



ANNUAL INFORMATION FORM

January 27, 2016
Fiscal Year Ended October 31, 2015

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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, 2015 unless otherwise specified.

Item 1 - Corporate Structure

1.1 Name and Incorporation

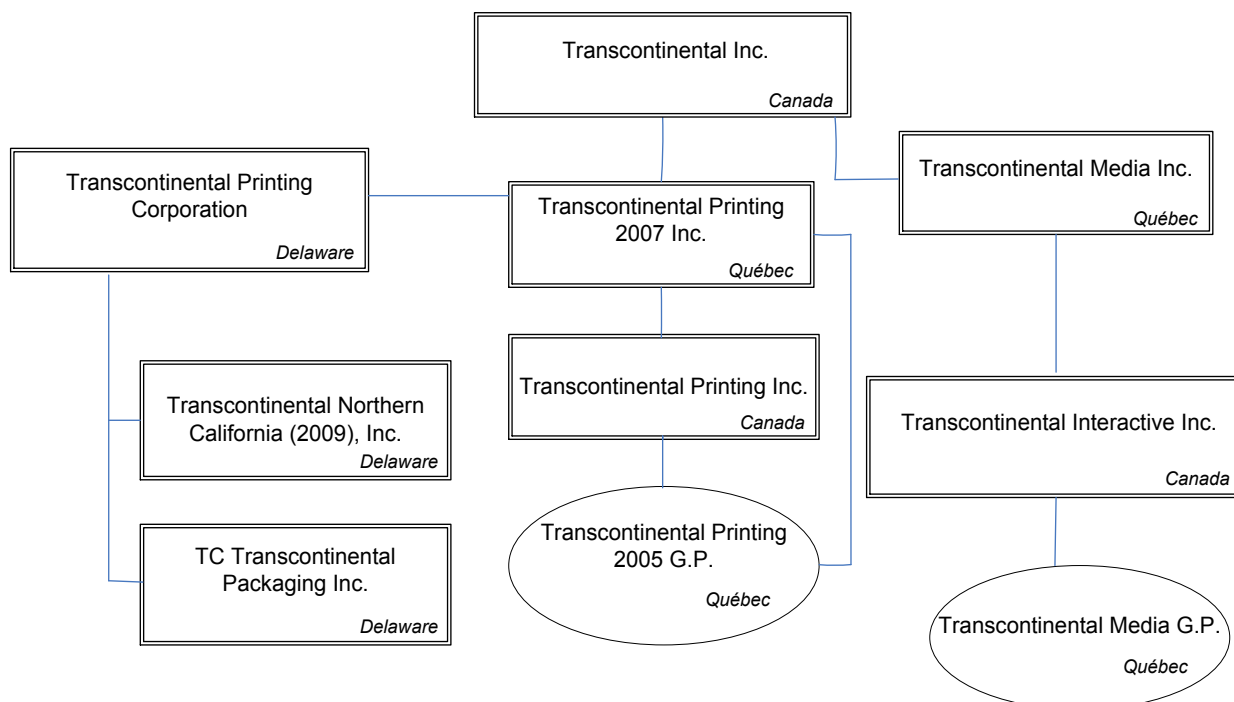
Transcontinental Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act* by Certificate of Incorporation dated March 3, 1978. A Restated Certificate of Incorporation was issued to the Corporation on October 7, 1988 containing amendments pertaining to the name of the Corporation,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

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

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

1.2 Intercorporate Relationships

The Corporation's significant direct or indirect subsidiaries as of October 31, 2015 as well as their jurisdiction of creation are shown on the following corporate chart:



The Corporation has other subsidiaries, but they have not been included in the chart because each represents less than 10% of our total consolidated assets and less than 10% of our total consolidated operating revenues as of October 31, 2015. These other subsidiaries together represented less than 20% of our total consolidated assets and less than 20% of our total consolidated operating revenues as of October 31, 2015. All of the shares or units of such subsidiaries are held directly or indirectly by the Corporation.

Item 2 - Our Business

2.1 Profile

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

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

Transcontinental Inc. (TSX: TCL.A, TCL.B), known as TC Transcontinental, has over 8,000 employees in Canada and the United States, and revenues of C\$2 billion in 2015.

We operate under two principal sectors, which consist of the Printing and Packaging Sector and the Media Sector. Our Printing and Packaging Sector is comprised of the Printing division and of the Packaging division and our Media Sector is comprised of the Local Solutions and Interactive Marketing Services Group and of the Business Information Solutions and Education Group.

Printing and Packaging Sector

Our Printing division, operating as TC Transcontinental Printing, is the third-largest printer in North America and has the most comprehensive state-of-the-art print network in Canada. Over 4,000 employees provide innovative print solutions in retail flyers, magazines, newspapers and colour books, as well as personalized and mass marketing products, including point-of-purchase materials, meeting the needs of both marketers and publishers.

Our Packaging division, operating as TC Transcontinental Packaging, offers an array of flexible packaging products and premedia services in many markets, including the food product and beverage industries. This division has over 500 employees working in four entities in Canada and the United States.

Media Sector

Our Media Sector, operating as TC Media, is a leading provider of media and interactive marketing solutions in Canada, employing nearly 3,000 people. The sector reaches Canadian consumers through a wide range of print and digital publishing products in French and English: newspapers, educational books, trade publications, retail promotional content, mass and personalized marketing, mobile and interactive applications and geotargeted door-to-door and digital distribution services.

