



ANNUAL INFORMATION FORM

January 25, 2013
Fiscal Year Ended October 31, 2012

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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, 2012, 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 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, 2012 as well as the percentage of shares with voting rights or participation controlled, and their jurisdiction of creation are as follows:

Legal Entity	Jurisdiction – Incorporation	% of Securities Owned by the Corporation
Transcontinental Nova Scotia Media Group Inc.	Canada	100 %
Transcontinental Atlantic Media Group Inc.	Québec	100 %
Transcontinental Printing 2005 G.P.	Québec	100 %
Transcontinental Printing 2007 Inc.	Québec	100 %
Transcontinental Printing Inc.	Canada	100 %
Transcontinental Media Inc.	Québec	100 %
Transcontinental Media G.P.	Québec	100 %
Transcontinental Interactive Inc.	Canada	100 %
Transcontinental Northern California (2009), Inc.	Delaware	100 %
Transcontinental Printing Corporation	Delaware	100 %

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, 2012. 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

Largest printer and leading provider of media and marketing activation solutions in Canada, TC Transcontinental creates products and services that allow businesses to attract, reach and retain their target customers. We specialize in print and digital media, the production of magazines, newspapers, books and custom content, mass and personalized marketing, interactive and mobile applications, TV production and door-to-door distribution.

Transcontinental Inc., known by the brands TC Transcontinental, TC Media and TC Transcontinental Printing, has approximately 9,500 employees in Canada and the United States, and reported revenues of C\$2.1 billion in 2012.

2.2 Strategic Orientation Update

General

From our very beginning, our mission has been to enable our clients to attract, acquire and retain their target audiences while ensuring our own long-term growth and profitability and protecting the common interests of the four pillars of TC Transcontinental: its employees, customers, shareholders and the communities in which it operates.

Our strategy is based on several fundamental principles: to be a leader in the markets served, to maintain a disciplined approach to acquisitions and financial management, and to instill a culture focused on innovation, respect, teamwork and performance. Over the years, TC Transcontinental has become a Canadian leader in marketing activation, which involves the creation of integrated marketing campaigns that are based on knowledge of the consumer, driven by content and delivered on multiple media platforms through digital and interactive solutions as well as print products. Such programs meet customers' marketing challenges and are supported by their brand image and operational strengths.

Insight

We make use of multiple platforms to connect with Canadian consumers, in French and English, from coast to coast. Through our print media, online properties, social media, the partnerships we have formed and our advertising material distribution system, we reach more than 24 million consumers. This gives us access to a large number of databases that we can use to analyze consumer profiles, trends and behaviours. Analysis of consumer pre-purchase, purchase and post-purchase data is a key component of customer retention and loyalty programs. Given our platform reach and data analytical capabilities, we are ideally positioned to know what Canadian consumers want.

Content

TC Transcontinental has created awareness of its own brands, such as *Canadian Living*, *Coup de Pouce*, *Les Affaires* and *Style at Home*, among millions of Canadian consumers who rely on them for information, entertainment and advice. We have developed strong brands in targeted communities of interest, namely Business & Finance, Fashion & Lifestyle, Food & Cooking, Health & Wellness, Local Communities, Home & Garden, Leisure & Entertainment, Family Life, Senior Living, and Sports & Outdoor. We also create incisive and targeted content for our customers' brands. Quality content, in French and English, can be used in mass-marketing or personalized campaigns and it is supported by the power of paid media (mainly newspapers, magazines and TV), owned media (such as company magazines, websites and in-store promotional materials) and earned media (including Facebook, Twitter and blogs). In addition to creating brand-related content, we also offer a wide range of other services, including graphic design, photography, writing and video services.

Deployment

TC Transcontinental delivers content through traditional print media such as retail flyers, magazines, newspapers, books and marketing products. We also offer a full line of distribution services, from door-to-door delivery in Québec through Publisac to direct mail. As a complement to more conventional methods, we also deliver content through digital and interactive channels, such as email marketing, e-flyers, social media and promotional websites. Moreover, since mobility and the adoption of smartphones is a rapidly expanding phenomenon that is revolutionizing traditional marketing approaches, we also offer new forms of marketing communications, such as mobile marketing solution and electronic messaging (SMS, MMS).

With our unique marketing activation strategy, we plan to differentiate ourselves in industries that are undergoing an unprecedented transformation. The marketing communications market is oriented toward a “personalized” approach. Customers of these services are putting more and more emphasis on return on investment (ROI) and measurability. Campaigns have become more targeted as advertisers strive to establish and develop a special relationship with their target clientele. At the same time, the emergence of new media and of digital platforms and changes in consumer behaviour, coupled with the increasing availability of data and technologies that allow for better data mining, have led to a fragmentation of audiences, personalization of content as well as the emergence of content generated by online users and communities. A number of trends are taking hold with increasing speed. This acceleration can particularly be seen in the rate of adoption of digital technologies and the migration of the advertising dollar to online platforms.

The current transformation of the media and marketing industries has had profound impacts on the printing industry as a whole. Print products are still a key component of the media mix, but their growth is restricted by the growing materiality of the above trends. Printers who will be able to profit from this evolving market are those who use state-of-the-art technology to lower their productions costs as well as those who can offer a full line of multiplatform solutions.

In addition, certain macroeconomic factors, including the economic slowdown, the strengthening environmental and social awareness and globalization of markets all have an impact on our operations.

As a whole, these new trends have started to have an impact on customers' demands and expectations. More and more customers are turning to personalized marketing, new platforms and the integrated services proposed by their providers. We therefore plan to take full advantage of these trends by leveraging our insight, content and deployment capabilities with our print expertise through our marketing activation strategy.

2.3 Changes to the Organizational Structure

During fiscal 2012, the Corporation implemented the following changes to its organizational structure.

- TC Transcontinental now operates with two main sectors of activities: TC Media and TC Transcontinental Printing;
- A new local solutions structure was implemented to enhance synergies between distribution and Québec community newspapers and to facilitate sales of local bundled offerings;
- A new national sales structure has been implemented with more clearly defined roles and a focus on fostering combined sales of print and digital products with agencies and national clients;
- The Print Sector management structure was centralized and flattened with the elimination of business Groups; the Print Sector now operates as a single entity with a product focus on retail flyers and newspaper printing, magazine and book printing and marketing products;

- The Corporation revitalized its brand in late 2011 and focused its marketing activation efforts across the Print and Media Sectors.

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, 2012 and 2011.

(in millions of dollars except for percentages)	Fiscal Year Ended October 31			
	2012 (\$)	2012 (%)	2011 (\$)	2011 (%)
Printing Sector ⁽¹⁾	1,480.5	70.1	1,374.4	69.1
Media Sector	712.0	33.7	697.0	35.0
Inter-segment sales and other activities	(80.4)	(3.8)	(82.1)	(4.1)
Total	2,112.1	100.0	1,989.3	100.0

(1) Figures presented above exclude discontinued operations.

A) TC Transcontinental Printing

As the largest printer in Canada and the third-largest in North America, TC Transcontinental Printing has an extensive state-of-the art network of presses. Some 5,500 employees in Canada and the United States offer innovative print solutions for retail flyers, magazines, newspapers, colour books, and personalized and mass marketing products that meet the needs of publishers and marketing specialists of all sizes.

Principal Markets

We operate 31 production plants in Canada and the United States, 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;
- postpress services including finishing, lamination/coating, case and perfect binding/stitching and folding, customized ink jet printing, surprinting, branding, trimming and inserting; and
- distribution services including postal management and shipping.

Management believes that our strategic focus on achieving hybrid production plants and reducing 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.

Revenues by Geographic Region⁽¹⁾

The following table sets forth the revenues and the percentage of revenues based on their geographic distribution for TC Transcontinental Printing for the fiscal years ended October 31, 2012 and 2011.

(in millions of dollars except for percentages)	Fiscal Year Ended October 31			
	2012 (\$)	2012 (%)	2011 (\$)	2011 (%)
Revenues generated from plants in Canada	1,266.4	85.6	1,162.1	84.6
Exports from plants in Canada	114.4	7.7	111.3	8.1
Revenues generated from plants in the United States	99.7	6.7	101.0	7.3
Total	1,480.5	100.0	1,374.4	100.0

(1) Figures presented above exclude discontinued operations.

Equipment and Manufacturing Process

We operate more than 172 presses and printers spread out over our plants mostly in the Printing Sector. The fleet of equipment includes:

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

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.

We 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. There are several types of offset printing processes: sheet-fed and web, heat-set and cold-set. 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.

