



ANNUAL INFORMATION FORM

January 27, 2015
Fiscal Year Ended October 31, 2014

TABLE OF CONTENT

Item 1 - Corporate Structure	2
1.1 Name and Incorporation	2
1.2 Intercorporate Relationships.....	2
Item 2 - Our Business	3
2.1 Profile	3
2.2 Strategic Orientation Update	3
2.3 Changes to the Organizational Structure	5
2.4 Description of the Operations	5
2.5 Economic Cycles.....	20
2.6 Environmental and Social Responsibility.....	21
2.7 Human Resources.....	23
2.8 Properties	23
2.9 Reorganizations.....	23
2.10 Strategic Acquisitions and Business Development.....	23
2.11 Significant Acquisition.....	24
2.12 Risk Factors	25
Item 3 - Highlights for Last three Fiscal Years	25
Item 4 - Capital Structure of the Corporation	27
4.1 General Description of the Capital Structure	27
4.2 Ratings	28
4.3 Normal Course Issuer Bid	29
4.4 Management's Discussion and Analysis of the Financial Condition and Results of Operations.....	30
4.5 Market for Securities.....	30
Item 5 - Our Dividend Policy	32
Item 6 - Directors and Officers	32
Item 7 - Proceedings	37
Item 8 - Material Contracts	37
Item 9 - Transfer Agent and Registrar	37
Item 10 - Information Regarding the Audit Committee	37
10.1 Charter of the Corporation's Audit Committee	37
10.2 Composition of the Audit Committee	37
10.3 Background and Related Experience	38
10.4 Reliance on Certain Exemptions	38
10.5 Policies and Procedure Regarding Prior Approval	38
10.6 Fees Relating to the Services of the External Auditors	39
Item 11 - Forward-Looking Statements	39
Item 12 - Additional Information	40
Schedule A - Mandate of the Audit Committee	41

Note: In this Annual Information Form, all dollar figures are in Canadian dollars, unless otherwise specified. All the information contained in this Annual Information Form is up to date as of October 31, 2014, unless otherwise specified.

Item 1 - Corporate Structure

1.1 Name and Incorporation

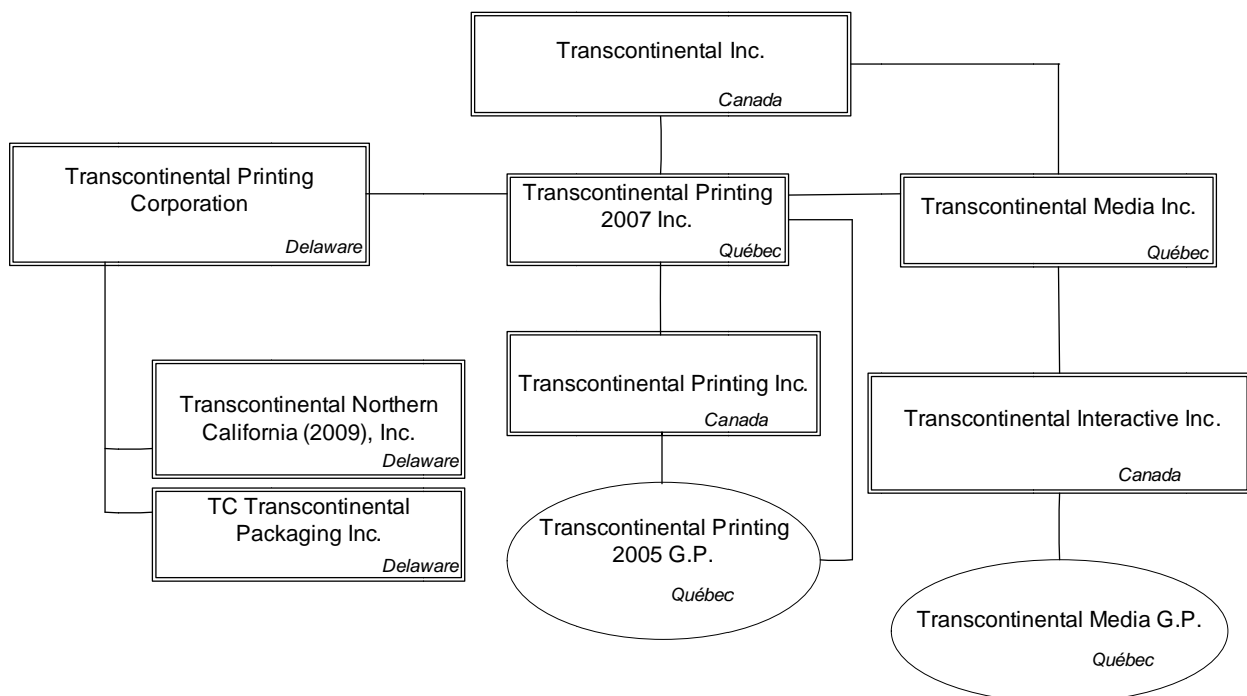
Transcontinental Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act* by Certificate of Incorporation dated March 3, 1978. A Restated Certificate of Incorporation was issued to the Corporation on October 7, 1988 containing amendments pertaining to the name of the Corporation, the number and appointment of directors of the Corporation and the share capital of the Corporation. Since the issuance of the Restated Certificate of Incorporation, the Articles of Incorporation have again been modified. Specifically, on March 27, 2003, the Corporation modified its corporate name from G.T.C. Transcontinental Group Ltd. to Transcontinental Inc. and split the number of Class A Subordinate Voting Shares and the number of Class B Shares on the basis of two Class A Subordinate Voting Shares for each Class A Subordinate Voting Share held and two Class B Shares for each Class B Share held, all of which took effect on April 10, 2003. Effective October 1, 2009, the Corporation created Cumulative 5-Year Rate Reset First Preferred Shares, Series D (all of which were redeemed by the Corporation on October 15, 2014) and Cumulative Floating Rate First Preferred Shares, Series E.

The registered office of the Corporation is located at 1 Place Ville Marie, Suite 3315, Montréal, Québec, Canada H3B 3N2.

In this Annual Information Form, the term "Corporation" means Transcontinental Inc. and the expressions "TC Transcontinental" and "we" mean, according to the context, the Corporation, its subsidiaries (which include, for purposes of this Annual Information Form, partnerships, trusts and other unincorporated business entities) and other affiliated entities of the Corporation, or one or more of its affiliated entities.

1.2 Intercorporate Relationships

The Corporation's significant subsidiaries and other affiliated entities held directly or indirectly through one or more subsidiaries or associated companies as of October 31, 2014 as well as the percentage of shares with voting rights or participation controlled, and their jurisdiction of creation are as follows:



The Corporation has other subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. These other subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues at October 31, 2014. All of the shares or units of such subsidiaries and other affiliated entities are held directly or indirectly by the Corporation.

Item 2 - Our Business

2.1 Profile

Canada's largest printer, with operations in print and digital media, publishing and flexible packaging, TC Transcontinental's mission is to create products and services that allow businesses to attract, reach and retain their target customers.

Respect, teamwork, performance and innovation are strong values held by the Corporation and its commitment to all stakeholders is to pursue its business and philanthropic activities in a responsible manner.

Transcontinental Inc. (TSX: TCL.A, TCL.B), known as TC Transcontinental, has over 8,500 employees in Canada and the United States, and revenues of C\$2.1 billion in 2014.

Printing and Packaging Sector

TC Transcontinental Printing is the third largest printer in North America and has the most comprehensive state-of-the-art print network in Canada. Nearly 5,000 employees provide innovative print solutions in retail flyers, magazines, newspapers and full-colour books, as well as personalized and mass marketing products, including point-of-purchase materials, meeting the needs of both marketers and publishers.

TC Transcontinental Packaging, on its side, offers an array of flexible packaging solutions on plastic and premedia services, notably for the food industry, applying the highest standards in this field. Most of the 200 employees of the packaging operations are working in two plants in Clinton, Missouri, USA.

Media Sector

TC Media is a leading provider of media and interactive marketing solutions in Canada, employing over 3,500 people. The sector reaches most Canadian consumers through a wide range of print and digital publishing products in French and English: newspapers, educational books, consumer magazines, trade publications, retail promotional content, mass and personalized marketing, mobile and interactive applications and geo-targeted door-to-door and digital distribution services.

Transcontinental has entered into a definitive agreement on November 17, 2014 to sell its consumer magazines produced in Montréal and Toronto, as well as their websites and related platforms, to TVA Group Inc. The transaction is subject to regulatory approval, including from the Competition Bureau.

2.2 Strategic Orientation Update

General

TC Transcontinental's growth strategy relies on four basic principles:

- Being the leader in the markets we serve.
- Having a competitive edge.

- Maintaining a disciplined approach to acquisitions and financial management aimed at generating profits and recurring cash flows.
- Building a loyal clientele.

Over time, the Corporation has developed a solid expertise in manufacturing and in the creation, organization and distribution of print and digital content. On that basis, it has successfully cultivated long-term business relationships, particularly with major retailers who account for approximately one-half of the Corporation's sales. In 2014, the Corporation decided on investing in the flexible packaging industry, in order to grow both in terms of revenues and profitability.

Market Forces

The ongoing transformation in the media and marketing industries is having a profound impact on the entire print industry. Print products remain a key component of the media mix selected by marketers, but their growth is limited by the increasing emphasis on new media and new communication platforms such as mobile devices and digital channels. Printers who will benefit from this evolving market are those who acquire advanced technologies in order to reduce their production costs, who offer a national network that brings them close to their customers, and who provide a comprehensive set of multiplatform solutions.

In addition, certain macroeconomic factors, including the evolution of technology and communication platforms, the resurgence of environmental and social concerns, and the globalization of markets have an impact on their operations. As a group, these new trends influence the demands and expectations of customers and consumers, encouraging them to explore the personalized marketing, new platforms and integrated services offered by their suppliers. The Corporation plans to take advantage of these trends, especially in the market segments where it has a competitive advantage and can leverage its core expertise.

Avenues of Growth

TC Transcontinental has always sought to grow by introducing innovative products and services and by making strategic acquisitions. The primary factors in its success have been listening to the needs of its customers and accompanying them in their own development. The Corporation plans to continue on this path by implementing a development plan that is designed to strengthen and maintain its leading position in its core operations, and to leverage its manufacturing skills and know-how to build a new avenue of growth in the packaging industry.

The Corporation's plan is built around three objectives:

- Maximize Print

TC Transcontinental ensures the profitability of its printing activities by making maximum use of its state-of-the-art national print platform to drive efficiencies and by focusing on specific niches, such as point-of-purchase materials for retailers, and by seeking out new print business, primarily from newspaper publishers.

- Grow Packaging Activities

TC Transcontinental plans to diversify its offering by establishing a significant foothold in the packaging industry. The goal is to increase its market share in flexible packaging for dairy products through both acquisitions and internal growth, and to serve other segments in this industry as well.

- Strengthen the Media Offering and Build Digital

The Corporation continues to strengthen its digital offering in the Media Sector, while also focusing its efforts on the local advertising market, interactive marketing solutions, trade and business information and educational content.

The sector aims to attract a growing number of audiences of interest to advertisers who want to promote their products and services through targeted marketing.

2.3 Changes to the Organizational Structure

During fiscal 2014, TC Transcontinental did not implement on any major changes to its organizational structure.

2.4 Description of the Operations

The following table sets forth the revenues and the percentage of revenues by operating sector of TC Transcontinental for the fiscal years ended October 31, 2014 and 2013.

(in millions of dollars except for percentages)	Fiscal Year Ended October 31			
	2014 (\$)	2014 (%)	2013 (\$)	2013 (%)
Printing and Packaging Sector	1,458.6	70.5	1,476.8	70.4
Media Sector	687.7	33.2	705.0	33.6
Inter-segment sales and other activities	(76.9)	(3.7)	(85.1)	(4.0)
Total	2,069.4	100.0	2,096.7	100.0

A) Printing and Packaging Sector

During fiscal 2014, we have adapted our organizational structure in order to efficiently develop, run and grow our manufacturing operations. The Printing Sector became the Printing and Packaging Sector and now operates TC Transcontinental Printing and TC Transcontinental Packaging.

Principal Markets

We operate 26 production plants in Canada and the United States relating to printing on paper product, allowing us to offer our customers a complete line of specialized services for the production of printed material, from the beginning to the end of the graphical production line:

- printing services including production on sheet-fed press, heat-set and cold-set web presses, ink jet printers, laser and digital printers;
- post press services including finishing, lamination/coating, case and perfect binding/stitching and folding, customized ink jet printing, branding, trimming and inserting; and
- fulfillment and distribution services including postal management and shipping.

We believe that our strategic focus on putting in place hybrid production plants (printing of newspapers and flyers on the same press) and reducing production costs of the printing products that we create has allowed us to offer our customers superior quality products at very competitive prices.

Given the geographic location of our plants and the type of equipment we own, we are able to serve local, regional and national markets. The simultaneous printing of a single product in several plants leads to a reduction in transportation costs for the customer and allows for shorter lead times. Our operating flexibility allows us to transfer work from one plant to another to meet production deadlines while enabling us to handle contingencies.

TC Transcontinental entered into the flexible packaging market with its acquisition of Capri Packaging, a division of Schreiber Foods, Inc., that operates two facilities in Missouri. TC Transcontinental Packaging uses printing and

lamination technologies or converts multi-layered plastic films into packaging materials for the food industry. TC Transcontinental Packaging also offers graphic services and pre-press solutions to its customers.

Transcontinental Capri's existing products and capabilities are focused to serve the dairy segment and more specifically the cheese flexible packaging segment of the food industry. Along with its expertise in premedia for packaging in Canada, this currently forms the basis for TC Transcontinental Packaging's activities.