2.2 Industry Overview

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

In addition, certain macroeconomic factors, including the evolution of technology and communication platforms, and the globalization of markets have an impact on our operations. Together, these new trends influence the demands and expectations of customers, encouraging them to explore the personalized marketing, new platforms and integrated services offered by their suppliers. The Corporation plans to take advantage of these trends, especially in the market segments where it has a competitive advantage and can leverage its core expertise. In 2014, the Corporation decided on investing in the flexible packaging industry, in order to grow both in terms of revenues and profitability.

2.3 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, 2015 and 2014.

(in millions of dollars except for percentages)	Fiscal Years Ended October 31			
	2015 (\$)	2015 (%)	2014 (\$) ⁽¹⁾	2014 (%) ⁽¹⁾
Printing and Packaging Sector	1,477.6	73.8	1,452.0	72.9
Media Sector ⁽²⁾	574.9	28.7	590.6	29.7
Inter-segment sales and other activities	(50.3)	(2.5)	(52.2)	(2.6)
Total	2,002.2	100.0	1,990.4	100.0

(1) TC Transcontinental modified its organizational structure. The effect of these modifications on the segmented information is minor. Consequently, some of the comparative numbers have been reclassified to reflect these changes.

(2) These figures do not include those of our consumer magazines publication activities sold during the fiscal year ended October 31, 2015 as these activities have been shown as discontinued operations.

A) Printing and Packaging Sector

Principal Markets

We operate 26 production printing and packaging 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, which cover:

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

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

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

TC Transcontinental entered into the flexible packaging market with its acquisition in 2014 of Capri Packaging, a former division of Schreiber Foods, Inc., that operates two facilities in Missouri. TC Transcontinental Packaging uses flexographic printing and lamination technologies to convert multi-layered plastic films into packaging materials for the food industry. TC Transcontinental Packaging also offers graphic services and prepress solutions to its customers.

TC Transcontinental Packaging's existing products and capabilities are focused to serve the flexible packaging of dairy products segment and, with the acquisition of Ultra Flex Packaging Corp. in 2015, the Corporation now also serves the beverage segment. These operations, along with the expertise in premedia for packaging in Canada, represent the basis for TC Transcontinental Packaging's operations.

Equipment and Manufacturing Process

Printing Division

In our Printing division, we operate more than 147 printing presses and printers.

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

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

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

The heat-set web offset process provides great speed (up to 90,000 copies per hour) and a better quality of printing. This process is used mainly to print magazines, periodicals, catalogues, flyers, newspaper inserts, tabloids, books, directories and direct mail products.

Cold-set offset printing is used mainly to print newspapers.

The majority of our production plants are equipped with prepress equipment that allows carrying out the various stages of graphic production with the help of digital technology. Skills developed by us with electronic prepress equipment are used in all markets to further reduce production lead times while increasing the opportunity for last-minute changes.

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

Packaging Division

In our packaging activities, we operate eight flexographic presses, in 8 and 10-color. This provides us with narrow and wide web flexographic printing capabilities. We also have flexographic plate making equipment, solventless and solvent-based adhesive laminators, and extrusion laminators as well as slitters.

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

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

The solventless adhesive lamination process, which releases no emission and requires no ovens, involves lamination of the printed substrate to a sealant film with a two-component adhesive system. Once mixed, the two components in the adhesive react and begin to cure, bonding the two substrates together. The combined layers are kept in roll form

until the adhesive has cured, after which the large master rolls are slit out into the finished rolls and shipped to the customer. TC Transcontinental Packaging also laminates films with solvent-based adhesives which provide high tack qualities for substrates (with low energy surface) such as polystyrene and provides flexibility to produce very specialized films. Solvent-based adhesives also are preferred for challenging applications such as packaging aggressive products and high heat (retort) applications. Extrusion lamination provides another unique laminating technology, typically offering a more cost-effective technology for large production campaigns.

Customers and Competition

No single customer of the Printing and Packaging Sector accounted for more than 10% of the sector's revenues during the last two fiscal years. We have entered into contracts with a significant number of our major customers in the Printing and Packaging Sector. Such contracts have terms between one to 13 years and generally have price adjustment clauses based on volume, cost of raw materials, labour and/or the Consumer Price Index. Niche markets such as sheet-fed printing and printing of direct marketing materials are not typically subject to long-term contracts with customers. During fiscal 2015, one customer accounted for approximately 75% of the revenues of our packaging activities.

Printing Division

Customers of the printing operations are typically publishers (newspapers, magazines and books) and marketers (retailers, financial institutions, 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. Furthermore, this industry is North American in scope in several markets providing opportunities for a diverse set of competitors from both the United States and Canada. At this time, all of the industry's segments are facing challenges with overcapacity and secular shift to digital media which is impacting all geographic regions in North America, adding increased pricing pressure in the market. Some North American companies involved in those printing activities have greater capacity and financial resources than we do. We compete in certain market segments with several large firms in North America, including R.R. Donnelley & Sons Company and Quad/Graphics, Inc., as well as with numerous Canadian printers, including St. Joseph Print Group Inc., Solisco Printers Inc., The Lowe-Martin Group, Advocate Printing & Publishing Inc., Friesens Corporation, Marquis Book Printing, Quebecor Media Inc. and many others. These printing activities are also in competition with direct marketing players like Valassis Communications, Inc. as well as digital printing leaders such as Vistaprint N.V.

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

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

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

Packaging Division

Customers of our packaging activities are typically packaged food and household goods companies.

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

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

Our current capabilities are laminated and coated film converting, premedia service and printing. Our ability to produce high quality high barrier films confers us with not only the ability to expand into other food segments but the credibility to do so. Furthermore, the strength of our graphic services offering is on par with that of larger, more diversified converters – which makes us well positioned to grow in both dairy packaging and other food segments that require complex structures.