Web 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 and certain types of flyers.

We operate multiple sheet-fed presses which allow us to offer the highest quality services for books, commercial printing, 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 time 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 our production plants.

Customers and Competition

Customers of the Print Sector are typically publishers (news, magazines and books) and marketers (retailers, cataloguers, 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 categories providing opportunities for a diverse set of competitors from both the United States and Canada. All of the industry's markets are currently oversupplied in 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 Dollco Corporation, Advocate Printing & Publishing Inc., Teldon Print Media, Hemlock Printers Ltd. and many others. This Sector also competes with direct marketing players like Valassis Communications, Inc. as well as digital printing leaders such as Consolidated Graphics, Inc. and 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. Primarily due to the continued excess capacity in the industry, there has been downward pricing pressure in many market segments in recent years and it has led to increased competition in the printing industry. The development of new printing technologies at reduced prices is also enabling small-niche printers to compete on highly specialized segments of the industry.

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 (including of newspapers, magazines and books) are investing in the digital distribution of their content either through the web or mobile devices with applications or paywalls.

No single customer of the Printing Sector has accounted for more than 10% of such 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 Sector. Such contracts have terms between one to 18 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 the printing of direct marketing materials are not typically subject to long-term contracts with customers.

Raw Materials and Energy Prices

The primary raw materials the Corporation uses in its Printing Sector are paper, ink and plates. This Sector's activities consume energy, in particular, electricity, natural gas and oil. Fluctuations in raw materials and energy prices affect our operations.

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 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 supply agreements 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, have a direct impact on ink prices. While most of our contracts with our biggest customers provide for escalation clauses based on fluctuations in the price of ink, an increase 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. Finally, 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.

Production and Services

TC Transcontinental Printing's activities are divided into four Groups: Retail and Newspaper - West, Retail and Newspaper – East, Magazine, Book and Catalogue and Marketing Products. With state-of-the-art capital assets and a history of investing above the industry average, we are well positioned to remain a leader in our Groups.

In September 2011, TC Transcontinental closed the sale of its Mexican operations to Quad/Graphics, Inc. The divestiture of its Mexican assets to Quad/Graphics, Inc. is in line with the strategy to further strengthen the printing assets in Canada and continue to improve the profitability while helping our customers to better reach their target consumers.

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 on December 20, 2012, of the printing plant in LaSalle. The three (3) remaining plants have been integrated into the TC Transcontinental printing network in order to maximize the use of each piece of equipment across our entire print network.

Retail and Newspaper - West Group and Retail and Newspaper - East Group

The Retail and Newspaper – West (Ontario, the Western Provinces and Northern California) Group and the Retail and Newspaper – East (Québec and the Atlantic Provinces) Group are 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 allow these groups to serve national, regional and local customers in a cost effective and timely manner. The Retail and Newspaper Groups customers are predominantly in the food, pharmacies, home improvement and specialty retailer categories. In fiscal 2012, we extended material long-term contracts with current customers.

TC Transcontinental Printing is the leading printer of newspapers in Canada. As of the date hereof, newspapers are produced in 12 plants located in eight provinces of Canada and in Fremont, California, of which seven are specialized. The list of customers is comprised of more than 150 newspapers across the country (including 22 dailies of which 11 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), *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 and *Métro* in Montréal as well as *Metro* in Halifax.

On August 26, 2008, we announced that we had signed an exclusive 18-year contract with The Globe and Mail, a division of CTV GlobeMedia Publishing Inc., to print *The Globe and Mail* in most of its major markets in Canada until 2028. This contract represents an extension of existing contracts with *The Globe and Mail* in the Atlantic Provinces, Québec and Ontario, and adds two new markets: Alberta and British Columbia. The printing is now done in Halifax, Montréal, Toronto, Calgary and Vancouver. We have invested more than \$175 million in innovation related to the acquisition and modernization of hybrid presses in Vancouver, Calgary, Toronto, Montréal and Halifax in order to give *The Globe and Mail* the flexibility to deliver colour on every page, and glossy magazine-quality production and at the same time creating a new and innovative Canada-wide platform for newspaper and flyer printing, the first Canadian network to integrate the printing of these two products. This network has the capacity to deliver colour on every page for *The Globe and Mail*, and it also addresses the needs of our retail customers on the flyer side. On October 1, 2010, we began printing the new edition of *The Globe and Mail* in most of its major markets in Canada three months early.

On July 6, 2009, we began officially printing the *San Francisco Chronicle* daily paper at our brand new 338,000-square-foot plant in Fremont, California. TC Transcontinental's plant in Fremont offers comprehensive printing and postpress services. As well as handling a range of related products, the plant prints 170,000 copies of the *San Francisco Chronicle* from Monday to Saturday and 200,000 on Sunday. The project represented a total investment size of approximately US\$230 million for TC Transcontinental. TC Transcontinental's Fremont plant capacity has the opportunity to leverage capacity to additional production volumes generated by other contracts. On December 6, 2012 TC Transcontinental and Hearst Corporation entered into an agreement, effective January 1, 2013, amending the terms and conditions relating to the printing of the *San Francisco Chronicle*. TC Transcontinental received a one-time cash payment of US\$200 million from Hearst to compensate for the once reduction on future services. TC Transcontinental will continue to print the *San Francisco Chronicle* over the term of the agreement, receive payment for services and maintain ownership for the printing plant and equipment.

During fiscal 2012, we have renewed several multi-years agreements with major retailers and magazine publisher for a total valued at more than \$1.5 billion annual revenue.

Magazine, Book and Catalogue Group

With four plants specialized in magazine and catalogue printing located in Québec, Ontario, Manitoba and Saskatchewan, the Magazine, Book and Catalogue Group prints more than 300 magazines, including all of the magazines published by TC Media, making it the largest magazine printer in Canada.

In fiscal 2008, we signed two exclusive six-year contracts to print all of Rogers' 70 magazines, including *Châtelaine*, *Maclean's*, *L'actualité* and *Canadian Business*, as well as its marketing communications products. These contracts took effect in the second quarter of fiscal 2009 and have been extended until 2019.

On July 16, 2012 we sold most of our black and white and two colors book printing activities, namely the Transcontinental printing plant in Louiseville and the Transcontinental Métrolitho printing plant in Sherbrooke.

TC Transcontinental plans to further specialize in only certain type of markets, such as four-colour web offset printing for educational book markets in Québec, Canada and the United States, a niche where it stands out and where it has an established reputation.

Marketing Products Group

TC Marketing products are produced across 10 production plants specializing in digital and offset commercial printing of marketing products. They are located in Ontario, Québec, Nova Scotia and Newfoundland serving both 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 Group 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 Group produces various printed materials used in marketing such as catalogues, brochures, etc.

There are also two printing facilities in Salt Lake City that are equipped with 22 presses and 16 ultramodern digital printers.

B) TC Media

Canada's leading provider of media and marketing activation solutions, employing about 4,000 people, TC Media reaches 24 million consumers in Canada through its integrated multiplatform offering that includes print and digital media, the production of magazines, newspapers, books and custom content, mass and personalized marketing, interactive and mobile applications, TV production and door-to-door distribution.

Principal Markets

As the fourth largest media group in Canada, our Media Sector combines our local and regional newspaper, magazine and educational book publishing activities, digital media activities with more than 250 websites as well as digital marketing services, content solutions and our distribution activities. This Sector is referred to as TC Media. These activities are divided into six Groups: the Local Solutions Group, the Consumer Solutions Group, the Multiplatform Development Solutions Group, the Digital Solutions Group, the Content Solutions Group and the Book (Publishing and Distribution) Group.

The core competency of TC Media is creating top-quality content and deploying it on multiple platforms. TC Transcontinental is connecting advertisers and consumers through engaging content. Our 250 websites are comprised of 185 local sites, 37 consumer sites, seven financial sites, many microsites and a few others. TC Media also provides mobile content through 186 mobile sites and 46 mobile applications.

With our newspaper portfolio that includes 11 dailies and 156 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, we are the third largest publisher of community 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 65 million advertising printed

products to more than 12.7 million Canadian households every week. Innovative and popular products, such as the Publisac, deliver over 3.4 billion pieces of advertising products per year in Québec. In addition, the Local Solutions Group operates more than 185 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.

We have a portfolio of 25 publications and many related special interest publications. We are the leading consumer magazine publisher in Canada. We have two categories of publications: (i) consumer publications which hold leading positions in the Canadian market 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*, and *Elle Québec*; and (ii) business publications such as *Investment Executive* and its French language counterpart *Finance et Investissement*, *Les Affaires* and *Affaires Plus*. We also operate more than 30 websites leveraging content from our magazines and create original digital content.

