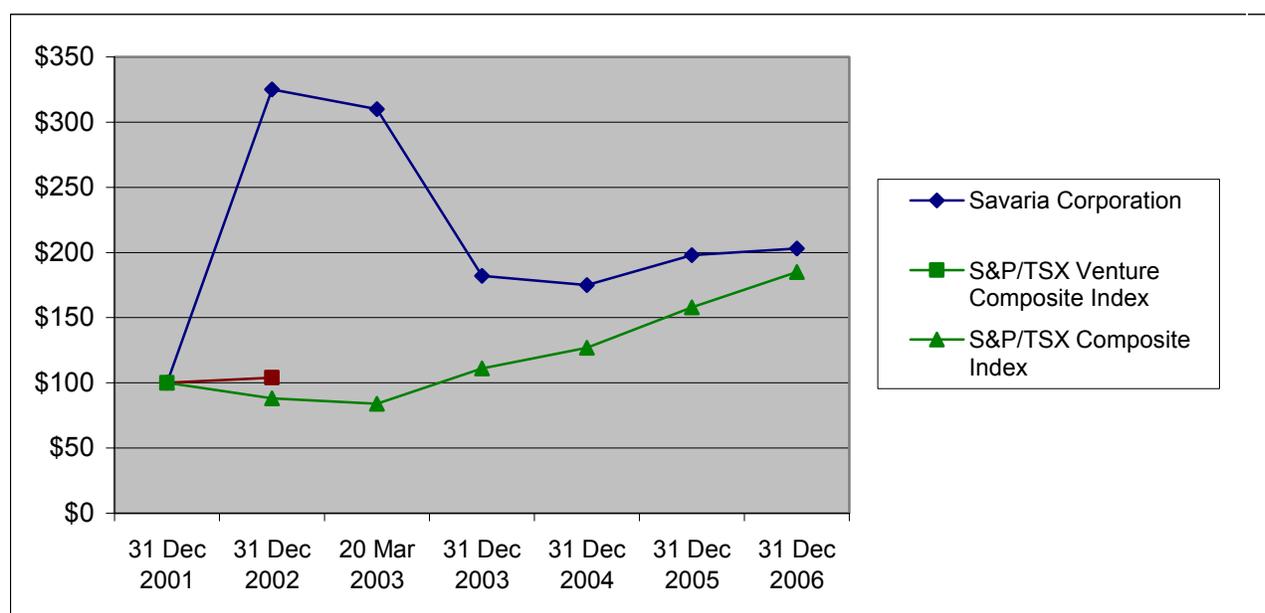
The following table shows a record of attendance by directors at meetings of the board of directors and Audit Committee held during the 12-month period ended December 31, 2006.

Director	Number of meetings attended	
	Board	Audit Committee
Normand Balthazard	6 of 6	5 of 5
Robert Berthiaume	5 of 6	n/a
Jean-Marie Bourassa	6 of 6	4 of 5

Director	Number of meetings attended	
	Board	Audit Committee
Marcel Bourassa	6 of 6	n/a
Jean-Louis Chapdelaine	6 of 6	n/a
Peter Drutz	6 of 6	5 of 5
Kenneth R. McKinnon	6 of 6	5 of 5

## Performance Graph

The following graph compares the change in the cumulative total shareholder return on the Corporation's common shares over the period commencing April 20, 2001, the date the common shares commenced trading on the TSX Venture Exchange to December 31, 2006 (the Corporation's common shares were listed and posted for trading on TSX on March 20, 2003) with the cumulative total return of the S&P/TSX Composite Index over the same period, assuming reinvestment of dividends and the S&P/TSX Venture Composite Index from April 20, 2001 to December 31, 2006.



	31 Dec 2001	31 Dec 2002	20 Mar 03 2003 <sup>(2)</sup>	31 Dec 2003	31 Dec 2004	31 Dec 2005	31 Dec 2006
Savaria Corporation	\$100	\$325	\$310	\$182	\$175	\$198	\$203
S&P/TSX Venture Composite Index	\$100 <sup>(1)</sup>	\$104					
S&P/TSX Composite Index	\$100	\$88	\$84	\$111	\$127	\$158	\$185

(1) On December 10, 2001, the S&P TSX Venture Composite Index was reset and a new calculation was used for the Index.

(2) Savaria's common shares were listed and posted for trading on the TSX on March 20, 2003. The value indicated is based on the closing price of Savaria's common shares on the TSX on March 20, 2003.

## **Management Contracts**

Management functions of the Corporation are substantially performed by directors and senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## **Indebtedness of Directors and Officers**

None of the directors or officers of the Corporation, or their respective associates, are, or were at any time during the year ended December 31, 2006, indebted to the Corporation or any of its subsidiaries.