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

Revenues by Geographic Region

The following table sets forth the revenues and the percentage of revenues based on their geographic distribution for the Printing and Packaging Sector for the fiscal years ended October 31, 2015 and 2014.

(in millions of dollars except for percentages)	Fiscal Years Ended October 31			
	2015 (\$)	2015 (%)	2014 (\$)⁽¹⁾	2014 (%)⁽¹⁾
Revenues generated from plants in Canada	1,170.5	79.2	1,202.5	82.8
Exports from plants in Canada	114.6	7.8	107.1	7.4
Revenues generated from plants in the United States	192.5	13.0	142.4	9.8
Total	1,477.6	100.0	1,452.0	100.0

(1) TC Transcontinental modified its organizational structure. The effect of these modifications on the segmented information is minor. Consequently, some of the comparative numbers have been reclassified to reflect these changes.

Seasonal Variations

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

Depending on the product category in the flexible packaging activities, seasonal factors can contribute to changes in revenues and net income for a particular quarter. Some food packaging types are by their very nature more seasonal due to harvest cycles, holidays, religious celebration or sporting events. For example, the first and fourth quarters are favorable to cheese packaging due to holidays and marketing events. In general, fall and winter holidays furnish prime marketing opportunities for food producers, who take advantage of seasonal shopping trends with more products on shelves and different formats including gift pack, multi-unit SKUs and other specialized product packages.

Production and Services

Printing Division

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

Retail and Newspaper Segment

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

TC Transcontinental Printing is the leading printer of retail flyers and inserts in Canada. Our Canada-wide printing network allows us to serve national, regional and local customers in a cost effective and timely manner. The Retail and Newspaper segment's customers are predominantly in the food, pharmacy, home improvement and specialty retailer categories.

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

TC Transcontinental Printing is also the leading printer of newspapers in Canada. As of the date hereof, newspapers are produced in 10 plants located in eight provinces of Canada and one in Fremont, California, of which six are specialized in printing newspapers only and five in printing both newspapers and flyers. The list of customers is comprised of more than 150 newspapers across the country (including 22 paid dailies of which nine are owned by TC Transcontinental). The dailies include the *San Francisco Chronicle*, *The Globe and Mail* in its principal markets (the Atlantic Provinces, Québec, Ontario, Alberta and British Columbia), *Calgary Herald*, *The Vancouver Sun*, *The St-John's Telegram* in Newfoundland and Labrador, *Le Droit* in Québec and Ontario, *Le Soleil* in Québec City, *Le Nouvelliste* in Trois-Rivières, *Métro* and *The Gazette* in Montréal as well as *Metro* in Halifax.

During fiscal 2015, we have renewed several multi-years agreements with major retailers for a total valued at approximately \$320 million.

Magazine and Book Segment

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

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

On November 17, 2014, concurrently with the sale of our consumer magazines to TVA Group Inc., we signed a seven-year contract to print these magazines. In 2015, this agreement was amended to increase volume of services rendered to Quebecor Media Inc.

Additionally, we have renewed several multi-year agreements with major customers for a total valued at approximately \$50 million.

Marketing Products Segment

Goods of this segment are produced across five production plants specializing in digital and offset commercial printing of marketing products. They are located in Ontario, Québec and Nova Scotia serving a wide array of large

and small customers as diverse as advertising agencies to blue-chip corporations in the financial and pharmaceutical sectors.

The production lines of sheet-fed presses, web presses, digital printers and large format presses enable TC Transcontinental to support its customers with their marketing, business and consumer directed advertising material, point of purchase displays, banners, annual reports, etc. Our inserting, personalization by ink-jet printing and lasering as well as our mailing capabilities can support our customers' direct marketing campaigns. This segment also offers fulfillment services to our customers.

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

TC Transcontinental Printing has also developed a high-potential in-store marketing niche, including the printing of point-of-purchase materials and the printing of promotional material. The broader in-store marketing segment is of interest to us because it is often characterized by recurring contracts with major retail customers with whom we currently do business.

Packaging Division

May 2014 marked the beginning of our flexible packaging operations with the acquisition of Capri Packaging, the flexible packaging division of Schreiber Foods, Inc. Capri Packaging comprises two facilities in Clinton, Missouri, which employ close to 200 people and generate about US\$82 million in annual revenues during the last fiscal year 2015. As part of the transaction, Schreiber Foods, Inc. signed a 10-year agreement to secure Capri Packaging as a strategic supplier of printed flexible packaging. This agreement generated approximately 75% of TC Transcontinental Packaging's total revenues during the fiscal year ended October 31, 2015.

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

In March 2015, Transcontinental Capri received Safe Quality Food (SQF) Level 3 certification, an audit standard compliance with Global Food Safety Initiative (GFSI) requirements, established by the Safe Quality Food Institute. The aim of this program is to provide consumers an assurance of food safety all the way through the food supply chain by implementing robust and documented food safety control mechanisms.

In October 2015, the Corporation acquired Ultra Flex Packaging, now known as Transcontinental Ultra Flex, a flexible packaging converter based in Brooklyn, New York that focuses, among other things, on the beverage and food market segments.

The flexible packaging operations are focused on manufacturing excellence, leveraging TC Transcontinental's manufacturing competency developed over the past 40 years, quality and food safety standards and a dedication to customer-first service.