The Multiplatform Development Solutions Group was created in fiscal 2012 to develop a multimedia offering for TC Transcontinental's customers and consumers.

On November 1, 2011, we combined the Media Sector and the Interactive Sector and formed one Sector, TC Media. Following this integration, the Digital Solutions Group is responsible for expanding TC Transcontinental's existing and future brands into new channels of distribution, the ad network as well as the delivery of interactive marketing services (email, mobile and digital promotions) to help marketers build their brands and presence on digital platforms.

The Content Solutions Group encompasses TC Transcontinental's custom communications, branded content development and the promotional content (premedia) solutions which also houses the content management system.

The Book Group has over 7,700 titles in print of which more than 6,700 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 Book Group also publishes more than 1,000 titles French and English destined to Canadian consumers for supplemental educational (Les Éditions Caractère) and books of general practice (Les Éditions Transcontinental).

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 community newspapers to full page advertisements in our nationally distributed magazines, each of our customers has an opportunity to reach their targeted demographic with a high degree of accuracy.

TC Media also serves the information needs of businesses, as well as provides content for educational institutions.

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, from subscription and newsstand sales as well as from flyer distribution. We are the second leading publisher of local and regional newspapers in Canada and the first in Eastern Canada. We reach more than 6.8 million readers with our weekly newspapers and more than 680,000 readers 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 regarding sales of advertising space, subscriptions and newsstand sales. Despite this high level of competition, the community and regional newspaper segment has been more resilient to the drop in advertising dollars than the national or large metro dailies. Our readers continue to rely on our publications for quality information about their local interests and our advertisers realize this.

By distributing most of the circulars major national, regional and local retailers each week to more than four million homes, the Local Solutions Group is a leader in the distribution market in the Province of Québec and in the Atlantic Provinces. 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 revenues of the Consumer Solutions Group are generated by its advertising revenues as well as through subscription and newsstand sales. We are the largest publisher of consumer-oriented 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 significant 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 revenues of the Digital Solutions Group and Content Solutions Group are derived, amongst others, from advertising campaigns including online advertising. Overall, our properties reach more than 19.0 million unique visitors per month across Canada in both French and English. This Group markets more than 3,500 websites derived from our leading print brands, online local newspapers, our ad network and from specific cyberbrands. In Canada, our sites are amongst the leading sites for niche communities - women and business owners - and offer online content in growing 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 Digital Solutions Group and the Content Solutions Group are comprised of a variety of services that enhance the ability of brand owners and advertisers (marketers) to reach their target customers. Over the last few years, we have established ourselves amongst leaders in this rapidly changing and highly dynamic sector. Through acquisitions and organic growth, the Content Solutions Group is now offering services such as custom communications, premedia and content development across multiple channels and the Digital Solutions Group is now offering digital content management, direct marketing and personalized permission-based email marketing, database analytics, transformation of offline content into interactive digital content, mobile marketing services, and personalized digital web to print. While the barriers to entry in many of these market segments can be limiting, 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 who require our unique technologies, market knowledge or specialized services integration. As with most Sectors that rely heavily on technological innovation for the development of new services, we face new competitors. 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.

For the Digital Solutions Group, our competitors are widely dispersed, diverse in scale and specialization and in many cases new to the markets they serve. Included as competitors in this industry would be companies such as the digital division of traditional media companies, such as Rogers Communications Inc., Yellow Media Inc. and Torstar Digital, pure players, such as Google Inc., Yahoo! Inc. and Facebook, Inc., independent ad networks, such as Casale Media Inc. and Glam Media Inc., as well as interactive marketing players, such as Responsys Inc., ExactTarget, Inc., Wishabi Inc., ShopLocal and digital agencies. Regarding content solutions, main competitors are St. Joseph Communications, Schawk! Inc. and Quebecor Media Inc. 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 revenue base of the Book Group includes the educational book division 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 and its competitors differ in each of these three sectors. Its competitors include Les Éditions du Renouveau Pédagogique Inc., CEC Publishing Inc. and Les Éditions Grand Duc Inc. The Book Group also has three other activities : supplemental educational market with Les Éditions Caractère and books of general practice with Les Éditions Transcontinental which books are distributed in bookstores and mass merchandisers. Also, the Book Group provides distribution services to bookstores.

Revenues by Geographic Region

For the fiscal years ended October 31, 2012 and 2011 almost all of the revenues for the Media Sector (which represented \$712 million in fiscal 2012 and \$697 million in fiscal year 2011) were generated in Canada.

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, 2012 and 2011.

(in millions of dollars except for percentages)	Fiscal Year Ended October 31			
	2012 (\$)	2012 (%)	2011 (\$)	2011 (%)
Revenues generated from production facilities in Canada	699.8	98.3	678.1	97.3
Exports from production facilities in Canada	10.6	1.5	16.1	2.3
Revenues generated from production facilities in the United States	1.6	0.2	2.8	0.4
Total	712.0	100.0	697.0	100.0

Seasonal Variations

Generally, our Media Sector's revenues are subject to seasonal variations, with increases in both the second and fourth fiscal quarters. In particular, the Book 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 traditional back-to-school season of educational institutions. In fiscal 2012, the revenues of the Book Group were also affected by the student strike in Québec.

Services

Local Solutions Group

TC Media publishes local and regional 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 156 weekly, bi-weekly, monthly, bi-monthly and periodical newspapers. With a total circulation of approximately 250,000 copies for the dailies and approximately 2.4 million copies for the weeklies, some of TC Media papers have been published for more than 100 years.

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.

A list of the local and regional newspapers published by us as of the most recent date, at which information is available, is attached hereto as Schedule A.

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 wholly owned 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 will 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 big 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 185 local and regional websites that are the local reference with respect to virtual community information.

Consumer Solutions Group

The Consumer Solutions Group publishes 25 regular titles. These titles include 20 consumer publication titles and five business publication titles, including one weekly title. 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-oriented magazines in Canada.

Moreover, we operate more than 30 websites leveraging content from our magazines and also create original digital content to better serve digital communities of interests. We aim to increase revenues derived from our digital platform and launch new products and services that complement our print-based activities. 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 provider.

We consider the brand names of the Consumer Solutions 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 titles published by the Consumer Solutions Group, the number of issues per year and their circulation as of the most recent date at which information is available.

Magazines	Number of issues per year	Circulation
<u>Consumer Publications</u>		
<i>Canadian Gardening</i>	6	97,996 ⁽¹⁾
<i>Canadian Living</i>	12	511,817 ⁽¹⁾
<i>Condo Direct</i>	16	27,200 ⁽³⁾
<i>Coup de Pouce</i>	12	206,721 ⁽¹⁾
<i>Décormag</i>	10	74,038 ⁽¹⁾
<i>Elle Canada</i> (Les Publications Transcontinental-Hearst inc.)	12	131,365 ⁽¹⁾
<i>Elle Québec</i> (Les Publications Transcontinental-Hearst inc.)	12	80,231 ⁽¹⁾
<i>Fleurs, Plantes et Jardins</i>	6	55,094 ⁽¹⁾
<i>Good Times</i>	11	133,211 ⁽¹⁾
<i>Le Bel Âge Magazine</i> (Les Publications Senior inc.)	11	129,719 ⁽¹⁾
<i>Le Journal du Bel Âge</i> (Les Publications Senior inc.)	10	70,000 ⁽³⁾
<i>Maison d'aujourd'hui</i>	2	30,000 ⁽³⁾
<i>Maison Direct</i>	18	28,000 ⁽³⁾
<i>Magazine Maisons Neuves</i>	11	24,500 ⁽³⁾
<i>Québec Vert</i>	8	6,000 ⁽³⁾
<i>Style at Home</i>	12	230,041 ⁽¹⁾
<i>The Hockey News</i>	30	104,519 ⁽¹⁾
<i>Vancouver Magazine</i>	10	45,455 ⁽²⁾
<i>Voir Vert</i>	2	20,000 ⁽³⁾
<i>Western Living</i>	10	160,129 ⁽²⁾
<u>Economic Publications</u>		
<i>A+</i>	9	76,250 ⁽¹⁾
<i>Finance et Investissement</i>	16	14,208 ⁽³⁾

Magazines	Number of issues per year	Circulation
<i>Investment Executive</i>	16	45,019 ⁽³⁾
<i>Les Affaires</i>	46	75,159 ⁽¹⁾
<i>Premium (l'intelligence en affaires)</i>	6	13,825 ⁽¹⁾

(1) Latest statistics from the Audit Bureau of Circulation (A.B.C.) as of June 30, 2012.