Equipment and Manufacturing Process

Printing

In our printing activities, we operate more than 157 printing presses and printers which include:

- heat-set web offset presses;
- cold-set web offset presses;
- sheet-fed presses;
- large format presses.
- ink jet printers;
- laser printers; and
- digital printers.

The equipment and manufacturing process allow for short make-ready time, speed in printing, superior reproduction quality and product differentiation. Most of our presses and printers are computer-controlled, and many have in-line finishing capabilities. Technical compatibility between presses gives tremendous flexibility and allows us to adapt easily to last-minute changes and ensure delivery seven days a week.

The quality of printing services is ensured by expert staff in compliance with industry standards. We currently use the services of the laboratories of the Québec Institute of Graphic Communications. These ultramodern installations allow for the ongoing analysis of the inks, papers and other raw materials used by our network of plants. Thereafter, we share the results with our suppliers in order to quickly correct any problems or discrepancies, thus ensuring our high level of quality.

Our heat-set, cold-set and sheet-fed presses use the offset printing process. This process is characterized by the transfer of a printing plate image to a rubber surface, called a blanket, which is mounted on a cylinder. This blanket is first rolled over the printing plate in order to receive the image, which is then transferred to paper. The web printing process consists of printing on rolls of paper while the sheet-fed printing process consists of printing on sheets of paper. Short-run printing is generally best served by sheet-fed, while longer run printing is generally best served by web.

Heat-set web offset printing involves a press using a dryer to fix or dry instantaneously the oil-based inks. This process provides great speed (up to 90,000 copies per hour) and a better quality of printing. Moreover higher quality coated paper can be used for this type of printing. This process is used mainly to print magazines, periodicals, catalogues, flyers, newspaper inserts, tabloids, books, directories and direct mail products.

Cold-set offset printing involving a press that does not use a dryer; rather ink is absorbed into the paper and dries by oxidation. This process is used mainly to print newspapers.

We operate multiple sheet-fed presses, which allow us to offer the highest quality services for books, commercial printing as well as entertainment and direct mail products.

The majority of our production plants are equipped with prepress equipment that allows carrying out the various stages of graphic production with the help of digital technology. Skills developed by us with electronic prepress

equipment are used in all markets to further reduce production lead times while increasing the opportunity for last-minute changes.

We are able to provide our customers with direct digital imaging services that streamline the process of preparing pages for print, and allow use of data from other vehicles such as the Internet. We also have direct computer-to-plate production systems for offset printing in all our production plants.

Packaging

In our packaging activities, we operate five film printing flexographic presses, in 8 and 10-color. This provides us with narrow and wide web flexographic printing capabilities. We also have flexographic plate making equipment, solventless adhesive laminations and slitters.

A large part of the packaging produced by TC Transcontinental Packaging serves private-label customers, who typically require many individual items and small order quantities, with short lead times. The equipment of TC Transcontinental Packaging was designed and built to serve this segment of the industry at a time when larger converters were unable to meet these needs. TC Transcontinental Packaging also has wide web capabilities, allowing it to serve both small and larger customers.

TC Transcontinental Packaging prints using flexographic printing presses common to the flexible packaging industry. This technology involves the transfer of ink to a polymer printing plate or sleeve mounted on a cylinder, which is then transferred to the substrate and dried. This web printing process consists of printing on rolls of packaging materials which are commonly oriented thin-gauge films with properties designed for high speed printing.

The solventless adhesive lamination process involves lamination of the printed substrate to a sealant film with a two-component adhesive system. Once mixed, the two components in the adhesive react and begin to cure, bonding the two substrates together. The combined layers are kept in roll form until the adhesive has cured, after which the large master rolls are slit out into the finished rolls and shipped to the customer.

Customers and Competition

Printing

Customers of the printing activities are typically publishers (newspapers, magazines and books) and marketers (retailers, advertisers and agencies).

Although we are the largest printer in Canada, and the third largest in North America, the printing industry is highly competitive with respect to all categories of products and regions. Further, this industry is North American in scope in several markets providing opportunities for a diverse set of competitors from both the United States and Canada. At this time, all of the industry's segments are facing challenges with overcapacity and secular shift to digital media which is impacting all geographic regions in North America, adding increased pricing pressure in the market. Some North American companies involved in those printing activities have greater capacity and financial resources than we do. We compete in certain market segments with several large firms in North America, including R.R. Donnelley & Sons Company and Quad/Graphics, Inc., as well as with numerous Canadian printers, including St. Joseph Print Group Inc., Quebecor Media Inc., Solisco Printers Inc., The Dolco Corporation, Advocate Printing & Publishing Inc., Friesens Corporation, Hemlock Printers Ltd. and many others. These printing activities are also in competition with direct marketing players like Valassis Communications, Inc. as well as digital printing leaders such as Vistaprint N.V.

We believe that the major competitive factors in the printing business are quality and product innovation, the range of services offered, pricing, the availability of printing capacity with the appropriate equipment and state-of-the-art technology, delivery lead times, distribution capacity and customer service. The development of new printing technologies at reduced prices is also enabling small-niche printers to compete on highly specialized segments of the industry.

With the entrance of US based retailers in Canada and the consolidation of Canadian retailers, the competitive dynamic in the market segment of retail flyers and inserts printing has greatly evolved in the last five years. Several trends and market characteristics are changing the competitive dynamic for printers of retail flyers and inserts as well as impacting the market size of flyers and inserts in North America. As a result of these trends, Canadian printers have to compete not only between themselves but with US printers and increasingly with digital substitutes or multichannel suppliers.

Further, publishers of newspapers, magazines and books are investing in the digital distribution of their content either through the web or mobile devices with applications, paywalls or online newsstands.

Packaging

Clients of our packaging activities are typically food product manufacturers.

The entry into packaging activities represents an important move for TC Transcontinental and a new growth segment. In the year preceding the acquisition of Capri Packaging, we diligently evaluated various industries where we could leverage our manufacturing expertise. The flexible packaging industry was identified as a natural fit, with manufacturing processes very similar to those of TC Transcontinental's print operations and growth opportunities.

Previously, as a wholly-owned subsidiary of its largest customer, the focus on external sales growth was limited at Transcontinental Capri, where third-party sales were more or less opportunistic attempts to use excess capacity and avoid idling capital assets and skilled human resources. Sales development is, therefore, without a doubt one of the most important elements required to grow.

Our current capabilities are laminated and coated film converting, premedia service and printing. The strength of our graphic services offering is on par with that of larger, more diversified converters – which makes us well positioned to grow in our traditional dairy packaging segment and to expand into other food segments.

We compete in certain market segments with several large firms in North America, including Bemis Company, Inc., Coveris Holdings S.A., Prolamina Corporation, Kendall Packaging Corporation, Wipak Ltd. and several small converters.

No single customer of the Printing and Packaging Sector accounted for more than 10% of the Sector's revenues during the last two fiscal years. We have entered into contracts with a significant number of our major customers in the Printing and Packaging Sector. Such contracts have terms between one to 14 years and generally have price adjustment clauses based on volume, cost of raw materials, labour and/or the Consumer Price Index. Niche markets such as sheet-fed printing and printing of direct marketing materials are not typically subject to long-term contracts with customers. One client accounts for approximately 75% of the revenues of our packaging activities.

Raw Materials and Energy Prices

Printing and Packaging

The primary raw materials the Corporation uses in its Printing and Packaging Sector are paper and ink for TC Transcontinental Printing and polymer, plastic films, foil, paper, inks, adhesives, coatings, solvents and chemicals for TC Transcontinental Packaging. This Sector's activities consume energy, in particular, electricity, natural gas and oil. Fluctuations in raw materials and energy prices affect the demand for our services.

The current difficulties in the pulp & paper industry have resulted in a decrease in the supply of paper, which in turn could result in paper price increases. While paper costs are a pass through to customers for our Printing and Packaging Sector, the increase in the price of paper can have a negative effect on our printing operations if it changes the purchasing habits of our customers, in terms of number of pages printed for example. Moreover, the increase in the price of paper negatively affects the profitability of our Media Sector. In order to mitigate this risk, the

Corporation does not rely on any one supplier and has agreements with its most important suppliers in order to ensure a stable flow of resources. In addition, some agreements with our customers contain escalation clauses that index selling prices to fluctuations in raw material costs and exchange rates.

Furthermore, fluctuations in the price of oil, a core ingredient in the composition of ink and plastic film, have a direct impact on the prices of these products. An increase in ink prices can have a negative effect on our operations if it changes the purchasing habits of our customers in terms of the number of pages printed or a reduction in the use of colour for example. Also, fluctuations in the price of oil have an impact on gasoline prices. Any increase thereto would negatively affect our distribution activities in the Media Sector. In addition, TC Transcontinental continues to make efforts of finding new ways to reduce energy costs.

Revenues by Geographic Region

The following table sets forth the revenues and the percentage of revenues based on their geographic distribution for the Printing and Packaging Sector for the fiscal years ended October 31, 2014 and 2013.

(in millions of dollars except for percentages)	Fiscal Year Ended October 31			
	2014 (\$)	2014 (%)	2013 (\$)	2013 (%)
Revenues generated from plants in Canada	1,209.1	82.9	1,244.1	84.2
Exports from plants in Canada	107.1	7.3	128.1	8.7
Revenues generated from plants in the United States	142.4	9.8	104.6	7.1
Total	1,458.6	100.0	1,476.8	100.0

Seasonal variations

Generally, TC Transcontinental Printing's activities revenues are subject to seasonal variations, with the increases in the second and fourth quarters being the most pronounced. More specifically, demand for printing of advertising and promotional products peaks during the spring and fall seasons in advance of periods of increased consumer spending.

Production and Services

The Printing and Packaging sector operates TC Transcontinental Printing and TC Transcontinental Packaging.

Printing

TC Transcontinental Printing's activities are divided into three segments: Retail and Newspaper, Magazine and Book and finally Marketing Products. With state-of-the-art equipment and a history of investing above the industry average, we are well positioned to remain a leader in our segments.

In the wake of our acquisition of the shares of Quad/Graphics Canada, Inc. finalized on March 1, 2012, TC Transcontinental reorganized its print operations across Canada. More specifically, TC Transcontinental's integration of the six Quad/Graphics Canada, Inc.'s plants in Canada (Aurora, Concord, Dartmouth, Edmonton, LaSalle and Rivière-des-Prairies) resulted in the closure of the Dartmouth plant, of the Rivière-des-Prairies plant and, of the printing plant in LaSalle. We have also integrated some of our existing operations in Toronto into the Quad/Graphics Canada, Inc.'s Aurora plant. We have integrated the remaining two plants into TC Transcontinental Printing's network ensuring we are maximizing utilization of the most efficient equipment. In December 2014, we closed the plants located in Concord and Edmonton as part of the final phase of the integration of Quad/Graphics Canada, Inc.

Retail and Newspaper Segment

The Retail and Newspaper segment is comprised of both retail and newspaper printing plants, including our hybrid printing platform.

TC Transcontinental Printing is the leading printer of retail flyers and inserts in Canada. Our Canada-wide printing network allows us to serve national, regional and local customers in a cost effective and timely manner. The Retail and Newspaper Segments customers are predominantly in the food, pharmacies, home improvement and specialty retailer categories. In fiscal 2014, we continued to extend material long-term contracts with key existing customers.

In the midst of a difficult advertising market, there has been renewed interest in our newspaper printing model. Our innovative solution helps newspaper publishers increase efficiency. In 2014, we signed another contract with Postmedia Network to print *The Gazette* newspaper in Montréal bringing the number of print outsourcing contracts with this customer to three (including *Calgary Herald* and *Vancouver Sun* contracts signed in 2013). Printing of the *Calgary Herald* commenced in October 2013 and of the *Vancouver Sun* in January 2015. Other publishers have also expressed an interest in our solution. In all cases, we will prioritize opportunities which can be integrated into our existing platform without material additional investment.

TC Transcontinental Printing is the leading printer of newspapers in Canada. As of the date hereof, newspapers are produced in 10 plants located in eight provinces of Canada and one in Fremont, California, of which six are specialized to print newspapers only and five print newspapers and flyers. The list of customers is comprised of more than 150 newspapers across the country (including 23 dailies of which nine are owned by TC Transcontinental). The dailies include the *San Francisco Chronicle*, *The Globe and Mail* in its principal markets (the Atlantic Provinces, Québec, Ontario, Alberta and British Columbia), *Calgary Herald*, *La Presse* for its overall market, *The St-John's Telegram* in Newfoundland and Labrador, *Le Droit* in Québec and Ontario, *Le Soleil* in Québec City, *Le Nouvelliste* in Trois-Rivières, *Métro* and *The Gazette* in Montréal as well as *Metro* in Halifax.

During fiscal 2014, we have renewed several multi-years agreements with major retailers for a total valued at approximately \$200 million.

Magazine and Book Segment

With three plants specialized in magazine printing located in Québec, Ontario, and Manitoba, the Magazine and Book segment prints more than 300 magazines, making it the largest magazine printer in Canada.

On December 3, 2013, we signed a contract with Groupe TVA Inc. to print their magazines for periods from two to five years. These contracts took effect in the second and third quarters of fiscal 2014.

On March 1, 2014, we signed a three year contract with several subsidiaries of Quebecor Media Inc. to print books and other promotional materials.

Additionally, we have renewed several multi-year agreements with major customers for a total valued at approximately \$30 million.

Marketing Products Segment

Goods of this segment are produced across seven production plants specializing in digital and offset commercial printing of marketing products. They are located in Ontario, Québec, Nova Scotia and Newfoundland and Labrador serving a wide array of large and small customers as diverse as advertising agencies to blue-chip corporations in the financial and pharmaceutical sectors.

The production lines of sheet-fed presses, web presses, digital printers and large format presses enable TC Transcontinental to support its customers with their marketing, business and consumer directed advertising

material, point of purchase displays, banners, annual reports, etc. Our inserting, personalization by ink-jet printing and lasering as well as our mailing capabilities can support our customers' direct marketing campaigns. This segment also offers fulfillment services to our customers.