B) Media Sector

Principal Markets

The core competency of TC Media is creating top-quality content and deploying it on multiple platforms as well as providing interactive services to advertisers based on insight and consumer knowledge. TC Media connects advertisers with consumers using engaging content channeled through its brands or in support of its customers' brands with marketing services. TC Media has a digital presence with over 160 websites that are comprised of 153 local and regional sites, six vertical sites, seven financial and other industry-specific sites, along with microsites.

With our newspaper portfolio that includes 11 dailies and approximately 152 weekly, bi-weekly, monthly and quarterly newspapers published in the provinces of Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Québec, Ontario and Saskatchewan within the Local Solutions division, we are the second largest publisher of local and regional newspapers in Canada.

In Québec, our popular door-to-door distribution service *Publisac* delivers to 3.1 million households newspapers, flyers and advertising printed products, and these activities have made us the leader in this industry in Eastern Canada. We also offer, through our Targeo division in our Interactive Marketing Services division, a Canada-wide distribution brokerage service. In addition, the Local Solutions and Interactive Marketing Services Group operates more than 153 local and regional websites that are the local reference with respect to virtual community information.

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

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

The Business Information Solutions and Education Group has five main business brands, *Les Affaires* and *Les Affaires Plus*, the trade-focused *Investment Executive* and its French language counterpart *Finance et Investissement*, *Constructo* and many other special interest publications. Together they serve business communities as well as financial and construction industries. Furthermore, the Business Information Solutions and Education Group operates jointly with CGI Group Inc. the SEAO service (the official website of the Government of Québec for tenders, allowing suppliers to bid on all government contracts). Along with publications and of the SEAO service, this group manages several websites, tablet products, digital solutions and more than 40 industry-specific conferences for business professionals.

The Business Information Solutions and Education Group holds rights on close to 12,000 educational book titles in its catalogue which are used in the majority of educational institutions offering courses in the French-language in Québec and in the rest of Canada. We are North America's largest French-language educational publisher covering all grade levels, from kindergarten through university, as well as related sectors such as adult education, vocational training and teacher's professional resources. The Business Information Solutions and Education Group also publishes more than 800 book titles in French and in English destined to Canadian consumers for supplemental educational (Les Éditions Caractère) and general interest books (Les Éditions Transcontinental).

Equipment and Manufacturing Process

In the Media Sector, we operate 12 printing presses and printers. See Section 2.3 - Description of the Operations – (A) Printing and Packaging Sector – Equipment and Manufacturing Process and – Raw Materials and Energy Prices for information on printing presses.

Customers and Competition

TC Media's customers are typically either large national advertisers or smaller regional and local advertisers. Because of the breadth of our publications and websites, we are able to offer unique platforms and mediums to all companies that are interested in advertising.

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

Local Solutions and Interactive Marketing Services Group

The Local Solutions and Interactive Marketing Services Group operates under two divisions: the Local Solutions division and the Interactive Marketing Services division.

The revenues of the Local Solutions division include primarily revenues from advertising (print and online), and to a much lesser extent, from subscription and newsstand sales, as well as from flyer distribution. We are the second leading publisher of local and regional newspapers in Canada and the first in Eastern Canada. We reach more than 7.2 million readers with our weekly newspapers and more than 1.1 million readers per week with our free daily newspaper *Métro* in the Montréal region alone. Because of their level of penetration and strong credibility, our local and regional newspapers are an excellent information tool within their targeted community as well as an efficient complement to any advertising campaign. In some markets, other existing local and regional newspapers as well as other media (television, radio, Internet and other communication or advertising platforms) compete with the Local Solutions division for advertising sales as well as subscriptions and newsstand sales. Our readers continue to rely on our publications for quality information about their local interests and our advertisers realize this. Notwithstanding the foregoing, the major trend for information and advertising leans toward digital information and advertising, which has made the digital platforms become a major competitor to any type of printed advertising.

By distributing most of the flyers of major national, regional and local retailers each week, the Local Solutions division is a leader in the distribution market in the Province of Québec and in certain of the Atlantic Provinces. The Local Solutions division competes for distribution of advertising material and other products with daily and weekly newspapers, direct mail services and some other distribution companies as well as Canada Post. We believe that the most significant competitive factors in the distribution business in Québec are pricing, quality of service, delivery lead times, and 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 sector.

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

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

The revenues of the Local Solutions and Interactive Marketing Services Group are derived, amongst others, from advertising campaigns, including online advertising and digital marketing. Overall, our properties reach more than 7.7 million unique visitors per month across Canada in both French and English. 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 Local Solutions and Interactive Marketing Services Group is focused on helping large brands and retailers connect with local audiences through content. The services offered are enabling it to be a key partner for Canada’s largest retailers and brands to help them create their weekly communications of promotions, structure and organize this content to be delivered on print and digital platforms and manage and optimize the distribution of such content to

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

Business Information Solutions and Education Group

The Business Information Solutions and Education Group operates under two divisions: the Business Information Solutions division and the Education division.

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

The revenues of the Education division are derived from the educational book segment which is diversified by markets, customers, subjects and titles. Its principal customers are ministries of education, school boards, elementary and high schools, CEGEPs, colleges and vocational schools, community colleges, universities and, in some cases, foreign distributors and bookstores. This division operates in all three sectors of the Canadian French language educational publishing industry (the school market in Canada outside Québec, the school market in Québec and the higher education market in Québec). Its competitors differ in each of these three sectors. They include Les Éditions du Renouveau pédagogique Inc., CEC Publishing Inc. and Les Éditions Grand Duc Inc. This division also has two other activities: supplemental educational market with Les Éditions Caractère and general interest books with Les Éditions Caractère and Les Éditions Transcontinental, which books are distributed in bookstores and superstores.