(2) Latest statistics from Canadian Circulation Audit Board (C.C.A.B.) as of September 30, 2012.

(3) Internal statistics for year 2012.

Multiplatform Development Solutions Group

The Multiplatform Development Solutions Group created in the 2012 fiscal year encompasses a new television production house to create content for all communication platforms, from TV production for general consumption to new Internet and mobile media for on-demand delivery.

TC Media's strategy is to develop a multimedia offering for his customers and consumers. The content produced will be delivered on multiple platforms (print, television and digital) providing more effective communication between audience and our clients' brands or even of our own brands.

We have opened our television production studio and started broadcasting the morning show "Ça commence bien" on September 3, 2012.

Digital Solutions Group

The Digital Solutions Group is responsible for expanding TC Transcontinental's existing and future brands into new channels of distribution. This Group represents one of the fastest growing market segments of TC Transcontinental. This expertise is being developed to manage our internal media brands such as *Canadian Living* and *Publisac*, and is being extended to external clients of TC Transcontinental through extensive integrated platform, branding, promotions and database work.

The Digital Solutions Group encompasses the TC Transcontinental's personalized permission-based email marketing, database analytics services, transformation of offline content into interactive digital content, and personalized digital web to print services. This Group will develop its specialties as one-to-one marketing solutions, digital promotions; digital printing solutions and mobile solutions. Its core competency is integrating strategy, content and execution across multi-channel marketing programs, by leveraging knowledge of the latest trends in marketing and new platforms for reaching consumers.

This Group provides database marketing and analytics services to allow TC Transcontinental's customers to better target their respective customers. The Digital Solutions Group also provides email delivery of marketing content, and a rapidly expanding business in direct-to-consumer digital photo-book production.

With the acquisition of ThinData Inc., completed in February 2008, we have extended our ability to reach individual consumers, as email marketing becomes a key element of an integrated direct marketing offering.

In addition, TC Media operates the *weblocal.ca* portal. *Weblocal.ca*, launched in October 2008, now attracts close to 1.5 million unique visitors every month. *Weblocal.ca* is an online search and social media site for finding and reviewing local businesses, products or services in communities across Canada. Highly interactive, *weblocal.ca* is driven by content shared by users such as recommendations, ratings and reviews, as well as pictures and videos. *Weblocal.ca* fits well in TC Transcontinental's strategy of generating key growth opportunities by providing local community content and solutions.

The January 2009 acquisition of Conversys Inc., a significant North American provider of online e-flyer services to retailers, extended our services to include transformation of offline content into interactive digital content.

Our acquisition of LIPSO Systems Inc. and Vortxt Interactive completed in 2010 enhanced our interactive marketing solutions by adding key new services to our marketing solutions offering, namely the capacity to design and implement end-to-end marketing campaigns leveraging mobile and social media channels.

In 2012, we acquired a majority stake in Redux Média Inc., a leading online advertising network. Redux Média Inc. manages mass online display inventory, optimizing it into custom-targeted and brand-safe advertising channels. Redux delivers over 12 billion monthly impressions to more than 80 million unique visitors in Canada and the United States and its Real-Time bidding (RTB) solution enables 5,000 publishers to offer advertisers return on investment across 15 content channels. RTB has been greatly changing the face of online advertising and industry predictions forecast exponential growth in coming years. 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, allowing for a maximum return on investment.

Content Solutions Group

The Content Solutions Group encompasses the Corporation's custom communications, branded content development and the promotional content (premedia) solutions which also houses a digital content management system. This Group provides integrated marketing solutions for creative and content development across multiple channels, driving coherent communications strategies supporting customers' brands, and delivering improved marketing performance of advertising campaigns.

This Group provides marketing consulting, design services, and content creation and management, including custom publishing, photography, print-to-web and digital content distribution. Our acquisition of Redwood Custom Communications (now totembrandstories.com), completed in November 2008, expanded our offering to include content development services. With four locations located in Ontario, the service offering includes communications strategy, branded content development and complete outsourcing and management of creative advertising production for our customers.

This Group also offers premedia services and digital content management services, including, since March 1, 2012, the Toronto Que-Net Media premedia centre that was previously a division of Quad/Graphics Canada, Inc. For a number of our clients, we provide extensive digital storage of their visual content library for multi-channel marketing purposes. The Content Solutions Group has also become an outsource partner for retail clients, working closely with them and their sales and marketing teams, to provide timely, high-end content for their marketing campaigns. The Content Solutions Group has developed a market leading reputation for its use of state-of-the art technology, its full complement of physical media facilities, and the technical expertise of the staff.

The Book Group

The Book 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 books of general literature. 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 Book Group's strong brands include Beauchemin, Les Éditions Caractère, Chenelière Éducation, Chenelière McGraw-Hill, Gaëtan Morin Éditeur and Graficor.

We are a preferred partner 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 Canadian educators 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 7,700 existing or previously published titles (commonly referred to as the backlist), the Book Group has over 300 titles currently being developed for the current or future school years (commonly known as the frontlist).

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

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, more than 80% of our operating revenues depend, directly or indirectly, on retailers' advertising budgets. Advertising spending by advertisers tends to be cyclical, reflecting the global economic climate and consumers' buying habits.

However, we believe we mitigate this risk 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. Furthermore, in the Media Sector, we rely on a good balance between local and national advertising. It should be noted that, in recent years, close to half of the advertising revenue of this Sector has come from local advertising, which is less affected than national advertising in periods of economic slowdown. 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 of a firm specializing in environmental issues.

Two of the industries where TC Transcontinental evolves, printing and publishing, which use large quantities of paper for their day-to-day operations. Consumers are expressing mounting concern over the protection of the environment as well as sustainable development. Also, the amendments introduced with the adoption of Québec Bill 88 could have an adverse impact on the Media Sector, and more specifically on the Local Solutions Group and the Consumer Solutions 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 2012, we distinguished ourselves in the environmental arena and in the community. First, for the fourth year in a row, we were included in the Maclean's/Jantzi Sustainalytics ranking of the 50 most responsible companies 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 and actions to the Carbon Disclosure Project (CDP) since 2006. In 2012, CDP assigned a rating of 72 points to TC Transcontinental, which is the fourth best score of Québec corporations. Wanting to consult the stakeholders, we also took the opportunity to select investors that were signatories to the CDP, suppliers that have the most impact on our environmental footprint and customers who deal with our two operating Sectors. TC Transcontinental also reached out to new stakeholders to get a fresh perspective.

In February 2012, we tabled our *Sustainability Report 2011 – Delivering on our commitment*, based on the *Global Reporting Initiative* (GRI) standard. This report articulates TC Transcontinental's commitment to the path of sustainable development. As in 2010, we confirmed that we were reporting at level "B" through the GRI.

The environmental strategy of TC Transcontinental has given rise to many initiatives to minimize the carbon footprint left, more specifically, by its printing operations.

- In 2012, the Paper Purchasing Policy has been updated. To ensure transparency and to raise customer and consumer awareness to well-managed forests, we aim to print the applicable logo of the appropriate chain of custody certification on all of our publications, although many of these are already printed on certified paper.
- To increase the amount of post-consumer recycled fibres available on the market, we will include messages in our publications to promote the recovery of our products. The initial steps have been implemented to ensure that all of our publications have a chain of custody certification like *Sustainable Forest Initiatives* (SFI®), *Program for the Endorsement of Forest Certifications* (PEFC) or *Forest Stewardship Council* (FSC®).
- Regarding emissions of greenhouse gas, we achieved a 29% reduction over 2008 in absolute emissions while our absolute energy consumption has dropped by over 20% for the same period.
- In 2011, we reached our target of purchasing 55% of paper from the Gold and Gold Plus categories while our proportionate Bronze purchases decreased to 6%. In other words, about 55% of our purchases are 100% recycled or 100% covered by a chain of custody certification from a recognized sustainable forest management system.

Environmental Policy

The TC Transcontinental Management team and the Sector management teams are responsible for ensuring the implementation of all elements 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 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 – We promote the use of environmentally preferable papers. With respect to fibre sourcing, we promote the use of papers with maximized post-consumer and de-inked recycled fibre and we also encourage the use of papers made with post-consumer recovered fibres or alternative fibres. Where virgin wood fibre is required, preference is given to forest fibres from responsibly managed forests with chain of custody certification from a recognized forest certification scheme. In addition, suppliers must have mechanisms in place to ensure that virgin wood fibre papers come from forests that are not illegally harvested, are not from converted natural forest, where traditional and civil rights are respected and high conservation values are protected.