For several customers such as financial institutions, pharmaceutical corporations, retailers and manufacturing companies, targeted printed material is the vehicle of choice for efficiently promoting their image as well as their products and services. Therefore, this segment produces various printed materials used in marketing such as catalogues, brochures, etc.

In the last 18 months, we have developed a high-potential in-store marketing niche, including the printing of point-of-purchase materials, including printing of promotional material. The broader in-store marketing segment is of interest to us because it is often characterized by recurring contracts with major retail customers with whom we currently do business. For example, in 2013, we concluded a contract with Shoppers Drug Mart/Pharmaprix and, in 2014, this niche has continued to grow.

In February 2014, we sold the assets of Rastar, a subsidiary based in Utah, USA, which specialized in personalized print products.

Packaging

May 2014 marked the beginning of our packaging activities with the acquisition of Capri Packaging that was the flexible packaging division of Schreiber Foods, Inc. Capri Packaging comprises two facilities in Clinton, Missouri, which employ close to 200 people and generate about US\$72 million dollars in annual revenues. As part of the transaction, Schreiber Foods, Inc. signed a 10-year agreement to secure Capri Packaging as a strategic supplier of printed flexible packaging. This agreement presently represents approximately 75% of TC Transcontinental Packaging's total revenues.

In August 2014, Capri Transcontinental received GMI (Graphic Measures International) certification following an in depth review of manufacturing processes and controls spanning the plants' entire production chain. GMI offers scientific print-quality management and brand integrity programs to the global marketplace. The GMI certification validates a packaging supplier's ability to deliver consistent quality. Transcontinental Capri is also IMS (Interstate Milk Shippers) approved.

The packaging activities are focused on manufacturing excellence, leveraging TC Transcontinental's manufacturing competency developed over the past 35 years, quality and food safety standards and a dedication to customer-first service.

B) Media Sector

TC Media is a leading provider of media and interactive marketing solutions in Canada. The sector reaches most Canadian consumers through a wide range of print and digital publishing products in French and English: newspapers, educational books, consumer magazines, trade publications, retail promotional content, mass and personalized marketing, mobile and interactive applications and geo-targeted door-to-door and digital distribution services.

Principal Markets

Our Media Sector combines our local and regional newspaper, magazine and educational book publishing activities, digital media operations with more than 419 digital properties or sites as well as digital marketing services, content solutions and our distribution operations. This Sector is referred to as TC Media and is structured around four groups centered on customer grouping which are: the Local Solutions Group, the Interactive Marketing Services Group, the Consumer Magazines Group and the Business Information Solutions and Education Group.

The core competency of TC Media is creating top-quality content and deploying it on multiple platforms as well as providing interactive services to advertisers based on insight and consumer knowledge. TC Media connects advertisers with consumers using engaging content channeled through our brands or in support of our customers' brands with marketing services. TC Media has a digital presence with over 200 websites that are comprised of 174 local sites and regional, 18 consumer sites, seven financial and other industry-specific sites, along with microsites. TC Media also provides mobile content through 154 mobile sites and 47 mobile applications.

With our newspaper portfolio that includes 11 dailies and approximately 165 weekly, bi-weekly, and monthly newspapers published in the provinces of Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Québec, Ontario and Saskatchewan within the Local Solutions Group, we are the third largest publisher of local and regional newspapers in Canada.

In Québec, we distribute door-to-door newspapers printed mainly by us, flyers and advertising printed products, these activities have made us the leader in this industry in Eastern Canada. We also offer, through our Targeo division, a Pan-Canadian distribution brokerage service. The Corporation distributes more than 3.1 billion advertising printed products to more than 12.7 million Canadian households every week. Our popular door-to-door distribution service Publisac delivers over 50 million pieces of advertising products per year in Québec. In addition, the Local Solutions Group operates more than 174 local and regional websites that are the local reference with respect to virtual community information.

Information is increasingly being distributed on various digital platforms and creating interactive communities of interest online has become a major trend. The Internet, as an advertising channel, has also grown significantly in recent years and has reduced the share for traditional advertising channels.

The Consumer Magazines Group encompasses TC Transcontinental's custom communications, branded content development.

We have a portfolio of more than 18 consumer publications and many related special interest publications. We are the leading consumer magazine publisher in Canada with leading positions in the Canadian market with brands such as *Canadian Living*, *Style at Home*, *Canadian Gardening*, *Good Times* and *Elle Canada*, as well as their French language counterparts *Coup de Pouce*, *Décormag*, *Fleurs, Plantes et Jardins*, *Le Bel Âge Magazine*, and *Elle Québec*. We also operate more than 30 websites leveraging content from our magazines and create original digital content. In September 2013, TC Media launched *VÉRO* magazine in cooperation with Véronique Cloutier. *VÉRO* is also on the Internet at veromagazine.ca and on iPad. TC Transcontinental has entered into a definitive agreement on November 17, 2014 to sell its consumer magazines produced in Montréal and Toronto and their websites, as well as related platforms to TVA Group Inc. The brands involved in this transaction include: *Coup de pouce*; *Elle Québec*; *Décormag*; *Le Bel Âge Magazine*; *VÉRO* magazine; *recettes.qc.ca*; *Canadian Living*; *Style at Home*; *Elle Canada*; *Good Times* and *The Hockey News*. The transaction is subject to regulatory approval, including from the Competition Bureau.

The Interactive Marketing Services Group is in charge of creating promotional content (premedia) as well as distributing the promotional content across digital platforms (digital promotions) for our customers. These services also include the creation of custom and branded communications solutions offering. This Group is responsible for expanding TC Transcontinental's interactive marketing services to help marketers communicate directly with their consumers (email, mobile) or to maximize our clients' brands across digital platforms by extending their reach and online presence with our digital ad network as well as real-time bidding and programmatic digital and buying solutions (Redux).

The Business Information Solutions and Education Group has five main business brands, *Les Affaires* and *Les Affaires Plus*, the trade-focused *Investment Executive* and its French language counterpart *Finance et Investissement*, *Constructo* and many other special interest publications. Together, they serve business communities as well as financial and construction industries. Furthermore, the Business Information Solutions and Education Group operates jointly with CGI Group Inc. the SEO service (the official website of the Québec government for

tenders, allowing suppliers to bid on all government contracts). Along with publications and of the SEO service, this Group manages several websites, tablet products, digital solutions and more than 40 industry-specific conferences for business professionals.

The Business Information Solutions and Education Group also publishes over 9,300 educational books of which more than 8,500 are used in the majority of educational institutions offering courses in the French-language in Canada. We are North America's largest French-language educational publisher covering all grade levels, from kindergarten through university, as well as related sectors such as adult education, vocational training and teacher's professional resources. The Business Information Solutions and Education Group also publishes more than 900 book titles in French and in English destined to Canadian consumers for supplemental educational (Les Éditions Caractère) and general interest books (Les Éditions Transcontinental).

Equipment and Manufacturing Process

In the Media Sector, we operate 53 printing presses and printers. See 2.4 - Description of the Operations – A) Printing and Packaging Sector – Equipment and Manufacturing Process and, – Raw Materials and Energy Prices for information on printing presses.

Customers and Competition

TC Media's customers are typically either large national advertisers or smaller regional and local advertisers. Because of the breadth of our publications and websites, we are able to offer unique platforms and mediums to all companies that are interested in advertising. From local display advertisements in our weekly newspapers to full page advertisements in our nationally distributed magazines, each of our customers has an opportunity to reach their targeted demographic on a very impacting basis.

No single customer of TC Media has accounted for more than 5% of the Sector's revenues during the last two fiscal years.

The revenues of the Local Solutions Group include primarily revenues from advertising (print and online), and to a much lesser extent from subscription and newsstand sales, as well as from flyer distribution. We are the third leading publisher of local and regional newspapers in Canada and the first in Eastern Canada. We reach more than 7.2 million readers with our weekly newspapers and more than 900,000 readers per week with our free daily newspaper *Métro* in the Montréal region alone. Because of their level of penetration and strong credibility, our local and regional newspapers are an excellent information tool within their targeted community as well as an efficient complement to any advertising campaign. In some markets, other existing local and regional newspapers as well as other media (television, radio, internet and other communication or advertising platforms) compete with the Local Solutions Group for advertising sales as well as subscriptions and newsstand sales. Our readers continue to rely on our publications for quality information about their local interests and our advertisers realize this. Notwithstanding the foregoing, the major trend for information and advertising leans toward digital information and advertising, which has made the digital platforms become a major competitor to any type of printed advertising.

By distributing most of the flyers of major national, regional and local retailers each week to nearly 3,5 million homes in the Province of Québec, the Local Solutions Group is a leader in the distribution market in the Province of Québec and in certain of the Atlantic Provinces. In Nova Scotia, TC Media entered into a transaction with *The Chronicle* pursuant to which *The Chronicle* is distributing our customer's flyers in the Halifax region. The Local Solutions Group competes for distribution of advertising material and other products with daily and weekly newspapers, direct mail services and some other distribution companies. We believe that the most significant competitive factors in the distribution business in Québec are pricing, quality of service, delivery lead times, the ability to make targeted distribution and market penetration. It is the reach of our network that differentiates us in the market from our competitors and the convenience of our methods that make us one of the market leaders in this segment.

The Interactive Marketing Services Group and the Consumer Magazines Group are comprised of a variety of services that enhance the ability of brand owners and advertisers or marketers to better reach their target customers. Over the last few years, we have established ourselves amongst leaders in this rapidly changing and highly dynamic sector. As with most sectors that rely heavily on technological innovation for the development of new services, we face new competitors every day. In many instances, the providers of these services are not limited to Canada or North America as development capabilities are in high demand from all over the world. This market pressure fosters a challenging environment where we, and our customers, are constantly learning about new technologies and strategies for enhanced interaction and connections with targeted demographics. We orient some of our service offerings towards the Chief Marketing Officers of our customers or through direct relationships with individual operating entities, depending on the size of the firm and project. Some facets of our marketing communications offering operate through recurring revenue streams, and others are single projects.

Through acquisitions and organic growth, the Interactive Marketing Services Group is now offering services such as custom and branded communications, premedia and content development services across multiple channels, digital content management, direct marketing and personalized permission-based email marketing, database analytics, transformation of offline content into interactive digital content and mobile marketing services. The Interactive Marketing Services Group is also offering digital ad network solutions including real-time bidding (RTB) as well as programmatic ad buying solutions.

On the other hand, the Consumer Magazines Group is now offering digital rep-housing services to advertisers looking to reach targeted audience categories. We have been able to capitalize on the trusted relationships that we have developed through our traditional businesses to gain new business opportunities. We provide these services to both our clients directly and to advertising agencies that require our proprietary technologies, market knowledge or specialized services integration.

The revenues of the Consumer Magazines Group are generated by its advertising (print and online), revenues as well as through subscription and newsstand sales. We are the largest publisher of consumer magazines in Canada. Magazines geared to consumers constitute the largest part of our sales. Magazines published by others, whether of general interest or with a special focus, as well as the other medias (television, radio, Internet and other communication or advertising platforms) compete with our magazines for sales of advertising space and subscription and newsstand sales. In particular, the availability in Canada of several magazines published by American publishers creates competition for our magazines especially on newsstands. The Canadian magazine market is one of the most competitive as Canadians have access to more magazine titles per capita than in most other countries in the world.

The main competitors of the Consumer Magazines Group in printed format are Rogers Communications Inc. and TVA Group Inc. Several smaller publishers are also competitors depending on the editorial category of our magazines.

The revenues of the Interactive Marketing Services Group and the Consumer Magazines Group are derived, amongst others, from advertising campaigns, including online advertising and digital marketing. Overall, our properties reach more than 16.5 million unique visitors per month across Canada in both French and English. The Consumer Magazines Group markets more than 3,500 websites derived from our ad network and from specific cyber brands as well as from our leading print brands, magazines and online local newspapers. In Canada, our sites are amongst the leading sites for niche communities - women and business owners - and offer online content in categories such as food, family, health, home, gardening, decor, TV entertainment, business news and sports. We compete against "pure-play" websites and the websites of our traditional media competitors. Increasingly innovative technologies are being deployed to enhance the user experience on our websites in an attempt to increase the time spent by our visitors, gain market share, and provide better marketing opportunities for our advertisers.

The Interactive Marketing Services Group is focused on helping large brands and retailers connect with local audiences through content. The services offered are enabling it to become the one stop shop partner for Canada's largest retailers and brands to help them create their weekly communications of promotions, structure and organize this content to be delivered on print and digital platforms and manage and optimize the distribution of this content to

engage with local audiences across Canada. While there are no competitors in Canada that carries the full portfolio of capabilities, on the marketing services side, this Group faces several competitors depending on their respective capabilities. On the interactive services side, competition can come from traditional media companies such as Rogers Communications Inc., Mediative's division of Yellow Media Limited and Torstar Digital, traditional agencies such as Cossette, Sid Lee and others, pure play media companies such as Google Inc., Facebook, Inc. and Yahoo! Inc., independent ad networks, such as Casale Media Inc., Glam Media Inc., and JUICE Mobile, content development players such as Schawk! Inc., Southern Graphic and St. Joseph Communications as well as interactive marketing platforms such as Salesforce.com which owns Exact Target, Responses, Wishabi and Shop Local. There are also a number of smaller companies that are privately held who compete for our customers on unique offerings. As such, this market remains highly fragmented and competitive.

The revenues of the Business Information Solutions Group are generated by its advertising (print and online) revenues related to our multitude of brands, such as *Investment Executive* or *Les Affaires* through subscription and newsstand sales as well as through our information services, such as SEAO in the construction industry and through attendance sales for several conferences offered to business communities. With regard to this trade information segment, TC Media competes with a number of trade information B2B publishers, including Rogers Communications Inc., Glacier Trade Information Media Group and also competes with content solutions providers such as MERX, a solution of Mediagrif Interactive Technologies Inc.