Revenues by Geographic Region

The following table sets forth the revenues and the percentage of revenues of the Media Sector, based on their geographic distribution for the fiscal years ended October 31, 2015 and 2014.

(in millions of dollars except for percentages)	Fiscal Years Ended October 31			
	2015 (\$)	2015 (%)	2014 (\$) ⁽¹⁾	2014 (%) ⁽¹⁾
Revenues generated from production facilities in Canada ⁽²⁾	567.4	98.7	582.3	98.6
Exports from production facilities in Canada ⁽²⁾	7.5	1.3	8.3	1.4
Revenues generated from production facilities in the United States ⁽²⁾	-	-	-	-
Total	574.9	100.0	590.6	100.0

(1) TC Transcontinental modified its organizational structure. The effect of these modifications on the segmented information is minor. Consequently, some of the comparative numbers have been reclassified to reflect these changes.

(2) These figures do not include those of our consumer magazines publication activities sold during the fiscal year ended October 31, 2015 as these activities have been shown as discontinued operations.

Seasonal Variations

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

Services

Our Media Sector operates two Groups: the Local Solutions and Interactive Services Group and the Business Information Solutions and Education Group.

Local Solutions and Interactive Marketing Services Group

Local Solutions Division

TC Media publishes local and regional daily and weekly newspapers in the Provinces of Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Québec, Ontario and Saskatchewan. The Local Solutions Group publishes 11 dailies and approximately 152 weekly, bi-weekly, monthly, bi-monthly, quarterly and periodical newspapers. With a total circulation of approximately 308,000 copies per day for the dailies and approximately 3.7 million copies per week for the weeklies, bi-weeklies, monthlies, bi-monthlies, quarterlies and periodicals, some of TC Media papers have been published for more than 100 years.

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

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

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

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

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

Through the Targeo segment located in Toronto, we offer 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 8.5 million households that are served by Targeo in addition to the 4.5 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 target 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 division operates about 153 local and regional websites that are the local reference with respect to virtual community information and promotional offering.

Interactive Marketing Services Division

Our Interactive Marketing Services division serves Canada's largest brands and retailers with promotional content. The products and services offered include creating its weekly promotional communications, structuring and organizing this content to be delivered on print and digital platforms and managing the optimal distribution of this content to engage audiences across Canada.

As more and more advertising is sold in print and digital bundles on multi-platforms, our Interactive Marketing Services division offers digital rep-housing services to optimize digital inventory and help national advertisers reach Canadian audiences similar to those reached by the printed products.

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

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

Business Information Solutions and Education Group

Business Information Solutions Division

Our Business Information Solutions division publishes six business publications, including one weekly title, which are listed hereunder.

Economic Publications	Number of Issues per Year	Circulation
<i>Constructo</i>	80	3,858 ⁽²⁾
<i>Finance et investissement</i>	16	13,628 ⁽³⁾
<i>Investment Executive</i>	16	40,085 ⁽³⁾
<i>Les Affaires</i>	42	68,927 ⁽¹⁾
<i>Les Affaires plus</i>	8	69,101 ⁽¹⁾
<i>Voir Vert</i>	2	21,000 ⁽³⁾

(1) Latest statistics from the Alliance for Audited Media (A.A.M.) as of June 30, 2015.

(2) Latest statistics from the Canadian Circulation Audit Board (C.C.A.B.) as of June 30, 2015.

(3) Internal statistics as of October 31, 2015.

The Business Information Solutions division also publishes special interest publications.

This division manages numerous Internet sites tied and not tied to its printed products as well as tablet products, digital solutions and conferences for business professionals from various industries. TC Media's strategy is to develop a multi-platform offering for its advertisers and consumers. TC Media is also one of the Government of Québec's business partners as it operates, together with CGI Group Inc., the SEAO service which is Québec's e-tendering website allowing suppliers to bid on all governmental contracts.

Education Division

Our Education division 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. 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 operations of this division also include the creation, development and distribution of general interest books. The Education division's strong brands include Beauchemin, Les Éditions Caractère, Chenelière Éducation, Gaëtan Morin Éditeur, Graficor, Groupe Modulo and Les Éditions Transcontinental.

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

Our Education division's operations, for the most part, are divided into three segments 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 segment specialized in the production of teaching materials for the benefit of teachers and other professionals of the education market. 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. Our Education division benefits from a revenue base that is diversified by market, customer, subject and title. Its catalogue is comprised of over 12,000 existing or previously published titles (these titles are commonly referred to as the backlist).

In 2012, our Education division acquired Les Éditions Caractère Inc., a leader in the supplemental educational publishing market and that also publishes general interest books destined to Canadian consumers. Our Education division, through Les Éditions Transcontinental, also publishes books in French and English destined to Canadian consumers.

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

In 2015, our Education division acquired the Atouts Series from Septembre éditeur inc.

Therefore, our Education division publishes more than 800 titles destined to Canadian consumers.

2.4 Raw Materials and Energy Prices

The primary raw materials the Corporation uses are paper and ink for TC Transcontinental Printing and TC Media, and plastic films and inks for TC Transcontinental Packaging. TC Transcontinental's activities consume energy, in particular, electricity, natural gas and oil. Fluctuations in raw materials and energy prices affect the demand for our services.

The current difficulties in the pulp and 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 operations, 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 the 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 has entered into agreements with its most important suppliers in order to ensure a stable flow of resources. In addition, some agreements with our customers contain escalation clauses that index selling prices to fluctuations in raw material costs and exchange rates.