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 and clean up any potential environmental incidents. We evaluate environmental risks prior to acquiring properties or businesses, and prior to changing or undertaking major new activities;

Supply Chain Improvement - We encourage our suppliers to adopt environmental practices consistent with this policy.

2.7 Human Resources

As of November 1, 2012, we had approximately 9,500 employees. The following table presents the approximate breakdown of our employees within our operating Sectors as of November 1, 2012. Employees located at head office and within administrative services center are excluded.

Description	Number of employees
TC Transcontinental Printing	5,217
TC Media	3,677

As at December 7, 2012, 2,067 of our employees were represented by certified associations under 26 active and separate collective agreements. These agreements expire at different dates up to February 2016. Eight collective agreements covering 412 of our employees were renewed during the last year. There is presently one collective agreement, covering 40 of our employees, under negotiation. As of December 31, 2012, seven collective

agreements, covering 428 of our employees, had expired. Negotiations will begin in the following months. Seven other collective agreements, covering 277 of our employees, will expire by December 31, 2013.

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 free and clear of 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 except for the changes set forth in Section 2.3 - Changes to the Organizational Structure.

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.

In July 2012, we sold our black and white and two color book printing activities, 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 and of the newspaper's interactive platforms. Since this transaction, *Métro* Montréal plays an active role as a supplier of local, national and international content on the various platforms, including the new morning show "Ça commence bien!".

In May 2012, TC Media completed the acquisition of a majority interest in Redux Média Inc., a leading online advertising network. This transaction is in line with TC Media's strategy of broadening its existing digital network. TC Media and Redux Média Inc.'s combined offering will 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 network by acquiring the print and Internet publishing assets of Edition Beauce and Courier Frontenac, respectively.

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 paper with circulation of 47,500 serving certain towns on the south shore of Montréal.

In August 2011, we acquired the publishing assets of Groupe Le Canada Français, both print publications and websites. Print publications have a combined weekly circulation of more than 155,000 copies. We announced in August 2011 that we acquired the majority of the assets of Avantage Consommateurs de l'Est du Québec Inc., including print publications, which have a combined weekly circulation of 60,000 copies as well as digital and distribution activities. These acquisitions fit with TC Media's plan to develop its network across Québec and enhancing our integrated offering to regional and national advertisers.

In September 2011, we sold our Mexican operations and a portion of our black and white book operations (destined for U.S. export) to Quad/Graphics, Inc.

In July 2011, we announced 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. The operations employed 1,500 people. This transaction closed in March 2012.

In November 2010, we acquired Vortxt Interactive Inc., doing business as Vortex Mobile, a leading provider of integrated mobile solutions that helps businesses build meaningful consumer relationships. Following the acquisition of LIPSO Systems Inc., we, through the acquisition of Vortex, added key new services to our marketing solutions offering, namely the capacity to design and implement end-to-end marketing campaigns using mobile and social media channels.

In May 2010, we acquired LIPSO Systems Inc., a leading Canadian provider of integrated mobile solutions, including connectivity, transaction management (SMS, MMS, etc.) and application developments. This purchase added a number of key services to our marketing communications offering, including cell phone bar code reading, a mobile technology allowing for couponing in retail sales, and electronic ticketing in transportation and entertainment.

2.11 Significant Acquisition

During our fiscal year ended October 31, 2012, 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 16 to 20 of our Management's Discussion and Analysis for the year ended October 31, 2012. The material factors that could have an effect on the results of the Corporation include, but are not limited to: economic cycles; competition and new markets; operational efficiency; regulation; geographic distribution and exchange rate; dependence on information systems; recruiting and keeping talent; impairment tests; confidential information, privacy and copyright; integration of acquisitions and reorganization; loss of reputation; risk related to government subsidiaries; raw materials and energy prices; environment risks; availability of capital and use of financial leverage; interest rate; credit; pension plans; participating shares and preferred shares; new media and control held.

The heading "Risks and Uncertainties" under our Management's Discussion and Analysis for the year ended October 31, 2012 is therefore incorporated herein by reference and will be updated on a quarterly basis under the heading "Risks and Uncertainties" of the Management's Discussion and Analysis quarterly report.

Item 3 - Highlights for Last three Fiscal Years

The events that have influenced the general development of our business over the past three completed fiscal years are the following:

2012

Operations

- Closure of TC's printing plant in LaSalle on December 20, 2012;
- 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*;
- Closure of More Magazine and of its French version Vita on November 14, 2012;
- 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 feed presses;
- Launch of the mobile version of TC's websites for more than 160 dailies, weeklies and independent partners.
- Extension of the printing contracts for Rogers marketing products and magazines until 2019;
- Creation of a new television production house and opening of TC Media's brand-new television production studio;
- Establishment of a strategic partnership with Glacier Media to offer unparalleled digital opportunities for advertisers;
- Launch of the new application "On the table" by TC Media;
- 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;
- Launch of FRESH JUICE, a new healthy living media brand;
- Announcement of the reorganization of the print network including the closure of the Dartmouth Quad/Graphics plant and the Rivière-des-Prairies Quad/Graphics plant;
- Execution of new exclusive agreements with Hearst Digital Media and Homes Publishing Group to grow TC Media's digital advertising representation offering;
- Launch by TC Media of Valleyfield Express.ca;
- Launch of a new brand, logo and positioning TC on November 23, 2011; and
- Rolling-out by TC Media of its online deal site, *themegacatch.com*.

Change in the Board of Directors and Management

- Appointment of Alain Tascan to the Board of directors of TC;
- Resignation of Natalie Larivière, President of TC Media; François Olivier takes over as interim President of TC Media;
- 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;
- Appointment of Alain Gignac as Chief Marketing Activation Officer; and
- Appointment of Nelson Gentiletti as Chief Financial and Corporate Development Officer.

2011

- Acquisition of most of the assets of Avantage Consommateurs de l'Est du Québec inc.;
- Acquisition of the publishing assets of Groupe Le Canada Français, both print publications and websites;
- TC Transcontinental and Quad/Graphics, Inc. enter into a definitive agreement pursuant to which TC Transcontinental will indirectly acquire all of the shares of Quad/Graphics Canada, Inc. and will sell its Mexican operations as well as transfer its black and white book printing business, destined for U.S. export, to Quad/Graphics, Inc.;
- TC Media triples its digital network audience in less than a year and strikes an exclusive agreement to represent several important Web sites in Canada;
- Announcement that TC Media and Hearst Corporation became partners as Hearst completes an acquisition of an interest in Les Publications Transcontinental-Hachette inc. (now Les Publications Transcontinental - Hearst inc.);
- Acquisition of the Dolbeau-Mistassini Paper *Journal Nouvelles Hebdo*;
- Execution of an agreement with Canadian Tire worth several million dollars starting in January 2012 for a term of four years (extended to six years);
- Launch of BidGO.ca, a site dedicated entirely to local online auctions; and
- Acquisition on November 1, 2010 of Vortxt Interactive Inc. doing business as Vortex Mobile, a leading provider of integrated mobile solutions in Canada.

2010

- Beginning of the printing of the new edition of *The Globe and Mail* in most of its major markets in Canada;
- Launch by TC Media of a digital representation house;
- Acquisition by TC Media of Groupe Média-Business Inc., publisher of the *Le Nord* weekly newspaper distributed in the Laurentians;
- Relaunch of Publisac.ca, an online flyer portal of TC Media, and launch of Dealstreet.ca;

- Launch of five weekly newspapers in Québec: *Rive-Sud Express.ca* in Longueuil, *Point de vue Sainte-Agathe* and *Point de vue Mont-Tremblant* in the Laurentians, *Abitibi Express* in Val-d'Or and Amos and *Abitibi Express Ouest* in Rouyn-Noranda;
- Acquisition of LIPSO Systems Inc., a leading Canadian mobile solutions provider;
- Awarded the LEED Silver Certification for new construction of the U.S. Green Building Council to Transcontinental Northern California for the environmentally conscious design and features of its printing plant; and
- Sale of our U.S. high volume direct mail operations for net proceeds of US\$105.7 million.