The revenues of the Business Information Solutions and Education Group are derived from the educational book segment which is diversified by market, customer, subject and title. Its principal customers are ministries of education, school boards, elementary and high schools, cégeps, colleges and vocational schools, community colleges, universities and, in some cases, foreign distributors and bookstores. This Group operates in all three sectors of the Canadian French language educational publishing industry (the school market in Canada outside Québec, the school market in Québec and the higher education market in Québec) and its competitors differ in each of these three sectors. Its competitors include Les Éditions du Nouveau Pédagogique Inc., CEC Publishing Inc. and Les Éditions Grand Duc Inc. This segment also has two other activities : supplemental educational market with Les Éditions Caractère and general interest books with Les Éditions Caractère and Les Éditions Transcontinental which books are distributed in bookstores and big box stores.

Digital media advertising and interactive marketing services revenues are generated in each of the four groups of TC Media.

Revenues by Geographic Region

The following table sets forth the revenues and the percentage of revenues of the Media Sector, based on their geographic distribution for the fiscal years ended October 31, 2014 and 2013.

(in millions of dollars except for percentages)	Fiscal Year Ended October 31			
	2014 (\$)	2014 (%)	2013 (\$)	2013 (%)
Revenues generated from production facilities in Canada	679.5	98.8	695.0	98.6
Exports from production facilities in Canada	8.2	1.2	9.4	1.3
Revenues generated from production facilities in the United States	0	0	0.6	0.1
Total	687.7	100.0	705.0	100.0

Seasonal Variations

Generally, our Media Sector's revenues are subject to seasonal variations, with the increases in the second and fourth quarters being the most significant. In particular, the Business Information Solutions and Education Group's revenues are highly seasonal with the majority of the revenues occurring normally in the months of June to September to correspond with the back-to-school season of educational institutions.

Services

Local Solutions Group

TC Media publishes local and regional daily and weekly newspapers in the Provinces of Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Québec, Ontario and Saskatchewan. The Local Solutions Group publishes 11 dailies and approximately 165 weekly, bi-weekly, monthly, bi-monthly and periodical newspapers. With a total circulation of approximately 252,000 copies per day for the dailies and approximately 4.1 million copies per week for the weeklies, bi-weeklies, monthlies, bi-monthlies and periodicals, some of TC Media papers have been published for more than 100 years.

On December 5, 2013, TC Media announced that it had signed a final agreement pursuant to which the 74 Sun Media Corporation weekly newspapers and associated web properties in Québec would be acquired by TC Media for an amount of \$75 million. On June 1, 2014, the Corporation completed the acquisition after receiving approval pursuant to the *Competition Act* (Canada) from the regulatory authorities. This acquisition allows the Corporation to strengthen its Media Sector assets, pursue the development of a local media offering for businesses and communities, and to continue to build multiplatform services. Under the terms of the agreement with the Competition Bureau, the Corporation had to offer for sale, for a period of 60 days, 33 of the 154 weekly newspapers of its portfolio, including some that were part of the transaction with Sun Media Corporation. Most of the newspapers to be sold were launched during the past few years. On September 3, 2014, the Corporation announced the completion of the sale process. Among the 33 newspapers offered for sale, 14 were sold. The Corporation is currently integrating its portfolio of weekly newspapers in Québec.

The community newspapers generally offer local news, sports and special features. TC Media believes that these newspapers cultivate reader loyalty and create brand value by emphasizing local news, thereby differentiating themselves from national newspapers.

Attentive to the needs of its readers and advertisers, the Local Solutions Group regularly conducts market studies which enable it to consistently improve the quality of its products. Moreover, this Group publishes a large number of theme inserts, special sections, directories and other publications which respond to the specific needs both of advertisers and readers.

We publish *Métro* in Montréal, a free tabloid that is distributed Monday to Friday in Montréal. We are also part of a partnership that publishes *Metro* in Halifax, a free daily newspaper that is distributed Monday to Friday in the Halifax vicinity.

All of our publications, paid dailies and free dailies, have been released as full-featured digital editions. The new editions can be accessed from any web browser and give subscribers instant access to a digital replica of the full printed editions of the newspapers on electronic tablet devices or smartphones, often before they hit the newsstands. For advertisers, it means that their print ads will also be online and will give them the ability to have more options to enhance and make their advertisements more interactive for readers.

Our distribution operations include multiple services such a door-to-door distribution to all households in Québec through Publisac, a medium that holds a majority of the large retailers' flyers, and of the independent newspapers in Québec, as well as of our own weekly newspapers. Door-to-door distribution is also available in the Atlantic

Provinces and in certain areas of Saskatchewan. More than 4 million households are accessible via this distribution network.

Through our division Targeo located in Toronto, we offer to the national retailers the possibility to reduce their management fees by outsourcing the coordination of their flyer program across Canada. In this regard, we have a database and commercial links with more than 500 distribution partners in the territories that are not directly served by TC Media. This represents about 8 million households that are served by Targeo in addition to the 4 million households served directly by TC Media.

With a view to increase our advertisers' return on investment, we also provide them with a range of services such as socio-demographic database access and on-going control over distribution points which enables them to measure the efficiency of particular flyers and their consumers.

Information is increasingly being distributed on a digital platform and creating interactive communities of interest has become a major trend. The share of the Internet in advertising has also grown significantly in recent years. As an example, the Local Solutions Group operates around 174 local and regional websites that are the local reference with respect to virtual community information.

Consumer Magazines Group

The Consumer Magazines Group publishes 18 consumer publications. Through these magazines, the Group serves Canadian readers from coast to coast in both official languages and gives advertisers access to a readership that is not only national, but one that also offers significant added value that arises from the prestige of the related brands. TC Media is the largest publisher of consumer magazines in Canada.

Moreover, we operate more than 18 consumer websites leveraging content from our magazines and also create original digital content to better serve digital communities of interests. We are leveraging our existing brands such as *Coup de Pouce* and *Canadian Living*. All of our titles are available on mobile through third-party providers.

We consider the brand names of the Consumer Magazines Group as major assets, such brand names being associated to magazines with a large circulation and recognized for the quality and pertinence of their content.

The following table provides a list of our various consumer's publication titles published by the Consumer Magazines Group, the number of issues per year and their circulation as of the most recent date at which information is available.

<i>Consumer Publications</i>	<i>Number of issues per year</i>	<i>Circulation</i>
<i>Canadian Gardening</i>	6	86,668 ⁽¹⁾
<i>Canadian Living</i>	12	501,136 ⁽¹⁾
<i>Condo Direct</i>	18	38,000 ⁽³⁾
<i>Coup de Pouce</i>	12	203,871 ⁽¹⁾
<i>Décormag</i>	10	75,883 ⁽¹⁾
<i>Elle Canada</i> (Transcontinental Hearst Publications Inc.)	12	121,571 ⁽¹⁾
<i>Elle Québec</i> (Transcontinental Hearst Publications Inc.)	12	80,926 ⁽¹⁾
<i>Fleurs, Plantes et Jardins</i>	6	54,920 ⁽¹⁾
<i>Good Times</i>	10	130,417 ⁽¹⁾
<i>Le Bel Âge Magazine</i> (Senior Publications Inc.)	10	129,297 ⁽¹⁾
<i>Le Journal du Bel Âge</i> (Senior Publications Inc.)	10	70,000 ⁽³⁾

<i>Consumer Publications</i>	<i>Number of issues per year</i>	<i>Circulation</i>
<i>Maisons direct</i>	10	23,500 ⁽³⁾
<i>Québec Vert</i>	6	6,200 ⁽³⁾
<i>Style at Home</i>	12	230,123 ⁽¹⁾
<i>The Hockey News</i>	28	95,380 ⁽¹⁾
<i>Vancouver Magazine</i>	10	44,483 ⁽²⁾
<i>Véro magazine</i>	4	81,070 ⁽¹⁾
<i>Western Living</i>	10	136,856 ⁽²⁾

(1) O.D.C. Certified Distribution Inc. at June 30, 2014.

(2) Latest statistics from Canadian Media Circulation Audit (C.M.C.A.) for the six month period ending September 30, 2014.

(3) Internal statistics at October 31, 2014.

TC Transcontinental has entered into a definitive agreement on November 17, 2014 to sell its consumer magazines produced in Montréal and Toronto, as well as their websites and related platforms, to TVA Group Inc. The brands involved in this transaction include: *Coup de Pouce*; *Elle Québec*; *Décormag*; *Le Bel Âge* magazine; *VÉRO* magazine; *recettes.qc.ca*; *Canadian Living*; *Style at Home*; *Elle Canada*; *Good Times* and *The Hockey News*. The transaction is subject to regulatory approval, including from the Competition Bureau.

The Consumer Magazines Group is expanding the reach of TC Transcontinental's brands into new digital channels of distribution. This expertise is being developed to manage our brands, and is being extended to external clients of TC Transcontinental through extensive integrated platform, branding, promotions and database work.

As more and more advertising is sold in print and digital bundles so that advertisers reach audience across multiplatform, the Consumer Magazines Group offers digital rehousing services to optimize digital inventory and help other national advertisers reach Canadian audiences similar to those reached by our brands.

Interactive Marketing Services Group

The Interactive Marketing Services Group serves Canada's largest brands and retailers with promotional content. The products and services offered include creating its weekly promotional communications, structuring and organizing this content to be delivered on print and digital platforms and managing the optimal distribution of this content to engage with local audiences across Canada all under a one-stop shop.

With over 500 employees working in content and digital retail marketing located in eight offices across Canada and the United States, this Group is one of the largest enterprise of retail marketing consultancy in Canada.

The Group has expertise in retail digital strategies that help our clients reach their desired audiences with personalized promotions and messaging across various print and digital channels. The ability to develop an end-to-end campaign or program for our clients addresses the need of a one-stop shop for the print and digital promotional needs of our clients.

The capabilities of this group span from content creation, organization and measuring this content on digital platforms for retailers such as messaging (email, sms and app alerts), ad platforms, data management and services and eflyer platform and distributing this content to help retailers reach local audiences across Canada in the most cost-efficient way.

Content Creation

With many years in assisting Canada's largest brands and retailers in their weekly planning of promotional and brand related content creation, the Interactive Marketing Services Group team manages processes and technologies to help its customers meet tight timelines. Because of our experience in storytelling and editorial content, this Group is also involved in the communications and content strategy for these brands' digital channels.

Content Organization

Once the content is created, it needs to be structured and organized to be delivered optimally across the various digital channels of a retailer or brand. The Interactive Marketing Services Group manages various digital marketing platforms for several large Canadian retailers and consumer brands. These platforms include, (i) a messaging platform to enable retailers and brands to reach their most loyal audiences via email, sms and app alert messaging and eflyer which allow the retailer to deliver important weekly promotions across their digital channels in a personalized and timely way, (ii) a data management platform to enable retailers to learn about their customers and optimize their digital touch points in order to deliver relevant messages to their customers, (iii) an ad platform to enable retailers to monetize their digital channels and audiences with their co-op partners, and (iv) a location management platform to enable retailers to manage their business listings and social engagements at these locations in particular.

Content Distribution

To drive sales to stores or on the web, the Interactive Marketing Services Group uses data and research to optimize, in a cost-efficient way, retailers' digital promotion distribution strategy across print and digital channels across Canada. On the digital side, we use data from the customers' emails, social and web channels to identify their most loyal segments and then we reach audiences using our promotional content network and distribute retailers' content to other digital deal sites weekly. We thereafter develop a digital consumer acquisition strategy to capture look-alike audiences using the expertise of real-time bidding (RTB) at Redux Media Inc. In 2012, we acquired a majority interest in Redux Media Inc.; as a leading player in the programmatic advertising space in North America, we can help our retailers and brands find their desired audiences and personalize the message to them by delivering the right promotion from the right region to them. Offering new and highly efficient ways of targeting audiences, RTB allows advertisers and agencies to bid and purchase ad impressions in real time. RTB is a great complement to other digital advertising strategies such as reserved pre-paid advertising space on a specific web site, allowing for a maximum return on investment.

The Business Information Solutions and Education Group

The Business Information Solutions and Education Group publishes six business publications, including one weekly title, which are listed hereunder:

Economic Publications	Number of issues per year	Circulation
<i>Constructo</i>	80	3,880 ⁽²⁾
<i>Finance et Investissement</i>	16	13,789 ⁽³⁾
<i>Investment Executive</i>	16	41,915 ⁽³⁾
<i>Les Affaires</i>	46	70,278 ⁽¹⁾
<i>Les Affaires plus</i>	8	70,868 ⁽¹⁾
<i>Voir Vert</i>	2	20,782 ⁽³⁾

(1) Latest statistics from the Alliance for Audited Media (A.A.M.) as of June 30, 2014.

(2) Latest statistics from the Canadian Circulation Audit Board (C.C.A.B.) as of June 30, 2014.

(3) Internal statistics at October 31, 2014.

This Group manages numerous internet sites related or not to the economic publications brands as well as tablet products, digital solutions and industry-specific conferences for business professionals from various industries. TC Media's strategy is to develop a multimedia and multiplatform offering for its advertisers and consumers. TC Media is also one of the Québec government's business partner as it operates, together with CGI Group Inc., the SEAO service which is the official website of the Québec government tenders allowing suppliers to bid on any governmental contracts.

The Business Information Solutions and Education Group includes the educational book publishing division which specializes in the creation, development, adaptation, translation, publishing, commercialization and distribution of French-language educational resources, including textbooks, teachers' guides, activity books, digital resources and other related materials and resources. The operations of this Group also include distribution of general interest books. Its product lines cover all grade levels, from kindergarten through university, as well as related sectors such as adult education, vocational training and teachers' professional resources. The Business Information Solutions and Education Group's strong brands include Beauchemin, Les Éditions Caractère, Chenelière Éducation, Chenelière McGraw-Hill, Gaëtan Morin Éditeur, Graficor, Groupe Modulo and Les Éditions Transcontinental.