Furthermore, fluctuations in the price of oil, a core ingredient in the composition of ink and plastic film, have a direct impact on the prices of these products. Also, fluctuations in the price of oil have an impact on gasoline prices. Any

increase thereto would negatively affect the distribution activities of TC Media. TC Transcontinental also continues its efforts towards finding new ways to reduce energy costs.

2.5 Economic Cycles

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

However, we believe we mitigate these risks through the very composition of our operations, since a substantial segment of the customer base operates in less cyclical markets, such as food. 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 firms specializing in environmental issues.

Two of the industries where TC Transcontinental operates, printing and publishing, use large quantities of paper for their day-to-day operations. Consumers are expressing increasing concern over the protection of the environment as well as sustainable development. Also, the amendments introduced with the adoption of Extended Producer Responsibility bills across the country have had an adverse financial impact on the Media Sector, and more specifically on the Local Solutions and Interactive Marketing Services 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 2015, we distinguished ourselves in the environmental arena and in the community. First, we have maintained our presence in the Corporate Knights ranking of the *Best 50 Corporate Citizens* in Canada. This ranking is established by measuring a broad range of environmental, social and governance (ESG) indicators. For a number of years, we have tracked our fuel and electricity use and have calculated the associated greenhouse gas emissions, reporting our results to the Carbon Disclosure Project (CDP) since 2006. In 2015, TC Transcontinental also reported for the third year to the CDP on forest risk commodities.

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

- As stated in our Paper Procurement Policy, we have added a chain of custody certification logo to 54% of our Canadian publications. This process ensures transparency and raises customer and consumer awareness to the importance of sustainable forestry practices.

- We have increased our purchasing of more ecological paper from the *Gold* and *Gold Plus* categories. Indeed, about 95% of our purchases are now 100% recycled or 100% covered by a chain of custody certification from a recognized sustainable forest management system, compared to 77% in 2013.
- Our accident frequency rate went from 0.66 accident per 200,000 worked hours in 2013 to 0.74 in 2014. The accident severity rate also dropped from 19.74 to 18.77 lost days per 200,000 worked hours (a decrease of 15%).
- TC Transcontinental has donated \$3.6 million, or 1.4% of its adjusted EBIT, to over 400 non-for-profit organizations.

Environmental Policy

TC Transcontinental's management team and management teams from both our Media Sector and our Printing and Packaging Sector are responsible for ensuring the implementation of all items of this policy. This policy is based on the following three guiding principles:

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

Compliance with Applicable Legal Requirements

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

Pollution Prevention

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

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

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

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

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

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

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

2.7 Human Resources

As of November 1, 2015, we had 8,289 employees. The following table presents the breakdown of our employees within our operating sectors as of November 1, 2015. Employees located at head office and within administrative services center are excluded.

Description	Number of Employees
Printing and Packaging Sector	4,886
Media Sector	2,991

As at December 7, 2015, 1,997 of our Canadian employees were represented by certified associations under 35 active and separate collective agreements. These agreements expire at different dates up to April 2019. Eight collective agreements covering 493 of our employees were renewed in 2015. There are presently three collective agreements, covering 149 of our employees, under negotiation. In addition, eight collective agreements, covering 240 of our employees, expired in the fourth quarter of 2015 and negotiations will begin in the upcoming months. Eight other collective agreements, covering 390 of our employees, will expire in 2016. In the United States, we have only one bargaining unit with 179 unionized employees and their collective agreement expires in 2017.

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

2.8 Properties

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

2.9 Reorganizations

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

2.10 Strategic Acquisitions and Business Development

An intrinsic part of our strategy is also to grow through strategic acquisitions. We are committed to maintaining a disciplined approach when making acquisitions. We ensure that the companies we acquire fit our stringent acquisition criteria: (1) fit within our strategic plan; (2) be profitable and growing; (3) provide synergies with our operations; (4) have good management and a 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.

Printing and Packaging Sector

On October 1, 2015, TC Transcontinental acquired Ultra Flex Packaging Corp., now known as Transcontinental Ultra Flex Inc., a supplier of flexible packaging that focuses, among other things, on the beverage and food market segments, for US\$80 million paid in cash at closing plus an additional consideration payable subject to attaining pre-established financial targets. Transcontinental Ultra Flex Inc., located in Brooklyn, New York, employs close to 300 people and generated US\$72 million in annual revenues and US\$12 million in operating income before amortization in its last fiscal year ended on October 31, 2014.

On May 3, 2014, TC Transcontinental acquired the assets of Capri Packaging, a supplier of printed flexible packaging, located in Clinton Missouri, for an amount of US\$133 million. The seller, Schreiber Foods, Inc., signed a 10-year agreement to secure Capri Packaging (now TC Transcontinental Packaging Inc.) as a strategic supplier of printed flexible packaging, which represented about 75% of the total revenues of the packaging activities of Capri Packaging for the fiscal year ended on October 31, 2015.

Media Sector

On May 15, 2015, our Education division acquired the Atouts Series from Septembre éditeur inc.

On June 1, 2014, TC Transcontinental acquired 74 weekly newspapers of Sun Media Corporation in Québec and their related web properties for an amount of \$75 million. The Competition Bureau set the requirement that the Corporation put 33 of the 154 daily newspapers in its portfolio for sale for a period of 60 days, including some that were part of the transaction with Sun Media Corporation. Of the 33 newspapers put up for sale, 14 have found buyers.

On October 31, 2013, TC Media and Zone3 have formed a strategic alliance where Zone3 will handle TV production for our brands for the next four years.