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>

Class of Shares	Rights
Preferred Shares:	<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> <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>
Preferred Shares, Series D:	<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> <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. The dividend rate will 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 will be redeemable by TC Transcontinental on October 15, 2014 and on October 15 every five years thereafter subject to certain restrictions.</p>
Preferred Shares, Series E:	<p><i>Conversion:</i> Holders of these shares will have 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> <p><i>Dividends:</i> Cumulative Floating Rate Preferred Shares, Series E will entitle holders to cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.16%.</p>

4.2 Ratings

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

	S&P	DBRS
Corporate Rating	BBB/Negative	BBB / Negative
Preferred Shares, Series D		Pfd-3 / Negative
- Canadian Scale	P-3 (High)	
- Global Scale	BB+	

Corporate Rating

Standard & Poor's Ratings Services

A S&P Issuer Corporate Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they become due. 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 fourth highest of 10 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" has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

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. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

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.

Preferred Shares, Series D

Standard & Poor's Ratings Services

S&P's preferred share rating is a current assessment of the creditworthiness of a company in meeting a specific preferred share obligation issued in the market, compared to preferred shares issued by other issuers in the Canadian market.

S&P's preferred share credit ratings range from P-1 (high) to D, which represent the range from the highest to lowest quality of securities rated. Such P-3 (high) rating is the seventh highest of eighteen ratings used by S&P in its Canadian preferred share rating scale. A P-3 (high) rating on the Canadian preferred share rating scale corresponds to a BB+ rating on S&P's global preferred share rating scale and to a BBB S&P's corporate rating.

DBRS Limited

The DBRS preferred share rating scale indicates their assessment of the risk that an issuing entity may not be able to meet its full obligation to pay dividends and principal in a timely manner. Every DBRS rating is based on quantitative and qualitative considerations relevant to the issuing entity.

DBRS' preferred share credit ratings range from Pfd-1 (high) to D, which represent the range from the highest to lowest quality. Pfd-3 (high) is the seventh highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality and, while protection of dividends and principal is still considered acceptable for such preferred shares, the issuing entity of preferred shares with a Pfd-3 rating is considered to be more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant.

4.3 Normal Course Issuer Bid

We have been authorized to purchase for cancellation on the open market between April 13, 2012 and April 12, 2013 up to 3,295,096 of our Class A Subordinate Voting Shares, representing 5% of our 65,901,932 issued and outstanding Class A Subordinate Voting Shares as of April 2, 2012, and up to 757,561 of our Class B Shares, representing 5% of our 15,151,235 issued and outstanding Class B Shares as of April 2, 2012. During the fiscal year ended October 31, 2012, the Corporation redeemed 2,011,600 of its Class A Subordinate Voting Shares at a weighted average price of \$8.86, for a total cash consideration of \$17.8 million.

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, 2012 is presented in our Management's Discussion and Analysis for the year ended October 31, 2012, 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, 2012,

and 2011 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, our Class B Shares and our Preferred Shares, Series D are listed for trading on the Toronto Stock Exchange under ticker symbols TCL.A, TCL.B and TCL.PR.D, respectively.

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, 2012.

Class A Subordinate Voting Shares - TCL.A

Month	High (\$)	Low (\$)	Volume
November 2011	13.130	11.500	1,361,504
December 2011	12.740	10.540	2,147,930
January 2012	13.370	12.000	1,764,150
February 2012	13.240	12.230	2,844,929
March 2012	13.340	12.250	2,326,164
April 2012	12.750	11.510	1,607,184
May 2012	11.880	9.340	1,400,249
June 2012	10.000	9.070	4,885,945
July 2012	10.030	9.230	1,945,196
August 2012	10.030	9.260	1,879,877
September 2012	9.900	7.970	5,907,310
October 2012	10.470	8.060	5,383,412
Total			33,453,850

Class B Shares - TCL.B

Month	High (\$)	Low (\$)	Volume
November 2011	12.75	11.69	4,915
December 2011	12.40	11.00	3,340
January 2012	12.56	12.25	1,910
February 2012	12.81	12.77	633
March 2012	14.00	12.10	5,136
April 2012	12.65	11.35	1,843
May 2012	11.44	9.70	18,500
June 2012	9.99	9.20	15,288
July 2012	10.08	9.39	8,115
August 2012	9.79	9.36	7,252
September 2012	9.69	7.92	47,668
October 2012	10.11	9.00	2,267
Total			116,867

Preferred Shares, Series D - TCL.PR.D

Month	High (\$)	Low (\$)	Volume
November 2011	25.78	25.35	180,217
December 2011	25.90	25.61	165,189
January 2012	26.50	25.77	126,377
February 2012	27.10	26.36	82,337
March 2012	27.30	26.00	42,450
April 2012	26.43	25.76	90,868
May 2012	26.45	25.05	122,557
June 2012	25.81	25.25	111,901
July 2012	26.25	25.60	116,753
August 2012	26.62	25.80	47,874
September 2012	26.11	24.84	102,531
October 2012	25.52	24.64	145,445
Total			1,334,499

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 subject to the dividends on the issued and outstanding Preferred Shares, Series D being paid preferentially and cumulatively.

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

2010	\$0.35
2011	\$0.49
2012	\$0.57

Subject to being declared by the Board of Directors, the Corporation pays dividends on its Preferred Shares, Series D every quarter. The following table presents a summary of the cash dividend 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

2010	\$1.7476
2011	\$1.6875
2012	\$1.6875

On December 6, 2012, the Board of Directors of the Corporation declared a quarterly dividend of \$0.145 per share to all holders of the Corporation's Class A Subordinate Voting Shares and Class B Shares. This dividend was paid on January 18, 2013 to all shareholders of record as of the close of business on December 31, 2012.

On December 6, 2012, the Board of Directors declared a quarterly dividend of \$0.4253 per share to all holders of Preferred Shares, Series D. This dividend was paid on January 15, 2013 to all shareholders of record on January 15, 2013.

Item 6 - Directors and Officers

The names of our directors, their city of residence, their principal occupation, the year since each has exercised their mandate, 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, 2012 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	<input type="checkbox"/>	Partner, Davies Ward Phillips & Vineberg LLP (law firm)	2001	1,128	-	40,518
Claude Dubois Montréal, Québec	<input type="checkbox"/>	President, Gestion Phila Inc. (holding company)	1978	142,572 ⁽¹⁾	4,000 ⁽¹⁾	38,506
Pierre Fitzgibbon Montréal, Québec	<input type="radio"/>	President and Chief Executive Officer, Atrium Innovations Inc. (development, manufacturing and marketing of added- value products for the health and nutrition industry)	2009	5,000	-	7,711
Richard Fortin Longueuil, Québec	<input type="checkbox"/> <input type="radio"/>	Corporate Director	2004	6,000	-	41,517
Harold "Sonny" Gordon, Q.C. ⁽²⁾ Sunny Isles, Florida United States	<input type="checkbox"/>	Chairman of the Board, Dundee Corporation (Corporation involved in wealth management, real estate and natural resources)	1993	-	1,000	39,572
Isabelle Marcoux ⁽³⁾ Montréal, Québec		Chair of the Board, Transcontinental Inc.	2005	4,000	1,000	4,759 ⁽⁴⁾

Name		Principal Occupation	Director Since	Number of Class A Subordinate Voting Shares	Number of Class B Shares	Number of Deferred Share Units
Nathalie Marcoux ⁽³⁾ Montréal, Québec		Vice President, Finance Capinabel Inc.	2011	-	-	8,017
Pierre Marcoux ⁽³⁾ North York, Ontario		Senior Vice President, Business Information Solutions and Education, TC Media	2005	5,000	1,000	452 ⁽⁴⁾
Rémi Marcoux C.M., O.Q., F.C.A. Montréal, Québec		Founder and Director, Transcontinental Inc.	1976	154,400	13,209,840 ⁽²⁾	-
Anna Martini Town of Mount-Royal, Québec	▽	President, Groupe Dynamite Inc.	2011	-	-	9,492
François Olivier Montréal, Québec		President and Chief Executive Officer, Transcontinental Inc.	2008	2,740	-	104,328 ⁽⁴⁾
François R. Roy Montréal, Québec	○	Corporate Director	2008	-	-	12,879
Lino A. Saputo, Jr. Westmount, Québec	▽	Chief Executive Officer and Vice Chairman of the Board, Saputo Inc. (consumer products- food processing)	2008	-	-	25,067
Alain Tascan Montréal, Québec		President and Chief Executive Officer, Sava Transmedia Inc. (publisher and developer of games for social and mobile platforms)	2012	-	-	401
André Tremblay Montréal, Québec	▽	Managing Partner, Trio Capital Inc. (private equity fund management)	2007	-	-	23,825

◇ Lead Director .