We are a preferred partner of the ministries of education of all Canadian provinces and territories and are the only educational publisher that has published French-language materials for all departments of education across Canada. This Group's mission is to support teachers and students in the implementation of learning programs and course planning by publishing quality materials and resources required for teaching and learning.

Our operations, for the most part, are divided into three divisions which serve the three main school markets (the school market in Canada outside Québec; the school market in Québec; and the higher education market). In addition, we have a division specialized in the production of teaching materials for the benefit of teachers and other professionals of the education sector. We are the leading publisher in the French school market in Canada outside Québec and in the French higher education publishing market in Canada and we are one of the leading publishers in the French school market in Québec. This Group benefits from a revenue base that is diversified by market, customer, subject and title. In addition to its catalogue of over 9,300 existing or previously published titles (commonly referred to as the backlist), the Business Information Solutions and Education Group has over 200 titles currently being developed for the current or future school years (commonly known as the frontlist).

In 2012, the Business Information Solutions and Education Group acquired Les Éditions Caractère Inc., the leader in the supplemental educational publishing market and also publishes books destined to Canadian consumers. The Business Information Solutions and Education Group, through its division Les Éditions Transcontinental, also publishes books in French and English destined to Canadian consumers.

In 2013, the Business Information Solutions and Education Group acquired Groupe Modulo, a publisher of French-language educational resources and materials. This transaction expanded TC Media's educational offering, further strengthening its leading position in higher education in Québec and enhancing its presence in the educational market in French communities across the country. Groupe Modulo's products serve every level of the school system, from kindergarten to university, in the French and French-immersion markets across Canada.

2.5 Economic Cycles

A significant risk that we face, and which we have difficulty controlling, is related to economic cycles, including the risk of economic recession. As well, the vast majority of our operating revenues depend, directly or indirectly, on retailers' advertising budgets. Advertising spending tends to be cyclical as a result of the global economic climate and consumers' buying habits. Furthermore, significant changes, including consolidation in some industries and the migration to digital platforms, are affecting the industries of our principal advertisers, which could have an impact on the products we offer.

However, we believe we mitigate these risks through the very composition of our operations, since a substantial segment of the client base operates in less cyclical markets, such as food and personal care. Lastly, because we have implemented a development strategy based on becoming a leader in our niches, we believe we can limit our exposure to economic cycles without, however, eliminating their occurrence or magnitude.

2.6 Environmental and Social Responsibility

We are subject to laws and regulations regarding the environment. These laws and regulations relate to the production, storage, transportation, disposal and emission into the environment of various substances. Permits are required for the operation of our business. We are also subject to and comply with various laws and regulations, which allow regulatory authorities to require us to proceed with the cleanup of any environmental contamination of our own sites and at facilities where our waste is or has been disposed of. In addition, we ensure compliance with environmental standards by means of an audit program carried out with the help firms specializing in environmental issues.

Two of the industries where TC Transcontinental operates, printing and publishing, use large quantities of paper for their day-to-day operations. Consumers are expressing increasing concern over the protection of the environment as well as sustainable development. Also, the amendments introduced with the adoption of Extended Producer Responsibility bills across the country have had an adverse financial impact on the Media Sector, and more specifically on the Local Solutions Group and the Consumer Magazines Group. To mitigate this risk, we try to be at the forefront of our industry in terms of commitment to the environment and, in collaboration with our suppliers, are looking on an ongoing basis to reduce our environmental footprint.

We recognize the critical nature of sustainability and have always taken steps to promote and incorporate sustainable development in our operations by mobilizing stakeholders, supporting innovation and publicizing our achievements. TC Transcontinental is not a major contributor to greenhouse gases (GHG), but that does not mean that we are not concerned about the impact of our activities on air quality.

In fiscal 2014, we distinguished ourselves in the environmental arena and in the community. First, we have maintained our presence in the Corporate Knights ranking of the *Best 50 Corporate Citizens* in Canada. This ranking is established by measuring a broad range of environmental, social and governance (ESG) indicators. For a number of years, we have tracked our fuel and electricity use and have calculated the associated greenhouse gas emissions, reporting our results to the Carbon Disclosure Project (CDP) since 2006. In 2014, TC Transcontinental also reported for the second year to the CDP on forest risk commodities.

In March 2014, we tabled our *2013 Corporate Social Responsibility Report-Guide.Mobilize.Achieve*. This report articulates TC Transcontinental's commitment to the path of sustainable development and corporate responsibility and tracks our progress towards the objectives described in the 2013-2015 three-year plan adopted last year. Here are a few highlights of this report:

- As stated in our Paper Procurement Policy, we added in fiscal 2013 a chain of custody certification logo to 63% of our Canadian publications. This process ensures transparency and raises customer and consumer awareness to the importance of sustainable forestry practices;
- In 2013, we increased our purchasing of more ecological paper from the *Gold* and *Gold Plus* categories of over 14%. Indeed about 77% of our purchases are now 100% recycled or 100% covered by a chain of custody certification from a recognized sustainable forest management system;
- Our accident frequency rate went from 0.84 accident per 200,000 worked hours in 2012 to 0.66 in 2013, a decrease of 21%. The accident severity rate also dropped from 23.47 to 19.74 lost days per 200,000 worked hours (a decrease of 16%);

- In 2013, TC Transcontinental donated \$4.6 million, or 1.9% of its adjusted EBIT, to over 400 non-for profit organizations.

Environmental Policy

TC Transcontinental's management team and the sectors' management teams are responsible for ensuring the implementation of all items of this policy. This policy is based on the following three guiding principles:

- Protect the environment for present and future generations;
- Reduce risks and improve efficiencies; and
- Introduce improved technologies and processes.

Compliance to Applicable Legal Requirements

We comply, in all material respects, with all applicable environmental laws and regulations adopted by the federal, provincial, state, municipal and local governments.

Pollution Prevention

Product Stewardship – TC Transcontinental recognizes that it shares in the responsibility for the environmental impact of its products. Therefore, we cooperate with other public and private bodies to develop systems for the recovery, re-use and recycling of the Corporation's products;

Eco-Efficiency - We strive to improve our products and processes so as to progressively reduce routine discharges of contaminants and to use resources efficiently;

Paper Purchasing Policy – In January 2013, we have broadened the internal and external scope of our Paper Purchasing Policy by stipulating, among other things, that recycled or certified papers be used for our printing and for our own publishing activities. As part of our commitment to continual improvement, we have reiterated our commitment to encourage our customers to choose certified papers when recycled paper is unavailable, so that by working together we can significantly diminish environmental and social impacts;

Our new paper purchasing policy will enable us to more accurately measure the results of our ongoing efforts and to share them with customers and investors, stakeholders and organizations interested in its sustainability efforts. We drew on the expertise of environmental organization Canopy in updating our Paper Purchasing Policy, as part of an ongoing collaboration to protect Canada's boreal forests and high conservation value forests globally;

Climate Change and Energy Use - We recognize the dual challenge of climate change and energy supply security. Therefore, we will maximize the efficiency of our operations and encourage a transition to low carbon fuels and renewable energy;

Waste Management - TC Transcontinental strives to reduce its waste and to re-use and recycle materials. We strive to minimize the generation of hazardous waste;

Risk Management - We strive to avoid accidental discharges of contaminants into the environment and prepare emergency plans so that we can diligently contain any potential environmental incidents and clean up, if necessary. We evaluate environmental risks prior to acquiring properties or businesses, and prior to changing or undertaking major new activities.

2.7 Human Resources

As of November 1, 2014, we had 8,857 employees. The following table presents the breakdown of our employees within our operating Sectors as of November 1, 2014. Employees located at head office and within administrative services center are excluded.

Description	Number of employees
Printing and Packaging Sector	4,857
Media Sector	3,617

As at December 5, 2014, 2 024 of our employees were represented by certified associations under 35 active and separate collective agreements. These agreements expire at different dates up to April 2019. 15 collective agreements covering 787 of our employees were renewed in 2014. There are presently five collective agreements, covering 11 of our employees, under negotiation. In addition, one collective agreement, covering 260 of our employees, expired in December 2014 and negotiations will begin in the upcoming months. Nine other collective agreements, covering 393 of our employees, will expire by December 31, 2015.

With respect to our non-unionized employees, the working conditions are established between the various businesses units involved in compliance with corporate policies. These working conditions are subject to periodical revisions.

2.8 Properties

We believe that our owned and leased facilities are adequately equipped and maintained regarding existing and planned operations. Substantially all of our properties and equipment are not subject to any security interests in favour of third party lenders.

2.9 Reorganizations

We regularly proceed with legal reorganizations of some of our subsidiaries and affiliated entities in order, among other considerations, to improve our organizational structure or our products and services offering, none of which have had a material effect on our activities, operations or financial results.

2.10 Strategic Acquisitions and Business Development

An intrinsic part of our strategy is also to grow through strategic acquisitions. We are committed to maintaining a disciplined approach when making acquisitions. We ensure that the companies we acquire fit our stringent acquisition criteria: (1) fit within our strategic plan; (2) be profitable and growing; (3) provide synergies with our operations; (4) have good management and compatible corporate culture; and (5) be accretive to earnings and positive economic value creation (EVC) within a reasonable period of time. Over the last three years, we have made strategic acquisitions and divestitures while continuing to deliver on our disciplined financial management objective.

TC Transcontinental has entered into a definitive agreement on November 17, 2014 to sell its consumer magazines produced in Montréal and Toronto, as well as their websites and related platforms, to TVA Group Inc. The brands involved in this transaction include: *Coup de pouce*; *Elle Québec*; *Décormag*; *Le Bel Âge* magazine; *VÉRO* magazine; *recettes.qc.ca*; *Canadian Living*; *Style at Home*; *Elle Canada*; *Good Times* and *The Hockey News*. The transaction is subject to regulatory approval, including from the Competition Bureau.

On June 1, 2014, TC Transcontinental acquired 74 weekly newspapers of Sun Media Corporation in Québec and their related web properties for an amount of \$75 million. The Competition Bureau set the requirement that the Corporation put 33 of the 154 daily newspapers in its portfolio for sale for a period of 60 days, including some that are

part of the transaction with Sun Media Corporation. Out of the 33 newspapers put up for sale, 14 have found buyers. This acquisition is in line with our strategy to strengthen the core assets of TC Media and develop a local digital media offering for businesses and communities.

On May 3, 2014, TC Transcontinental acquired the assets of Capri Packaging, a supplier of printed flexible packaging, located in Clinton Missouri, for an amount of US\$133 million dollars. The seller, Schreiber Foods, Inc. has signed a 10 year agreement to secure Capri Packaging (now TC Transcontinental Packaging Inc.) as a strategic supplier of printed flexible packaging, which represents about 75% of the total revenues of the packaging activities.

On February 11, 2014, TC Transcontinental sold assets of Rastar, based in Utah, USA, which specialized in personalized print products.

On October 31, 2013, TC Media and Zone3 have formed a strategic alliance where Zone3 will handle TV production for our brands for the next four years. Zone3 is the producer with respect to the production of television content for our consumer and business brands such as *Canadian Living*, *Coup de pouce*, *Décormag*, *Style at Home*, *Les Affaires* and others.

In January 2013, we acquired Groupe Modulo, a publisher of French-language educational resources and materials. This transaction enriched TC Media's educational offering, further strengthening its leading position in higher education in Québec and enhancing its presence in the educational market in French communities across the country. Groupe Modulo is an educational publisher that serves every level of the school system, from kindergarten to university, in the French and French-immersion markets across Canada.

In July 2012, we sold our black and white and two color book printing operations, namely the Transcontinental Gagné printing plant in Louiseville and the Transcontinental Métrolitho printing plant in Sherbrooke to Marquis Book Printing Inc.

In June 2012, we became the sole owner of *Métro* Montréal newspaper and its interactive platforms. Since this transaction, *Métro* Montréal plays an active role as a supplier of local, national and international content on our various platforms.

In May 2012, TC Media completed the acquisition of a majority interest in Redux Média Inc., a leading online advertising network. This transaction was in line with TC Media's strategy of broadening its existing digital network. TC Media and Redux Média Inc.'s combined offering allow the two entities to reach more than 18.7 million unduplicated unique visitors per month or two thirds of all online Canadians.

In April 2012 and in February 2012, TC Media broadened its extensive community newspaper network by acquiring the print and Internet publishing assets of *Edition Beauce* and *Courrier Frontenac*, respectively.

In March 2012, we completed the indirect acquisition of all the shares of Quad/Graphics Canada, Inc. The transaction covered seven of Quad/Graphics' facilities across Canada, including six printing plants and one premedia facility.

In February 2012, TC Media acquired the shares of Les Éditions Caractère, a leader in the supplemental educational publishing market in Québec and publisher of bestsellers in trade markets.

In January 2012, TC Media (i) became the sole shareholder of Les Hebdomadaires Select du Québec Inc. and now is sole owner of the largest advertising network for the French-language weekly press in Canada and (ii) acquired the assets of Tout Magazine, a popular free weekly serving certain towns on the south shore of Montréal.

2.11 Significant Acquisition

During our fiscal year ended October 31, 2014, we did not complete any significant acquisition.