## **Interest of Insiders in Material Transactions**

The directors, officers, principal shareholders and any informed person of the Corporation (and the known associates and affiliates of such persons) have had no direct or indirect interest in any transaction involving the Corporation, or its subsidiaries since the commencement of the Corporation's most recently completed fiscal year, or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **Auditors, Registrar and Transfer Agent**

The current auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Accountants, 1250 René Lévesque Boulevard West, Suite 2800, Montreal, Quebec H3B 2G4. Computershare Trust Company of Canada, 1500 University, Suite 700, Montreal, Quebec, H3A 3S8 is the transfer agent and registrar for the Corporation's common shares.

## **Audit Committee Information**

Reference is made to the Annual Information Form of the Corporation for the year ended December 31, 2006, for a disclosure of information relating to the Audit Committee required under Form 52-110F1. A copy of this document can be found in March 2007 on SEDAR at [www.SEDAR.com](http://www.SEDAR.com) or by contacting the Director, Finance and Corporate Affairs of the Corporation at its head office at 4150 Highway 13, Laval, Quebec H7R 6E9, telephone 800-931-5655.

## **Additional Information**

The Corporation is a reporting issuer in Canada and is required to file various documents, including an annual information form and financial statements. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the financial year ended December 31, 2006. Additional information relating to Savaria is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Savaria's website at [www.savaria.com](http://www.savaria.com) or may be obtained on request from the Director, corporate and financial Affairs of the Corporation.

## SCHEDULE A – STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of directors and management of the Corporation believe that appropriate corporate governance practices are important for the effective management of the Corporation and value creation for its shareholders. Effective June 30, 2005, the Canadian Securities Administrators have adopted National Instrument 58-101 ("**NI 58-101**") and the associated National Policy 58-201 ("**NP 58-201**") which require the Corporation to disclose its corporate governance practices. Information regarding the Corporation's corporate governance practices, required pursuant to NI 58-101, is set out below. Information regarding the Corporation's Audit Committee, required pursuant to Multilateral Instrument 52-110 ("**MI 52-110**") is set out under the heading "Audit Committee Information" in the Corporation's most recent Annual Information Form.

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Compliance	Comments
1.(a) Disclose the identity of directors who are independent.	YES	<p>The board of directors of the Corporation (the "<b>Board</b>") has reviewed the independence of each director on the basis of the definition in section 1.4 of MI 52-110. A director is "independent" if he or she has no direct or indirect material relationship with the Corporation. A "material relationship" is one that could, in the view of the Board be reasonably expected to interfere with the exercise of a director's independent judgement. The Board has determined, after reviewing the roles and relationships of each of the directors, that 3 out of 7 of the nominees proposed by management for election to the Board are independent from the Corporation. The following nominees have been affirmatively determined to be independent by the Board:</p> <p><b>Normand Balthazard</b>  <b>Kenneth McKinnon</b>  <b>Peter Drutz</b></p> <p>This determination was made on the basis that:</p> <p>(a) they (and their immediate family members) are not and have not been within the last three years an employee or executive officer of the Corporation;</p> <p>(b) they (and their spouse, minor child, or step child) are not and have not been with the last three years a partner or employee or the Corporation's external auditor firm;</p> <p>(c) they (and their immediate family member) are not and have not been within the last three years an executive officer of an entity of which the Corporation's executives served on the entity's compensation committee;</p>

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Compliance	Comments
		(d) they (and their immediate family members) did not receive more than \$75,000 in direct compensation from the Corporation during any 12-month period during the last three years.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	YES	<p>The Board has determined, after reviewing the roles and relationships of each of the directors, that the following 4 out of 7 members of the Board are not independent from the Corporation:</p> <p><b>Marcel Bourassa</b> - President and CEO  <b>Jean-Marie Bourassa</b> - CFO  <b>Robert Berthiaume</b> - employee of a subsidiary of the Corporation  <b>Jean-Louis Chapdelaine</b> - consultant</p>
(c) Disclose whether or not a majority of the directors are independent.	NO	Three of the seven directors are independent from the Corporation.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the other director and the other issuer.	YES	All directorships with other public entities for each of the nominees are set out in this Information Circular in the table under the heading "Election of Directors".
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	YES	Board members do not have regular scheduled meeting without management. When needed, Board members have had independent meetings without management's presence to review specific items of discussion and, at all times, subsequently discuss all subjects at formal Board meetings. At the Corporation's expense, individual directors may engage outside advisors on any matter, with the authorization of the Board, when it considers it necessary or desirable. The Board or any committee of the Board has the sole authority to retain and terminate any such advisors, including sole authority to review an advisor's fees and other retention terms.
(f) Disclose whether or not the chair of the Board is an independent director, disclose the identity of the independent chair, and describe his or her role and responsibilities.	NO	The Chairman of the Board, Marcel Bourassa, is not independent. He is also the President and the CEO of the company.
(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the most recently completed financial year.	YES	An attendance record of each administrator at Board an Audit Committee meetings held during the 2006 fiscal year is included in this document.
2. Disclose the text of the Board's written mandate, or describe how the Board delineates its role and responsibilities.	YES	The Board is responsible for the management and supervision of the business and affairs of the Corporation. The Board establishes the overall policies and standards for the