○ Member of the Audit Committee.

▽ Member of the Human Resources and Compensation Committee.

□ Member of the Corporate Governance Committee.

(1) Of which 137,572 Class A Subordinate Voting Shares and 4,000 Class B Shares are held by Gestion Phila Inc., a holding company controlled by Mr. Claude Dubois.

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

- (3) Of which 9,209,840 Class B Shares are held by Capinabel Inc. and 4,000,000 Class B Shares are held by 7506333 Canada Inc., a corporation controlled by Capinabel Inc. Capinabel Inc. has also issued to a third party debentures exchangeable for 600,000 Class B Shares held by Capinabel Inc. The debentures may be repaid in cash or by transferring Class B 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. The shares of Capinabel Inc. and 7506333 Canada Inc. represent 71.62% of the voting rights attached to the outstanding participating shares of the Corporation. Ms. Isabelle Marcoux, Nathalie Marcoux and Mr. Pierre Marcoux are members of Mr. Rémi Marcoux's immediate family.
- (4) These deferred share units were acquired pursuant to the Share Unit Plan of Transcontinental Inc. for executives.

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
Christine Desaulniers Town of Mount-Royal, Québec	Chief Legal Officer and Corporate Secretary
David Galarneau Montréal, Québec	Corporate Controller
Nelson Gentiletti Kirkland, Québec	Chief Financial and Development Officer
Alain Gignac Boucherville, Québec	Chief Marketing Activation 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
Jennifer F. McCaughey Candiac, Québec	Senior Director, Investor Relations and Financial 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

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 Corporate 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);
- 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. Alain Gignac is Chief Marketing Activation Officer since May 3, 2012. He was President of Nolin BBDO (an advertising agency) from September 2008 until February 2012 and partner at Saine Marketing (a marketing research and strategy company) from July 2006 until September 2008.
- 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. Sylvain Morissette became Chief Communications Officer on February 2, 2009. Before such date, he was President and General Manager of the Association of Québec Advertising Agencies from 2006 until 2009 and National Director, Corporate Communications and Public Relations of RONA Inc. (a hardware retailer) from 1998 until 2006;
- 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, 2012, directors and officers of the Corporation (other than Mr. Rémi Marcoux), as a group, beneficially owned, directly or indirectly, 187,540 Class A Subordinate Voting Shares and 7,000 Class B Shares of the Corporation, then representing approximately 0.23% and 0.09%, respectively, of the outstanding shares of each of such class.

To the best knowledge of the Corporation, no proposed director, as at January 8, 2013, or within 10 years before January 8, 2013; (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 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 a director and President and Chief Executive Officer of Microcell Telecommunications Inc., when it asked for and was granted protection under the CCAA on January 3, 2003. On May 1, 2003, Microcell Telecommunications Inc. successfully emerged from the CCAA proceedings. Mr. Tremblay is no longer a director of Microcell Telecommunications Inc.
- (iv) 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 8, 2013 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 operating activities 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 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 Canadian Stock Transfer Company, Inc. (CST), as administrative agent for CIBC Mellon Trust Company ("CIBC Mellon"), having a place of business at 2001 University Street, Suite 1600, Montréal, Québec, H3A 1A6. CIBC Mellon 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 B.

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 Audit Committee Chair	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 President and Chief Executive Officer of Atrium Innovations Inc. since July 2007. Prior to such date, Mr. Fitzgibbon 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 Dometar Corporation in various executive positions, namely as 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, 2012 and 2011.

Category of Fees (in thousands of dollars)	2012 (\$)	2011 (\$)
Auditing fees	690.2	670.4
Fees for audit-related or connected	213.7	583.9
Compliance with taxation requirements and consulting services thereto	584.6	413.6
Other fees	147.6	102.0
Total	1,636.1	1,769.9

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

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the *Securities Act* (Ontario). We may make such statements in this document, in other filings with Canadian regulators, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to our medium-term goals, our outlook, business project and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words “may”, “could”, “should”, “would”, “outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “objective”, the use of the conditional tense, and words and expressions of similar nature are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements, as a number of important factors could cause our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: credit risks, data security and utilization, market dynamics, liquidity, financing and operational risks; the strength of the North American economies in which we conduct business; the impact of the movement of the Canadian dollar relative to other currencies, more particularly the U.S. dollar; the impact from raw material and energy prices; the seasonal and cyclical nature of certain businesses; the effects of changes in interest rates; the effects of competition in the markets in which we operate; the effects of new media and the corresponding shift of advertising revenues to new platforms; judicial judgments and legal proceedings; our ability to develop new opportunities through our strategy; our ability to hire and retain qualified personnel and maintain a good reputation; our ability to complete and integrate strategic transactions; changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; infrastructure risks; the possible impact on our businesses from public health emergencies, international conflicts and other developments; and our success in anticipating and managing the foregoing risks; other factors may affect future results including, but not limited to, timely development and introduction of new products and services, changes in tax laws, changes in environmental regulations, changes in policies, technological changes and new regulations.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to TC Transcontinental, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Assumptions used to derive forward-looking information could vary materially one at a time or in conjunction. Variations in one assumption may also result in changes in another, which might magnify or counteract the effect on forward-looking information. Unless otherwise required by the securities authorities, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf. See “Risks and Uncertainties” on page 16 in the 2012 Annual Management’s Discussion and Analysis for a description of the most important risks identified by the Corporation. The forward-looking statements contained herein are based on current expectations and information available as of the date of this Annual Information Form.

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 comparative consolidated audited financial statements of the Corporation for the year ended October 31, 2012. A copy of these documents may be obtained, free of charge from our Corporate Secretary or our Senior Director, Investor Relations and Financial 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 Financial 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 Secretary or our Senior Director, Investor Relations and Financial 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 Financial 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
List of the Newspapers of TC Transcontinental

The following table provides a list of the local and regional newspapers published by TC Transcontinental, and their circulation as of the most recent date at which information is available.