2.12 Risk Factors

The risk factors related to the Corporation and its activities are described on pages 18 to 22 of our Management's Discussion and Analysis for the year ended October 31, 2014. The material factors that could have an effect on the results of the Corporation are divided into three types of risks, the strategic risks, the operational risks and the financial risks and include, but are not limited to: (1) Strategic risks: the effects of competition in the market in which we operate and the effects of new media and the corresponding shift of advertising revenues to new platforms; the impact of the loss of our reputation; the impact of the control held by the majority shareholder over the Corporation; (2) Operational risks: the impact of the use and handling of confidential information and with respect to privacy; the impact of disruptions or breakdowns of our information systems; our ability to recruit and keep qualified personnel; the necessity to constantly improve operational efficiencies; changes in regulations; our ability to complete and integrate transactions and reorganizations; our ability to develop our new avenue of growth in the production of flexible packaging solutions; concerns about sustainability and protecting the environment; fluctuations in raw material and energy prices; (3) Financial risks: the impact of economic cycles, including economic recession; the availability of capital and ability to use financial leverages; the impact of interest rates fluctuations; the impact of the movement of the Canadian dollar relative to other currencies, more particularly the US dollar; credit collection ability; the funding of pension plans; the impact of impairment tests that could lead to asset write-downs; the impact of disputes with tax authorities.

The heading "Risks and Uncertainties" under our Management's Discussion and Analysis for the year ended October 31, 2014 is therefore incorporated herein by reference.

Item 3 - Highlights for Last three Fiscal Years

In addition to the acquisitions and disposals listed under Section 2.10 - Strategic Acquisitions and Business Development, the events that have influenced the general development of our business over the past three completed fiscal years are the following:

Subsequent Events:

- Execution of a definitive agreement to sell our consumer magazines produced in Montréal and in Toronto subject to regulatory approval, including from the Competition Bureau, covering also the printing of these magazines by TC Transcontinental Printing and the extension until 2022 of the contracts signed in 2013 to print some of the TVA Group Inc.'s publications; and
- Closure of the Transcontinental Concord printing plant in Concord, Ontario and of the Transcontinental Edmonton printing plant in Edmonton, Alberta at the end of December 2014.

2014

Operations

- In the wake of the acquisition of the 74 weekly newspapers of Sun Media Corporation in Québec and their stated web properties, TC Transcontinental has sold 14 newspapers as required by the Competition Bureau and stopped publishing 20 of its titles, which, for the most part, are integrated with other publications it holds in the same region;
- Execution of a multi-year agreement with Postmedia Network Inc. to print *The Gazette*, which is published Monday to Saturday, primarily for the Montréal market;
- Amendment of the agreement to print *La Presse* newspaper to give Gesca Ltd. greater flexibility to modulate, in accordance with its needs, the printing services for the *La Presse* newspaper. The Corporation continues to be the exclusive printer of *La Presse*; and

- Execution by TC Transcontinental Printing of a five years agreement to print the *Vancouver Sun* newspaper.

Financing

- Redemption of the Cumulative 5-Year Rate Reset First Preferred Shares, Series D; and
- Issuance of \$250 million senior unsecured notes due in 2019 by way of a private placement.

2013

Operations

- Launch by TC Media of the women's magazine *VÉRO*, in partnership with Véronique Cloutier;
- Execution by TC Transcontinental Printing of a five year agreement to print the *Calgary Herald* daily newspaper;
- Introduction by TC Media of AutoGo.ca, a one-of-a-kind online property that focuses on drivers' lifestyles;
- Launch by Constructo Group, a TC Media business unit, of the green architecture website, *Projets verts – La vitrine de l'architecture durable au Québec*;
- Closure of TC Transcontinental's printing plant in LaSalle on December 20, 2012; and
- Agreement on December 6, 2012 between TC Transcontinental and Hearst Corporation to amend the terms and conditions relating to the printing of the *San Francisco Chronicle*.

Changes in Management

- Appointment of Edward J. (Ted) Markle as President of TC Media.

2012

Operations

- Launch of JobGo.ca by TC Media and Brunswick News, a job search site with new recruitment formula;
- Launch of Panoramax, the largest promotional insert in Canada printed on sheet feel presses;
- Launch of the mobile version of TC Transcontinental's websites for more than 160 dailies, weeklies and independent partners.
- Launch of the new remote parking payment solution for *Stationnement de Montréal*;
- Renewal and expansion of six multiyear agreements valued at over \$1.5 billion in revenues with major retail customers;
- Execution of new exclusive agreements with Hearst Digital Media and Homes Publishing Group to grow TC Media's digital advertising representation offering; and
- Launch of a new brand, logo and positioning: TC.

Changes in the Board of Directors and Management

- Departure of Rémi Marcoux as Executive Chairman of the Board while remaining on the Board and election of Isabelle Marcoux as Chair of the Board; and
- Appointment of Nelson Gentiletti as Chief Financial and Development Officer.

Item 4 - Capital Structure of the Corporation

4.1 General Description of the Capital Structure

The Corporation is authorized to issue an unlimited number of Class A Subordinate Voting Shares, an unlimited number of Class B Shares and an unlimited number of Preferred Shares, all without par value.

The following table sets forth the principal rights of the shares that the Corporation is authorized to issue:

Class of Shares	Rights
Class A Subordinate Voting Shares:	<p><i>Voting Rights</i> The Class A Subordinate Voting Shares entitle the holders thereof to one vote per share.</p> <p><i>Dividends:</i> The Class A Subordinate Voting Shares entitle the holders thereof to receive, <i>pari passu</i> with the holders of Class B Shares, any and all dividends declared by the Corporation subject to the rights of holders of Preferred Shares.</p> <p><i>Conversion:</i> The Class A Subordinate Voting Shares can be converted into Class B Shares on the basis of one for one when a takeover bid is made directly or indirectly to the Majority Group (as defined in the Articles). Moreover, they confer the same privilege when the Majority Group makes a takeover bid.</p> <p><i>Dissolution:</i> The holders of Class A Subordinate Voting Shares are entitled, <i>pari passu</i> with the holders of Class B Shares, to share the remaining assets of the Corporation following its dissolution.</p>
Class B Shares:	<p><i>Voting Rights:</i> The Class B Shares entitle the holders thereof to 20 votes per share.</p> <p><i>Dividends:</i> The Class B Shares entitle the holders thereof to receive, <i>pari passu</i> with the holders of Class A Subordinate Voting Shares, any and all dividends declared by the Corporation subject to the rights of holders of Preferred Shares.</p> <p><i>Conversion:</i> The Class B Shares can, at any time, be converted into Class A Subordinate Voting Shares on the basis of one for one.</p> <p><i>Dissolution:</i> The holders of Class B Shares are entitled, <i>pari passu</i> with the holders of Class A Subordinate Voting Shares, to share the remaining assets of the Corporation following its dissolution.</p>

Class of Shares	Rights
Preferred Shares:	<p><i>Issuance in Series:</i> First Preferred Shares and Second Preferred Shares can be issued in series.</p> <p><i>Voting Rights:</i> The Preferred Shares do not entitle the holders thereof to vote or assist at any meeting of shareholders unless required pursuant to the <i>Canada Business Corporations Act</i>.</p> <p><i>Dividends:</i> The Preferred Shares entitle the holders thereof to receive preferential cumulative dividends.</p> <p><i>Dissolution:</i> In the event of the liquidation or dissolution of the Corporation, holders of Preferred Shares are entitled to receive, for each such share held by them, a sum equal to the consideration received by the Corporation upon the issuance of such shares.</p>
<i>Preferred Shares, Series D⁽¹⁾:</i>	<p><i>Dividends:</i> Cumulative 5-Year Rate Reset First Preferred Shares, Series D entitle holders to fixed cumulative preferential cash dividends, as and when declared by the Board of Directors of the Corporation, payable quarterly on the 15th day of each January, April, July and October at an annual rate of \$1.6875 per share for the initial five-year period ending on and including October 15, 2014.</p> <p>The dividend rate could be reset on October 15, 2014 and every five years thereafter at a rate equal to the 5-year Government of Canada bond yield plus 4.16%. These shares were redeemable by TC Transcontinental on October 15, 2014 and on October 15 every five years thereafter subject to certain restrictions.</p> <p><i>Conversion:</i> Holders of these shares had the right, at their option, to convert their shares into cumulative floating rate preferred shares, Series E subject to certain conditions, on October 15, 2014 and on October 15 every five years thereafter.</p>
<i>Preferred Shares, Series E⁽¹⁾:</i>	<p><i>Dividends:</i> Cumulative Floating Rate Preferred Shares, Series E entitled their holders to cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.16%.</p>

(1) The Preferred Shares, Series D were redeemed by the Corporation on October 15, 2014.

4.2 Ratings

We have the following credit ratings from Standard & Poor's Ratings Services ("S&P") and DBRS Limited ("DBRS").

	S&P	DBRS
Corporate Rating	BBB- / Stable	BBB (low) / Stable
Senior Unsecured Notes	BBB- / Stable	BBB (low) / Stable

Corporate Rating

Standard & Poor's Ratings Services

An S&P Issuer Credit Rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program. The opinion reflects S&P's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default. The Issuer Credit Rating is not a recommendation to purchase, sell or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor.

S&P credit ratings range from AAA to D, which represent the range from the highest to lowest quality. According to S&P, the BBB- rating is the fifth highest of 12 major rating categories. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. An obligor rated "BBB-" is considered the lowest investment-grade by market participants.

A credit rating outlook notation indicates the possible direction in which a rating may move over the next six months to two years. "Positive" means it may be raised; "Negative" means it may be lowered; and "Stable" means it is unlikely to change.

DBRS Limited

According to DBRS, corporate credit ratings are forward-looking measures that assess an issuer's ability and willingness to make timely payments of principal and interest. Credit ratings are not buy, hold, or sell recommendations, but rather the result of qualitative and quantitative analysis focusing solely on the credit quality of the issuer and its underlying obligations.

DBRS credit ratings range from AAA to D, which represent the range from the highest to lowest quality. According to DBRS, the BBB rating is the fourth highest of 10 major rating categories.

Each rating category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category. The AAA and D categories do not utilize "high", "middle" and "low" as differential grades. Long-term debt rated BBB is of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable but it may be vulnerable to future events.

Each DBRS rating category is appended with one of three rating trends - "Positive", "Stable", or "Negative". The rating trend helps to give the investor an understanding of DBRS's opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

4.3 Normal Course Issuer Bid

On April 10, 2014, the Corporation announced that it had received approval from the Toronto Stock Exchange to renew its normal course issuer bid and launch the 2014-2015 normal course issuer bid in order to redeem for cancellation of up to 4,742,369 of its Class A Subordinate Voting Shares (representing 10% of the 47,423,698 public float Class A Subordinate Voting Shares as of April 2, 2014) and up to 741,640 of its Class B Shares (representing

5% of the 14,832,816 issued and outstanding Class B Shares as at April 2, 2014) over the 12-month period starting on April 15, 2014 and ending on April 14, 2015.

In connection with the 2014-2015 normal course issuer bid, the Corporation entered into an automatic purchase plan agreement (“APP”) with a broker to allow for the purchase of Class A Subordinate Voting Shares and Class B Shares at times when the Corporation ordinarily would not be active in the market due to self-imposed trading blackout periods. Before entering into a blackout period, the Corporation may, but is not required to, instruct the designated broker to make purchases in accordance with the terms of the APP. Such purchases are determined by the broker in its sole discretion based on parameters established by the Corporation prior to the blackout period, in accordance with the Toronto Stock Exchange rules and applicable securities laws. Outside of the pre-determined blackout periods, Class A Subordinate Voting Shares and Class B Shares are purchased in accordance with management’s discretion, within the parameters approved by the Toronto Stock Exchange.

The Corporation had also been authorized to redeem for cancellation on the open market or, subject to the approval of any securities authority, by private agreements, between April 15, 2013 and April 14, 2014 up to 3,906,520 of its Class A Subordinate Voting Shares, representing 10% of its 39,065,201 public float Class A Subordinate Voting Shares as of April 2, 2013, and up to 742,440 of its Class B Shares, representing 5% of its 14,848,816 issued and outstanding Class B Shares as of April 2, 2013.

During the fiscal year ended October 31, 2014, the Corporation did not redeem any of its Class A Subordinate Voting Shares or Class B Shares under the normal course issuer bid.

4.4 Management’s Discussion and Analysis of the Financial Condition and Results of Operations

A discussion and analysis by management of the financial condition and results of operations for the fiscal year ended October 31, 2014 is presented in our Management’s Discussion and Analysis for the year ended October 31, 2014, which is incorporated herein by reference. To complement such management’s discussion and analysis, reference is made to the Consolidated Financial Statements for the fiscal years ended October 31, 2014, and 2013 and the Notes to Consolidated Financial Statements, which Consolidated Financial Statements and Notes are incorporated herein by reference.

4.5 Market for Securities

Our Class A Subordinate Voting Shares and our Class B Shares are listed for trading on the Toronto Stock Exchange under ticker symbols TCL.A and TCL.B, respectively. Our Preferred Shares, Series D were listed for trading on the Toronto Stock Exchange under ticker symbol TCL.PR.D until October 15, 2014, the date on which they were all redeemed.

The following tables present the monthly price variations as well as the volume of operations with respect to the Class A Subordinate Voting Shares, the Class B Shares and the Class D Preferred Shares on the Toronto Stock Exchange for the fiscal year ended October 31, 2014.