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Compliance	Comments
		Corporation and supervises, as a general rule, the commercial activities of the Corporation. Annually, the Board and senior management of the Corporation review, assess and adjust, as appropriate, the strategic direction of the Corporation, set goals and objectives and determine the best use of corporate capital and resources, taking into account the business opportunities and the risks for the Corporation. During the year the Board monitors management's success in implementing the strategies and goals approved by it at the beginning of the year. The Board supervises the identification and management of risks. The Board, together with the Audit Committee, is responsible for setting up the necessary systems in order to manage these risks.
3.(a) Disclose whether or not the Board has developed written position description for the chair and the chair of each Board committee, or describe how the Board delineates the role and responsibilities of each such position.	NO	An Audit Committee policy has been accepted by the Board which describes the Chairman's functions. The Board does not have a written policy describing the Chairman of the Board functions.
(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO, or describe how the Board delineates the role and responsibilities of the CEO.	YES	The Board approves annually the corporate objectives which the Chief Executive Officer must meet and evaluates him according to these objectives. The Board establishes and reviews, when necessary, the limits to management's responsibilities.
4. (a) Briefly describe what measures the Board takes to orient new members regarding: (i) the role of the Boards, its committees and its directors, and  (ii) the nature and operation of the Corporation's business	NO	The Board has provided an orientation and education program for directors on an as requested basis and as a result, does not comply with the stated guidelines, but the Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Board, the size of the Corporation and the nature and scope of the Corporation's business and operations and the experience and expertise of Board members.
4. (b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors, or describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	YES	The Board as a whole is responsible for reviewing the effectiveness of the Board with a view to improving communication with management, increasing Board involvement with the Corporation's business and establishing committees necessary to better monitor and manage activities within the Corporation. This assessment is often conducted through informal discussion and evaluation of members' contributions.

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Compliance	Comments
5.(a) Disclose whether or not the Board has adopted a written code for its directors, officers and employees. If the Board has adopted a written code: (i) disclose how an interested party may obtain a copy of the written code; (ii) describe how the Board monitors compliance with its code; and	NO	The Board does not have a written code for its directors, officers and employees.
(iii) provide a cross-reference to any material report(s) filed since the beginning of most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	N/A	N/A
(b) describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	YES	The Board as a whole monitors the disclosure of conflicts of interest by directors and ensures that no director will vote nor participate in a discussion on a matter in respect of which such director has a material interest.
(c) describe any steps the Board takes to encourage and promote a culture of ethical business conduct	YES	The Board, through its Audit Committee, reviews the environment of controls and fair business practices deployed by the Corporation. Also, the Board has not adopted a written code of ethics for its directors, officers and employees, but it has adopted a trading policy to which all such persons are subject. This policy encourages ethical conduct in that it reflects the importance of confidentiality in respect of the Corporation's activities and restricts trading in the securities of the Corporation at times when individuals may be in possession of material non-public information.
6.(a) Describe the process by which the Board identifies new candidates for Board nomination	YES	The entire Board is responsible for identifying the required competencies and characteristics of potential directors.
(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors, or describe what steps the Board takes to encourage an objective nomination process	NO	The Board has no nominating committee.
(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee	N/A	N/A
7.(a) Describe the process by which the Board determines the compensation for the Corporation's directors and officers.	YES	The Board reviews and approves the compensation policies and practices for the directors in order to ensure that such

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Compliance	Comments
		compensation realistically reflects the responsibilities and risks associated with the position of director.
(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors, or describe what steps the Board takes to ensure an objective process for determining such compensation.	YES	The compensation of high level management is discussed and recommended to the Board by the Audit Committee Chairman who is independent member.
(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee	N/A	The Board has no compensation committee.
8. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function	N/A	The Board has no other committees than the Audit Committee.
9. Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.	NO	The Board has no formal evaluation process.

(1) Reference is made to the items in NI 58-101 Form 58-101 F1