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

2.11 Significant Acquisition

During our fiscal year ended October 31, 2015, 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 19 to 23 of our Management's Discussion and Analysis for the fiscal year ended October 31, 2015. The material factors that could have an effect on the results of the Corporation are divided into three types of risks, the strategic risks, the operational risks and the financial risks and include, but are not limited to: (1) Strategic risks: the effects of competition in the markets in which we operate, especially against United States based competitors in the printing and packaging markets, the effects of new media and the corresponding shift of advertising revenues to new platforms and the dependence on one customer in the Packaging division; the transformation of the printing and publishing industries; our ability to develop our new avenue of growth in the production of flexible packaging products; the impact of the loss of our reputation; the impact of the control held by the majority shareholder over the Corporation; (2) Operational risks: the impact of the use and handling of confidential information and with respect to privacy; the impact of disruptions or breakdowns of our information systems; our ability to recruit and keep qualified personnel; the necessity to constantly improve operational efficiencies; increased risk of disruption of our operations; changes in regulations; our ability to complete and integrate transactions and reorganizations; concerns about sustainability and protecting the environment; fluctuations in raw material and energy prices; (3) Financial risks: the impact of economic cycles and difficult market conditions; the availability of capital and ability to use financial leverages; the impact of interest rates fluctuations; the impact of the movement of the Canadian dollar relative to other currencies, more particularly the US dollar; the impact of disputes with tax authorities; credit collection ability; the funding of pension plans; the impact of impairment tests that could lead to asset write-downs.

The heading "Risks and Uncertainties" under our Management's Discussion and Analysis for the year ended October 31, 2015 is therefore incorporated herein by reference.

Item 3 - Highlights of the Last Three Fiscal Years

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

2015

Operations

- Execution of a strategic partnership agreement between TC Media and LC Media whereby The Car Guide website and its French-language counterpart, the Guide de l'auto, as well as Montrealracing.com. were added to TC Media's digital automobile network.
- Closing of the Transcontinental Acme Direct plant in Montréal and transfer of these operations to Transcontinental Ross-Ellis in Lasalle and Transcontinental Interweb in Boucherville.
- Conclusion of the sale of our magazines, *Vancouver Magazine* and *Western Living*, with their websites and related products, to Yellow Pages Homes Limited, and conclusion of an agreement with the acquiror to continue printing the two magazines.
- Conclusion of the sale of our consumer magazines produced in Montréal and in Toronto, covering also the printing of these magazines by TC Transcontinental Printing and the extension until 2022 of the contracts signed in 2013 for the printing of some of TVA Group Inc.'s publications. The brands involved in this transaction include: *Coup de pouce*; *Elle Québec*; *Décormag*; *Le Bel Âge* magazine; *recettes.qc.ca*; *Canadian Living*; *Style at Home*; *Elle Canada*; *Good Times* and *The Hockey News*.

2014

Operations

- Closure of the Transcontinental Concord printing plant in Concord, Ontario and of the Transcontinental Edmonton printing plant in Edmonton, Alberta at the end of December 2014.
- Execution of a multi-year agreement with Postmedia Network Inc. to print *The Gazette*, which is published Monday to Saturday, primarily for the Montréal market.
- Amendment of the agreement to print *La Presse* newspaper to give Gesca Ltd. greater flexibility to modulate, in accordance with its needs, the printing services for the *La Presse* newspaper. The Corporation continues to be the exclusive printer of *La Presse*.
- Execution by TC Transcontinental Printing of a five-year agreement to print *The Vancouver Sun* newspaper.
- Conclusion of the sale of the assets of Rastar, a subsidiary based in Utah, USA, which specialized in personalized print products.

Financing

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

2013

Operations

- Execution by TC Transcontinental Printing of a five-year agreement to print the *Calgary Herald* daily newspaper.
- Introduction by TC Media of AutoGo.ca, an online property that focuses on drivers' lifestyles.
- Launch by Constructo Group, a TC Media business unit, of the green architecture website, *Projets verts – La vitrine de l'architecture durable au Québec*.
- Closure of TC Transcontinental's printing plant in LaSalle on December 20, 2012.

- 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*.

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 and that are outstanding:

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

4.2 Ratings

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

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

Corporate Rating

Standard & Poor's Ratings Services

S&P's credit ratings are opinions about credit risk. S&P's ratings express the agency's opinion about the ability and willingness of an issuer such as a corporation to meet its financial obligations in full and on time. Credit ratings can also speak to the credit quality of an individual debt issue and the relative likelihood that the issue may default.

Credit ratings are not absolute measure of default probability. Since there are future events and developments that cannot be foreseen, the assignment of credit ratings is not an exact science. Credit ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or debt issue will not default.

S&P credit ratings range from AAA to D, which represent the range from the highest to lowest quality. According to S&P, the BBB- rating is the fifth highest of 12 major rating categories. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. A BBB rating reflects S&P's opinion that the obligor has adequate capacity to meet financial commitments but is more subject to adverse economic conditions. An obligor rated "BBB-" is considered the lowest investment-grade for market participants.

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

DBRS Limited

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

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

All rating categories other than AAA and D also contain subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category. Long-term debt rated BBB is of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable but it may be vulnerable to future events.

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

4.3 Normal Course Issuer Bid

On April 10, 2015, the Corporation announced that it had received approval from the Toronto Stock Exchange to renew its normal course issuer bid and launch the 2015-2016 normal course issuer bid in order to redeem for cancellation of up to 1,000,000 of its Class A Subordinate Voting Shares (representing 1.6% of the 63,244,208 public float Class A Subordinate Voting Shares as of April 2, 2015) and up to 237,250 of its Class B Shares (representing 1.6% of the 14,827,916 issued and outstanding Class B Shares as at April 2, 2015) over the 12-month period starting on April 15, 2015 and ending on April 14, 2016.