Class A Subordinate Voting Shares - TCL.A

Month	High (\$)	Low (\$)	Volume
November 2013	17.19	16.10	2,996,326
December 2013	16.90	14.00	4,895,966
January 2014	14.68	13.30	5,401,109
February 2014	15.39	13.54	3,235,736
March 2014	16.03	14.22	3,661,922
April 2014	16.65	15.44	2,581,163
May 2014	16.71	14.78	1,971,017

Class A Subordinate Voting Shares - TCL.A

Month	High (\$)	Low (\$)	Volume
June 2014	16.43	14.53	3,428,664
July 2014	15.58	13.56	2,027,553
August 2014	15.13	13.61	2,649,810
September 2014	16.02	14.36	3,159,525
October 2014	15.60	13.28	2,535,195
Total			38,543,986

Class B Shares - TCL.B

Month	High (\$)	Low (\$)	Volume
November 2013	17.07	16.15	10,167
December 2013	17.10	13.62	20,121
January 2014	14.49	13.17	10,841
February 2014	15.19	13.68	8,982
March 2014	15.61	14.48	10,510
April 2014	16.30	15.71	4,570
May 2014	16.70	15.01	7,004
June 2014	16.25	14.59	8,885
July 2014	15.48	14.44	6,581
August 2014	15.00	13.69	2,150
September 2014	16.00	14.66	8,140
October 2014	15.25	13.36	9,562
Total			107,513

Preferred Shares, Series D - TCL.PR.D

Month	High (\$)	Low (\$)	Volume
November 2013	25.37	24.82	103,370
December 2013	25.50	25.20	69,969
January 2014	25.68	24.85	53,320
February 2014	25.18	24.85	58,599
March 2014	25.14	24.79	86,714
April 2014	25.41	24.81	312,209
May 2014	25.35	25.08	64,717
June 2014	25.29	25.07	81,806
July 2014	25.45	25.05	45,161
August 2014	25.13	24.88	83,669
September 2014	25.43	25.04	183,731
October 2014	25.43	24.99	96,581
Total			1,239,846

Item 5 - Our Dividend Policy

Each holder of Class A Subordinate Voting Shares and Class B Shares of the Corporation is entitled to receive the dividends that the Board of Directors declares at its discretion. However, in the past, our policy has been to pay a quarterly dividend in cash. It should be noted however that our policy has been to retain the major portion of our cash flows in order to invest in different business opportunities. Currently, there are no restrictions preventing us from paying dividends.

The following table presents a summary of the cash dividends per share declared and paid by the Corporation to all holders of its Class A Subordinate Voting Shares and Class B Shares over the last three fiscal years:

Fiscal Years Ended October 31

2012	\$0.57
2013	\$1.58 ⁽¹⁾
2014	\$0.625

(1) Including the \$1.00 per share special dividend declared during the second quarter.

Subject to being declared by the Board of Directors, the Corporation paid dividends on its Preferred Shares, Series D every quarter until their redemption by the Corporation on October 15, 2014. The following table presents a summary of the cash dividends per share declared and paid by the Corporation to all holders of Preferred Shares, Series D over the last three fiscal years:

Fiscal Years Ended October 31

2012	\$1.6875
2013	\$1.6875
2014	\$1.6875

On December 9, 2014, the Board of Directors of the Corporation declared a quarterly dividend of \$0.16 per share to all holders of the Corporation's Class A Subordinate Voting Shares and Class B Shares. This dividend was paid on January 22, 2015 to all shareholders of record as of the close of business on January 2, 2015.

Item 6 - Directors and Officers

The names of our directors, their city of residence, their principal occupation, the year when they became directors, the number of voting Shares (Class A Subordinate Voting Shares and Class B Shares) of the Corporation that the directors owned beneficially or over which they exercised control or direction, as well as the number of share units held by the directors pursuant to the Deferred Share Unit Plan of the Corporation (or, in the case of directors who are also employees of the Corporation, the number of vested deferred share units granted pursuant to the Share Unit Plan of Transcontinental Inc. for executives), as of October 31, 2014 are indicated below.

Name		Principal Occupation	Director Since	Number of Class A Subordinate Voting Shares	Number of Class B Shares	Number of Deferred Share Units
Lucien Bouchard, G.O.Q. Montréal, Québec	☐	Partner, Davies Ward Phillips & Vineberg LLP (law firm)	2001	1,128	-	57,751
Claude Dubois Montréal, Québec	☐	President, Gestion Phila Inc. (holding company)	1978	42,572 ⁽¹⁾	4,000 ⁽¹⁾	55,115
Pierre Fitzgibbon Verdun (Nuns Island), Québec	○	Investor and Corporate Director	2009	5,000	-	14,060
Richard Fortin Boucherville, Québec	◇○	Corporate Director	2004	6,000	-	61,029
Isabelle Marcoux ⁽²⁾ Montréal, Québec		Chair of the Board, Transcontinental Inc.	2005	4,000	1,000	5,602
Nathalie Marcoux ⁽²⁾ Town of Mount-Royal, Québec		Vice President, Finance, Capinabel Inc. (holding company)	2011	-	-	18,486
Pierre Marcoux ⁽²⁾ Town of Mount-Royal, Québec		Senior Vice President, Business Information Solutions and Education, TC Media	2005	5,000	1,000	532
Rémi Marcoux C.M. ⁽²⁾ , O.Q., F.C.A. Montréal, Québec		Founder and Director, Transcontinental Inc.	1976	154,400	13,062,840	-
Anna Martini Town of Mount-Royal, Québec	▽	President, Groupe Dynamite Inc. (specialized apparel global retailer)	2011	-	-	21,842
François Olivier Montréal, Québec		President and Chief Executive Officer, Transcontinental Inc.	2008	2,740	-	151,743
François R. Roy Montréal, Québec	○	Corporate Director	2008	-	-	15,165

Name		Principal Occupation	Director Since	Number of Class A Subordinate Voting Shares	Number of Class B Shares	Number of Deferred Share Units
Lino A. Saputo, Jr. Westmount, Québec	▽	Chief Executive Officer and Vice Chairman of the Board, Saputo Inc. (consumer products-food processing)	2008	-	-	39,964
Alain Tascan ⁽³⁾ Montréal, Québec	□	President and Chief Executive Officer, Sava Transmedia Inc. (publisher and developer of games for social and mobile platforms)	2012	-	-	5,305
André Tremblay Montréal, Québec	▽	Managing Partner, Trio Capital Inc. (private equity fund management)	2007	-	-	33,691

◇ Lead Director.

○ Member of the Audit Committee.

▽ Member of the Human Resources and Compensation Committee.

□ Member of the Corporate Governance Committee.

(1) Of which 37,572 Class A Subordinate Voting Shares and 4,000 Class B Shares are held by Gestion Phila Inc., a management company controlled by Mr. Claude Dubois.

(2) The 154,400 Class A Subordinate Voting Shares are held by Capinabel Inc. and the 13,062,840 Class B Shares are held by Capinabel Inc. Capinabel Inc. has entered into a monetization transaction with a Canadian chartered bank relating to 4,000,000 Class B Shares and has also issued to a third party debentures exchangeable for 600,000 Class B Shares held by Capinabel Inc. The monetization transaction and the debentures may be repaid in cash or through the transfer of Class A Subordinate Voting Shares. The shares of Capinabel Inc. are held directly and indirectly by Mr. Rémi Marcoux and members of his immediate family. Mr. Rémi Marcoux controls Capinabel Inc. As of January 9, 2015, the shares of Capinabel Inc. represent 72.65% of the voting rights attached to the outstanding equity shares of the Corporation. If the monetization transaction and the debenture had been repaid on January 9, 2015 through the transfer of Class A Subordinate Voting Shares, the shares held by Capinabel Inc. would represent 62.19% of the voting rights attached to all outstanding equity shares of the Corporation. Ms. Isabelle Marcoux, Ms. Nathalie Marcoux and Mr. Pierre Marcoux are members of Mr. Rémi Marcoux's immediate family.

(3) Mr. Tascan recently announced his intention not to seek re-election as a director.

Each director remains in office until the following annual shareholders' meeting or until the election or appointment of his successor, unless he resigns or his office becomes vacant as a result of his death, removal or other cause.

The following table sets forth the names, city of residence and position held with the Corporation of each officer of the Corporation as of the date hereof.

Name and City of Residence	Position Held with the Corporation
André Bolduc Montréal, Québec	Director of Internal Audit
Philippe Bonin Montréal, Québec	Treasurer
Isabelle Côté Saint-Lazare, Québec	Corporate Controller

Name and City of Residence	Position Held with the Corporation
Christine Desaulniers Town of Mount-Royal, Québec	Chief Legal Officer and Corporate Secretary
Nelson Gentiletti Kirkland, Québec	Chief Financial and Development Officer
Benoît Guilbault Town of Mount-Royal, Québec	Chief Information Officer
Isabelle Lamarre Town of Mount-Royal, Québec	Assistant General Counsel and Assistant Corporate Secretary
Katya Laviolette Beaconsfield, Québec	Chief Human Resources Officer
Donald LeCavalier Montréal, Québec	Vice President, Finance
Brigitte Lépine Montréal, Québec	Vice President, Innovation and Strategy
Martin Longchamps Montréal, Québec	Vice President, Mergers and Acquisitions
Edward J. (Ted) Markle Beaconsfield, Québec	President, TC Media
Jennifer F. McCaughey Candiac, Québec	Senior Director, Investor Relations and External Corporate Communications
Sylvain Morissette Mont-St-Hilaire, Québec	Chief Communications Officer
François Olivier Montréal, Québec	President and Chief Executive Officer
Brian Reid Annan, Ontario	President, TC Transcontinental Printing and TC Transcontinental Packaging

The directors and officers of the Corporation who have not held their principal occupation with the Corporation for more than five years have had the following principal occupations during the last five years (except where a director or officer has occupied more than one position in the same company or an affiliate thereof, only the date of his appointment to his current position is indicated):

- Mr. Philippe Bonin is Treasurer since August 2010. From March 2010 until August 2010, he was Principal at Tandem Expansion Fund (a private equity investment fund). From February 2006 until March 2010, he held several positions at TC Transcontinental, including Senior Director, Mergers and Acquisitions and Business Integration. Previously, he was Director, Financial Reporting at Bell Nordiq Group Inc. (a telecommunications company).
- Ms. Isabelle Côté is Corporate Controller of the Corporation since July 2013. Previously, she was Senior Director, Accounting and Financial Information at the Cirque du Soleil (an artistic entertainment company) since August 2005.
- Mr. Pierre Fitzgibbon is an investor and a corporate director since June 2014. From July 2007 until June 2014, he was President and Chief Executive Officer of Atrium Innovations Inc. (a company leader in the development, manufacturing and marketing of added-value products for the health and nutrition industry).
- Mr. Nelson Gentiletti is Chief Financial and Development Officer since December 5, 2011. Previously, he was Chief Financial Officer from 2002 until 2005 and then Chief Operating Officer from 2005 until 2011 at Transat A.T. Inc. (a tourism company).

- Mr. Benoît Guilbault is Chief Information Officer since April 2013. From April 2010 until April 2013, he was Executive Vice-President and Chief Information Officer for Acceo Solutions (IT solutions company) and, from March 2008 until February 2010, he was Chief Information Officer for Caisse de dépôt et placement du Québec (an institutional investor).
- Ms. Katya Laviolette is Chief Human Resources Officer since May 30, 2011. From January 2009 until May 2011, she was Vice President, People and Culture at Canadian Broadcasting Corporation (a national public broadcaster), from July 2007 until January 2009, she was Vice President, Human Resources at Alcan Inc. (an aluminium production company) and from May 2003 until July 2007, she was Vice President, Human Resources at Transcontinental Media G.P.
- Mr. Martin Longchamps is Vice President, Mergers and Acquisitions since June 2010. From February 2005 until June 2010, he held various positions at EdgeStone Capital Partners (a private equity investment fund), including as Senior Vice President.
- Mr. François R. Roy is a corporate director. From June 2007 until June 2010, he was Vice Principal (Administration and Finance) of McGill University. From March 2000 until May 2003, he was Chief Financial Officer of Telemedia Corporation (a private portfolio company).
- Mr. Alain Tascan is Chief Executive Officer of Sava Transmedia, (a publisher and developer of games for social and mobile platforms) since May 2011. Previously, he founded Electronic Arts (EA) Montréal, (a developer, producer and distributor of interactive software) from July 2003 until March 2011.

As of October 31, 2014, directors and officers of the Corporation (other than Mr. Rémi Marcoux), as a group, beneficially owned, directly or indirectly, 102,415 Class A Subordinate Voting Shares and 6,000 Class B Shares of the Corporation, then representing approximately 0.16% and 0.04%, respectively, of the outstanding shares of each of such class.

To the best knowledge of the Corporation, no proposed director, as at January 9, 2015, or within 10 years before January 9, 2015: (a) is or has been subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) is or has been subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) is or has been a director or executive officer of any company that, while that person 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 (d) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets, with the exception of:

- (i) Mr. Roy who was a director of Komunik Corporation until April 1, 2008, approximately eight months before such corporation voluntarily filed for protection under the *Companies' Creditors Arrangement Act* ("CCAA") on November 18, 2008. Mr. Roy is no longer a director of Komunik Corporation;
- (ii) Mr. Roy who was a director of Pixman Nomadic Media Inc. until November 27, 2009, more than two months before such corporation filed a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada). Between November 3, 2009 and February 17, 2010, the Alberta Securities Commission, the British Columbia Securities Commission, the Ontario Securities Commission and the

Autorité des marchés financiers issued cease trade orders in respect of Pixman Nomadic Media Inc. in connection with its failure to file certain financial statements and other continuous disclosure documents within the prescribed delays. Mr. Roy is no longer a director of Pixman Nomadic Media Inc.; and

- (iii) Mr. Tremblay who was President and Chief Executive Officer and a director of TerreStar Networks Canada Inc., when the latter and other affiliates filed on October 19, 2010 for an arrangement under *Chapter 11* of the United States *Bankruptcy Code*, followed on October 21, 2010 by an exemplary judgment by the Ontario Courts of the proceedings initiated in the United States. On March 29, 2012, TerreStar Networks Canada Inc. successfully emerged from this protection regime.

Furthermore, to the best knowledge of the Corporation, no proposed director of the Corporation has been as at January 9, 2015 subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Item 7 - Proceedings

In the normal course of business, we are involved in various legal proceedings. Legal proceedings resulting from our activities in printing, packaging or media could have adverse effects both with respect to costs and to our reputation. In order to manage this risk, we, in addition to having a civil liability insurance policy, often limit our potential responsibility with respect to damages under the contracts which we sign regarding our printing and packaging activities, and with respect to our media activities, we provide our journalists with information sessions and continuous training in addition to signing specific contracts with freelancers.