Daily Newspapers	Circulation	Weekly Newspapers	Circulation
<u><i>Nova Scotia</i></u>		Courrier Laval (Wednesday's edition)	132,015 ⁽⁴⁾
Amherst Daily News	2,805 ⁽⁴⁾	Courrier Laval (Saturday's edition)	131,865 ⁽⁴⁾
The Cape Breton Post	20,472 ⁽⁴⁾	Le Trait d'Union (Sunday's edition)	55,705 ⁽⁴⁾
The News	6,359 ⁽⁴⁾	Journal Le Courrier	55,104 ⁽⁴⁾
The Truro Daily News	5,412 ⁽⁴⁾	Messenger de Verdun	25,023 ⁽⁴⁾
<u><i>Prince Edward Island</i></u>		Messenger Lasalle	32,983 ⁽⁴⁾
The Guardian	18,610 ⁽⁴⁾	Messenger de Lachine / Dorval	25,108 ⁽⁴⁾
The Journal Pioneer	7,742 ⁽⁴⁾	La Voix Pop	29,142 ⁽⁴⁾
<u><i>Québec & Ontario</i></u>		Nouvelles St-Laurent News	31,305 ⁽⁴⁾
Métro	151,967 ⁽⁴⁾	L'Express d'Outremont	16,917 ⁽⁴⁾
<u><i>Saskatchewan</i></u>		Courrier Bordeaux-Cartierville	17,792 ⁽⁴⁾
The Moose Jaw Times Herald	6,750 ⁽⁴⁾	Magazine Ile-des-Sœurs	8,245 ⁽⁴⁾
The Prince Albert Daily Herald	5,754 ⁽⁴⁾	Cités Nouvelles	44,686 ⁽⁴⁾
<u><i>Newfoundland and Labrador</i></u>		The Chronicle	45,552 ⁽⁴⁾
The Telegram	30,062 ⁽⁴⁾	Westmount Examiner	11,000 ⁽⁴⁾
The Western Star	6,157 ⁽⁴⁾	L'Action du Mercredi	57,881 ⁽⁴⁾
Weekly Newspapers		L'Action du Week-end	51,391 ⁽⁴⁾
<u><i>New Brunswick</i></u>		L'Express Montcalm	20,000 ⁽⁴⁾
Sackville Tribune Post	2,489 ⁽²⁾	L'Action d'Autray	19,400 ⁽⁴⁾
<u><i>Nova Scotia</i></u>		L'Écho de Maskinongé	13,774 ⁽³⁾
The Hants Journal	2,547 ⁽²⁾	Hebdo Rive-Nord les Méandres	56,460 ⁽⁴⁾
The Digby County Courier	1,599 ⁽²⁾	Hebdo Rive-Nord (édition Weekend)	52,661 ⁽⁴⁾
The King County Register	4,487 ⁽²⁾	La Nouvelle Union	36,266 ⁽⁴⁾
The Annapolis County Spectator	2,422 ⁽²⁾	La Nouvelle Union (édition Weekend)	42,372 ⁽⁴⁾
The Shelburne County Coast Guard	3,048 ⁽²⁾	L'Avantage Gaspésien	17,060 ⁽⁴⁾
The Queens County Advance	1,875 ⁽²⁾	L'Avantage votre journal	44,685 ⁽⁴⁾
The Weekly News Dartmouth Cole Harbour	37,631 ⁽²⁾	L'Avenir de l'Érable	10,811 ⁽⁴⁾
The Weekly News Bedford-Sackville	28,948 ⁽²⁾	Le Reflet du Lac	26,000 ⁽⁴⁾
The Yarmouth County Vanguard	4,503 ⁽²⁾	L'Express (Wednesday's edition)	49,208 ⁽⁴⁾
The Kings County Advertiser	4,017 ⁽²⁾	L'Express (Sunday's edition)	48,583 ⁽⁴⁾
The Weekly News Halifax West	37,259 ⁽²⁾	Le Progès de Coaticook	8,910 ⁽⁴⁾
The Citizen Record	3,952 ⁽²⁾	La Revue	93,363 ⁽⁴⁾
The Colchester Weekly News	22,000 ⁽²⁾	Le Bulletin	14,328 ⁽⁴⁾
<u><i>Québec & Ontario</i></u>		La Petite Nation	10,127 ⁽⁴⁾
Abitibi Express Amos/Rouyn Région	29,648 ⁽³⁾	The Orleans Star	39,990 ⁽³⁾
Abitibi Express Vallée-de l'Or/LaSarre Région	31,345 ⁽³⁾	L'Express	11,600 ⁽⁴⁾
Journal de Rosemont - La Petite Patrie	60,459 ⁽⁴⁾	Le Lac St-Jean	22,670 ⁽³⁾
Progrès de Villeray – Parc Extension	22,000 ⁽⁴⁾	L'Étoile du Lac	14,372 ⁽³⁾
Journal Le Plateau	36,786 ⁽⁴⁾	La Voix du Sud	30,053 ⁽⁴⁾
Courrier Ahuntsic	33,496 ⁽⁴⁾	L'Appel	59,574 ⁽⁴⁾
Progrès de St-Léonard	32,015 ⁽⁴⁾	Charlesbourg Express	28,869 ⁽⁴⁾
Guide Montréal Nord	35,195 ⁽⁴⁾	Beauport Express	28,702 ⁽⁴⁾
Flambeau / Mercier / Anjou	56,091 ⁽⁴⁾	L'Actuel	45,726 ⁽⁴⁾
Les Nouvelles Hochelaga Maisonneuve	23,620 ⁽⁴⁾	Québec Express	31,141 ⁽⁴⁾
L'Informateur de R.D.P.	21,027 ⁽⁴⁾	Hebdo Journal	54,948 ⁽⁴⁾
Avenir de l'Est	27,886 ⁽⁴⁾	Hebdo St-Maurice	30,648 ⁽⁴⁾
		Hebdo Mékinac des Chenaux	12,138 ⁽⁴⁾
		L'Écho de La Tuque Haut-St-Maurice	6,491 ⁽⁴⁾
		Seaway News	37,000 ⁽⁴⁾

Weekly Newspapers	Circulation
Edition Beauce	57,650 ⁽³⁾
Courrier Frontenac	22,256 ⁽³⁾
Corriere Italiano	12,000 ⁽⁴⁾
L'Autre Voix	14,121 ⁽⁴⁾
Point de vue Laurentides	32,181 ⁽⁴⁾
Le Canada-Français	12,533 ⁽¹⁾
Journal Le Nord	61,209 ⁽⁴⁾
Rive-Sud Express	139,885 ⁽⁴⁾
Chambly Express	26,604 ⁽⁴⁾
Châteauguay Express	39,572 ⁽⁴⁾
Constructo (bi-weekly)	3,740 ⁽³⁾
Coup d'oeil	15,390 ⁽⁴⁾
Journal Le Guide	18,430 ⁽⁴⁾
Granby L'Express	45,300 ⁽⁴⁾
L'Avenir et des Rivières	11,470 ⁽⁴⁾
Le Courrier du Saguenay	71,920 ⁽³⁾
Le Régional	88,495 ⁽⁴⁾
Le Richelieu	42,350 ⁽⁴⁾
Le Tout Express	49,215 ⁽⁴⁾
Sorel-Tracy Express	30,656 ⁽⁴⁾
Journal Nouvelles Hebdo	13,199 ⁽³⁾
Le Courrier Sud	21,100 ⁽⁴⁾
Valleyfield Express	42,661 ⁽⁴⁾
Vallée du Richelieu Express	34,337 ⁽⁴⁾
Saskatchewan	
Moose Jaw This Week Sunday Times	17,401 ⁽²⁾
Rural Roots	29,073 ⁽²⁾
The Southwest Booster	16,376 ⁽³⁾
The Triangle News	920 ⁽²⁾
Radville Star	737 ⁽²⁾
Deep South Star	591 ⁽²⁾
The Grenfell Sun	997 ⁽²⁾
The Broadview Express	519 ⁽²⁾
The Oxbow Herald	1,001 ⁽²⁾
Newfoundland and Labrador	
The Charter	5,000 ⁽²⁾
The Southern Gazette	3,110 ⁽²⁾
The Labradorian	1,751 ⁽²⁾
The Aurora	1,572 ⁽²⁾
The Compass	3,256 ⁽²⁾
The Packet	3,967 ⁽²⁾
The Beacon	3,284 ⁽²⁾
The Pilot	2,891 ⁽²⁾
The Coaster	1,380 ⁽²⁾
The Nor'wester	2,443 ⁽²⁾
The Gulf News	2,533 ⁽²⁾
The Georgian	1,218 ⁽²⁾
The Northern Pen	4,039 ⁽²⁾
The Advertiser (Monday's edition)	1,832 ⁽²⁾
The Advertiser (Thursday's edition)	2,175 ⁽²⁾
Monthly Newspapers	Circulation
Nova Scotia	
Farm Focus of Atlantic Canada	9,000 ⁽³⁾
Nova Scotia Business Journal	42,800 ⁽³⁾
The Burnside News	6,579 ⁽³⁾
The Sou'wester	3,461 ⁽³⁾

Monthly Newspapers	Circulation
Prince Edward Island	
"G"	19,500 ⁽³⁾
Québec & Ontario	
Le Jacques-Cartier	12,016 ⁽³⁾
Le Journal Agricole	3,200 ⁽³⁾
Le Journal du Bel Âge	70,000 ⁽³⁾
Le Canada Français Affaires	4,815 ⁽³⁾
Le Richelieu Agricole	22,350 ⁽³⁾
Sortir Lanaudière	190,000 ⁽³⁾
Bi-Monthly Newspapers	Circulation
Québec	
Journal de l'Habitation	25,000 ⁽³⁾
Other Newspapers	Circulation
Nova Scotia	
Atlantic Canada Group Tour Planner	8,000 ⁽³⁾
Atlantic Construction and Transportation Journal	3,500 ⁽³⁾
HRM Business Parks Directory	6,000 ⁽³⁾
Maritime Provinces Water and Waste Water Report	1,200 ⁽³⁾
New England Group Tour Planner	8,000 ⁽³⁾
Québec & Ontario	
Le Guide téléphonique Brome Missisquoi	19,088 ⁽³⁾
Le Guide téléphonique Desjardins de Napierville	18,000 ⁽³⁾
L'Étudiant Outaouais	102,000 ⁽³⁾
Le Guide téléphonique Saint-Jean-sur-Richelieu, Mont Saint-Grégoire, Saint-Alexandre and Sabrevois	43,950 ⁽³⁾
Saskatchewan	
Southern Life	37,000 ⁽³⁾

(1) As certified by ABC (Audit Bureau of Circulaire) as of July 2012.

(2) As certified by Canadian Media Circulation Audit (CMCA) for the six months ending as of June 30, 2012.

(3) Internal statistics as of October 31, 2012.

(4) Latest statistics of the Canadian Circulation Audit Board (C.C.A.B.) as of August 31, 2012.

Schedule B

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.