Item 8 - Material Contracts

No material contract outside the ordinary course of business was entered into by the Corporation during the last two years.

Item 9 - Transfer Agent and Registrar

The transfer agent and registrar of our shares is CST Trust Company, having a place of business at 2001 University Street, Suite 1600, Montréal, Québec, H3A 1A6. CST Trust Company also has offices in Toronto.

Item 10 - Information Regarding the Audit Committee

10.1 Charter of the Corporation's Audit Committee

The charter of the Corporation's Audit Committee is included in Schedule A.

10.2 Composition of the Audit Committee

The Corporation's Audit Committee is composed of the three following persons:

Name of the Director	Independent	Financially Literate
Pierre Fitzgibbon	x	x
Richard Fortin, acting as Chair of the Audit Committee	x	x
François R. Roy	x	x

10.3 Background and Related Experience

Mr. Pierre Fitzgibbon

Mr. Pierre Fitzgibbon is a member of the Ordre des comptables professionnels agréés du Québec, holds a bachelor's degree in business administration from the École des Hautes Études Commerciales of Montréal and a certificate in management from Harvard Business School. He is an investor and a corporate director since June 2014. Prior to such date, Mr. Fitzgibbon was President and Chief Executive Officer of Atrium Innovations Inc. since July 2007; previously he was Senior Vice President, Finance, Technology and Corporate Affairs of National Bank of Canada and, prior to July 2005, he was responsible of advisory services and corporate financing at National Bank Financial, as Vice Chairman. From January 1998 until December 2001, Mr. Fitzgibbon was Chief Executive Officer of New World Mobility. For three years, prior to joining New World Mobility, Mr. Fitzgibbon held various executive positions in Finance, Corporate and Business Development at Chase Capital Partners Hong Kong and Telesystems Wireless International Inc. in Canada and Asia. He also spent five years at Domtar Corporation in various executive positions, namely as Senior Vice-President and Chief Financial Officer.

Mr. Richard Fortin

Mr. Richard Fortin is a corporate director. Until September 2011, he was Chairman of the Board of Alimentation Couche-Tard Inc., a publicly traded corporation and, previously, he was Executive Vice President and Chief Financial Officer of Alimentation Couche-Tard Inc. since 1984. He has a Bachelor in Administration with a major in Finance from Laval University. Throughout his career, he has constantly remained on top of new accounting rules. He worked for more than 13 years in the banking industry, holding various management positions, namely as Vice President, Québec for the Société Générale (Canada). As such, Mr. Fortin was called upon to analyze numerous financial statements and to familiarize himself with accounting principles.

Mr. François R. Roy

Mr. François R. Roy is a corporate director. From June 2007 until June 2010 he was Vice-Principal (Administration and Finance) of McGill University. Previously, from March 2000 until May 2003, he was Chief Financial Officer of Telemedia Corporation, a private portfolio company; from August 1998 until March 2000, he was Executive Vice President and Chief Financial Officer of Quebecor Inc.; from August 1997 until July 1998, he was Executive Vice President and Chief Financial Officer of Avenor Inc., a forest product company. Mr. François R. Roy also holds an MBA from the University of Toronto and is a member or chairman of audit committees for several public and private corporations.

10.4 Reliance on Certain Exemptions

We have not at any time during our last fiscal year relied on any exemption set out in Multilateral Instrument 52-110.

10.5 Policies and Procedure Regarding Prior Approval

The Audit Committee has adopted rules regarding the scope of the services provided by the external auditors, which rules have been implemented as of its fiscal year starting on November 1, 2002. Our external auditors provide audit-related services to the Corporation and its subsidiaries, audit-related or connected services, consulting services regarding research and development credits as well as tax-related consulting services. We will not give our external auditors any mandates to provide certain non-audit and non-tax related services to the Corporation and its subsidiaries, such as bookkeeping or other services related to the accounting books or financial statements or regarding the design and implementation of financial disclosure systems, services related to evaluation, actuarial services, internal auditing services, investment banking services and legal services. With respect to all other non-audit related consulting services, management must obtain the prior approval of its Audit Committee.

10.6 Fees Relating to the Services of the External Auditors

The following table sets forth, by category, the fees incurred by the Corporation and payable to its external auditors KPMG LLP for the fiscal years ended October 31, 2014 and 2013.

Category of Fees (in thousands of dollars)	2014 (\$)	2013 (\$)
Auditing fees	860.0	811.0
Fees for audit-related or connected	149.3	125.8
Compliance with taxation requirements and consulting services thereto	435.5	915.5
Other fees	-	229.0
Total	1,444.8	2,081.3

Auditing fees include total fees paid to the auditors for auditing the annual consolidated financial statements and other regulatory audits and filings.

Fees for audit-related or connected services included the total fees related to auditing services paid to the auditors, in particular for auditing the pension plans and for consulting services with respect to accounting and financial disclosure standards.

Tax-related fees include the total fees related to tax services paid to the auditors, in particular for consulting services regarding our compliance with income tax laws, tax planning in the preparation of our tax returns as well as regarding capital taxes and sales taxes. The auditors also offer consulting services with respect to tax credits for scientific research and experimental development.

Other fees include the total fees related to other services paid to the auditors for all other services rendered to the Corporation that do not fall under any of the above-mentioned categories.

Item 11 - Forward-Looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. These forward-looking statements include, among others, statements with respect to our objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "assumptions," "strategy," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "objective," the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. The main risks, uncertainties and factors that could influence actual results are described in this Annual Information Form and in the 2014 Management's Discussion and Analysis under sections "Caution Regarding Forward-Looking Statements" (p.2), "Summary of Forward-Looking Statements" (p.3) and "Risks and Uncertainties" (p.18-22).

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of divestitures, business combinations, mergers or acquisitions which may be announced after the date of this Annual Information Form.

These forward-looking statements are made pursuant to the “safe harbor” provisions of applicable Canadian securities legislation.

The forward-looking statements in this Annual Information Form are based on current expectations and information available as at the date hereof. Forward-looking statements may also be found in our other documents filed with Canadian securities regulators or in other communications.

Item 12 - Additional Information

Additional information, including remuneration of directors and officers, loans to officers, stock options, share units and interest of insiders in material transactions is, where applicable, contained in our Management Proxy Circular for our Annual General Meeting of Shareholders. Additional financial information is provided in the consolidated audited financial statements of the Corporation for the year ended October 31, 2014. A copy of these documents may be obtained, free of charge from our Corporate Secretary or our Senior Director, Investor Relations and External Corporate Communications at 1 Place Ville Marie, Suite 3315, Montréal, Québec, H3B 3N2. These documents can also be obtained on SEDAR’s website (www.sedar.com) or on our website (www.tc.tc).

In addition, when securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed, the following documents may be obtained free of charge from our Corporate Secretary or our Senior Director, Investor Relations and External Corporate Communications:

- (i) A copy of this Annual Information Form, together with a copy of any document or portion thereof incorporated by reference therein;
- (ii) A copy of the comparative financial statements of the Corporation for its most recently completed financial year together with the report of the auditors thereon and a copy of any interim financial statements of the Corporation subsequent to financial statements for its most recently completed financial year;
- (iii) A copy of the Corporation’s Management Proxy Circular for its most recent Annual Meeting of Shareholders; and
- (iv) A copy of any other documents that are incorporated by reference in the preliminary short form prospectus or the short form prospectus.

At any other time, a copy of the documents referred to in subparagraphs (i), (ii) and (iii) above will be provided free of charge from our Corporate Secretary or our Senior Director, Investor Relations and External Corporate Communications.

A copy of this Annual Information Form can be obtained, free of charge, from our Corporate Secretary or our Senior Director, Investor Relations and External Corporate Communications at 1 Place Ville Marie, Suite 3315, Montréal, Québec, H3B 3N2, on SEDAR’s website (www.sedar.com) or on the Corporation’s website (www.tc.tc).

Schedule A Mandate of the Audit Committee

The mandate of the Audit Committee (the “Committee”) consists of assisting the Board of Directors (the “Board”) in its supervision of : (1) the integrity of the Corporation’s interim financial reports and annual financial statements and related information; (2) the internal auditor and external auditor’s qualifications and independence; (3) the performance of the Corporation’s internal audit function and external auditor; (4) the effectiveness of internal controls; (5) the Corporation’s compliance with legal and regulatory requirements; and (6) the identification of the material risks that may affect the Corporation and the implementation of appropriate measures to manage such risks.

1. Composition

The Board shall appoint a minimum of three of its members to the Committee, one of whom shall serve as Committee Chair and all of whom shall be financially literate. The Committee is composed exclusively of independent directors who have no direct or indirect material relationship with the Corporation, its subsidiaries or affiliates of the Corporation. A material relationship is defined as any relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Committee member’s independent judgement.

The members of the Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual meeting of shareholders or until their successors are so appointed. The Board may remove or replace a member of the Committee at any time. A member shall cease to be a member of the Committee upon ceasing to be a director.

The Committee shall fix its own procedure at meetings and for the calling of meetings. Unless waived by the members of the Committee, the Committee shall meet “in camera” at each Committee meeting at which member of management are not in attendance, to allow its members to discuss openly and candidly.

Unless otherwise decided from time to time by the Board, two members of the Committee shall constitute quorum for the transaction of business at a meeting. For any meeting(s) at which the Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided by a majority of the members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Committee. The Corporate Secretary or Assistant Corporate Secretary shall be the secretary of the Committee.

2. Duties and Responsibilities

The duties and responsibilities of the Committee are established by the Board and include the functions customarily performed by audit committees, such as the following:

- (i) Helping members of the Board meet their responsibilities, in particular their responsibility for overseeing the financial information production and reporting process;
- (ii) Providing sound communication between directors and the external auditor;
- (iii) Ensuring itself of the independence of the external auditor;
- (iv) Satisfying itself of the credibility and objectivity of financial reports;
- (v) Favouring the implication of directors and facilitating in-depth discussions among directors, management and the external auditor;
- (vi) Assuming the responsibility, on behalf of the shareholders, for the relationship between the Corporation and the external auditor;

- (vii) Examining and approving the mandate of the external auditor as well as the nature and scope of the audit to be conducted by the external auditor and receiving its official written statement attesting to its independence;
- (viii) Recommending to the Board the nomination of the external auditor and approving its compensation;
- (ix) Examining and approving the mandate, the organization and the independence of the internal auditor of the Corporation, including the scope of its responsibilities, its objectives and its work programs as well as its staff;
- (x) Overseeing the work of the external auditor engaged for the purpose of preparing or issuing the audit report or performing other audit, exam or attest services for the Corporation, including the resolution of disagreement between management and the external auditor regarding financial information;
- (xi) Discussing with the external auditor any restrictions imposed on the scope of its work and any problems arising in connection with its audit of the Corporation and its subsidiaries;
- (xii) Informing the Board of any conflict between the external auditor and management of the Corporation which the Committee has not settled within a reasonable timeframe;
- (xiii) Pre-approving a budget for all non-auditing services that the external auditor of the Corporation must carry out for the Corporation or its subsidiaries in order to allow the Committee to consider the effect of the services on the independence of the external auditor and examining and authorizing all fees paid to the external auditor for any service. This responsibility of the Audit Committee cannot be delegated to management of the Corporation in any way whatsoever;
- (xiv) Reviewing and recommending to the Board for approval, before their release, the interim financial reports and annual financial statements of the Corporation, including the notes thereto, the management's discussion and analysis relating thereto and the press releases regarding the interim and annual results;
- (xv) Reviewing the accounting policies followed by the Corporation, including any material changes made thereto during a fiscal year and ensuring that they are adequate under the circumstances and in compliance with applicable laws and regulations;
- (xvi) Reviewing, in conjunction with management and the external auditor, any new financial or regulatory requirements that could affect the presentation of the Corporation's financial information;
- (xvii) Assessing the efficiency and integrity of the Corporation's internal controls and management information systems taking into account comments from the external auditor, the internal auditor of the Corporation and the Chief Financial Officer of the Corporation;
- (xviii) Reviewing the recommendations that the internal auditor and the external auditor bring to the attention of management of the Corporation and which they consider material with a view to improving accounting practices, internal controls and management information systems;
- (xix) Ensuring that an adequate corporate disclosure policy is in place for the review of the Corporation's public disclosure of financial information extracted or derived from the interim financial reports or annual financial statements;

- (xx) Ensuring that procedures established for the receipt, retention and the treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and regarding the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (xxi) Reviewing and approving the Corporation's hiring policies regarding current and former partners and employees of the present and former external auditor of the Corporation;
- (xxii) Ensuring that a process allowing management to identify the major risks the Corporation is facing is implemented and taking all necessary measures or ensuring that such measures are taken to manage such risks; in this regard, making inquiries with respect to the insurance portfolio, the currency position, any pending and threatened litigation as well as any contingent liabilities of the Corporation and its subsidiaries; reviewing the level of provisions with respect to the Corporation's accounts and evaluating their adequacy; and
- (xxiii) Meeting privately on a regular basis with the internal auditor and the external auditor, without management being present, to discuss management of the Corporation's financial affairs and internal controls.

To allow it to fulfill its obligations mentioned above, the Committee shall have unlimited access, at any time, directly or through duly appointed representatives, to the pertinent books and accounting systems of the Corporation, to its external auditor, to its internal auditor, to its accounting staff and members of management as well as to any independent legal counsel or other counsel deemed appropriate by the Committee, the whole at the cost of the Corporation; the Committee shall have the authority to establish remuneration of such consultants. The external auditor as well as the internal auditor of the Corporation and members of management shall also have unlimited access to the Committee.

The Committee reports to the Board after every Committee meeting.