In connection with the 2015-2016 normal course issuer bid, the Corporation entered into an automatic purchase plan agreement (“APP”) with a broker to allow for the purchase of Class A Subordinate Voting Shares and Class B Shares at times when the Corporation ordinarily would not be active in the market due to self-imposed trading blackout periods. Before entering into a blackout period, the Corporation may, but is not required to, instruct the designated broker to make purchases in accordance with the terms of the APP. Such purchases are determined by the broker in its sole discretion based on parameters established by the Corporation prior to the blackout period, in accordance with the Toronto Stock Exchange rules and applicable securities laws. Outside of the pre-determined blackout periods, Class A Subordinate Voting Shares and Class B Shares are purchased in accordance with management’s discretion, within the parameters approved by the Toronto Stock Exchange.

The Corporation had also been authorized to redeem for cancellation on the open market or, subject to the approval of any securities authority, by private agreements, between April 15, 2014 and April 14, 2015 up to 4,742,369 of its Class A Subordinate Voting Shares, representing 10% of its 47,423,698 public float Class A Subordinate Voting Shares as of April 2, 2014, and up to 741,640 of its Class B Shares, representing 5% of its 14,832,816 issued and outstanding Class B Shares as of April 2, 2014.

During the fiscal year ended October 31, 2015, the Corporation redeemed 42,300 of its Class A Subordinate Voting Shares at a weighted average price of \$15.60 for a total cash consideration of \$659,685 and did not redeem any of its Class B Shares under the normal course issuer bid.

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

A discussion and analysis by management of the financial condition and results of operations for the fiscal year ended October 31, 2015 is presented in our Management’s Discussion and Analysis for the year ended October 31, 2015, 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, 2015, and 2014 and the Notes to Consolidated Financial Statements, which Consolidated Financial Statements and Notes are incorporated herein by reference.

4.5 Market for Securities

Our Class A Subordinate Voting Shares and our Class B Shares are listed for trading on the Toronto Stock Exchange under ticker symbols TCL.A and TCL.B, respectively.

The following tables present the monthly price variations as well as the volume of operations with respect to the Class A Subordinate Voting Shares and the Class B Shares on the Toronto Stock Exchange for the fiscal year ended October 31, 2015.

Class A Subordinate Voting Shares – TCL.A

Month	High (\$)	Low (\$)	Volume
November 2014	16.12	15.18	2,390,190
December 2014	16.81	14.21	3,256,085
January 2015	16.59	15.05	2,812,724
February 2015	17.13	15.15	6,391,032
March 2015	18.01	16.38	3,795,214
April 2015	18.89	16.94	3,142,356
May 2015	19.55	18.13	2,618,253
June 2015	18.73	15.25	5,442,531
July 2015	15.48	14.02	4,377,710
August 2015	15.46	13.18	2,941,257
September 2015	19.91	14.06	7,350,851
October 2015	21.00	18.65	5,115,913
Total			49,634,116

Class B Shares – TCL.B

Month	High (\$)	Low (\$)	Volume
November 2014	16.04	15.31	5,295
December 2014	16.58	14.92	8,506
January 2015	15.98	15.14	18,702
February 2015	17.22	15.43	12,076
March 2015	17.87	16.49	11,606
April 2015	18.56	16.91	8,054
May 2015	19.34	18.17	25,505
June 2015	18.56	15.03	35,361
July 2015	15.23	14.07	12,001
August 2015	15.33	13.56	124,119
September 2015	19.57	14.41	29,949
October 2015	20.95	18.67	33,965
Total			325,139

Item 5 - Our Dividend Policy

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

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

Fiscal Years Ended October 31

2013	\$1.58 ⁽¹⁾
2014	\$0.625
2015	\$0.67

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

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

Fiscal Years Ended October 31

2013	\$1.6875
2014	\$1.6875
2015	Nil

On December 7, 2015, the Board of Directors of the Corporation declared a quarterly dividend of \$0.17 per share to all holders of the Corporation's Class A Subordinate Voting Shares and Class B Shares. This dividend was paid on January 20, 2016 to all shareholders of record as of the close of business on January 4, 2016.

Item 6 - Directors and Officers

The names of our directors, their city of residence, their principal occupation, the year when they became directors, the number of voting Shares (Class A Subordinate Voting Shares and Class B Shares) of the Corporation that the directors owned beneficially or over which they exercised control or direction, as well as the number of share units held by the directors pursuant to the Deferred Share Unit Plan of the Corporation (or, in the case of directors who are also employees of the Corporation, the number of vested deferred share units granted pursuant to the Share Unit Plan of Transcontinental Inc. for executives), as of October 31, 2015 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. ⁽¹⁾ Montréal, Québec	■ Partner, Davies Ward Phillips & Vineberg LLP (law firm)	2001	1,128	-	64,579
Claude Dubois ⁽¹⁾ Montréal, Québec	■ President, Gestion Phila Inc. (holding company)	1978	42,572 ⁽²⁾	4,000 ⁽²⁾	61,689
Pierre Fitzgibbon Westmount, Québec	● Managing Partner, Walter Capital Partners (private equity)	2009	5,000	-	16,813
Richard Fortin Boucherville, Québec	◆ Corporate director	2004	6,000	-	68,697
Isabelle Marcoux ⁽³⁾ Montréal, Québec	Chair of the Board, Transcontinental Inc.	2005	4,000	1,000	5,827
Nathalie Marcoux ⁽³⁾ Town of Mount Royal, Québec	Vice President, Finance, Capinabel Inc. (holding company)	2011	-	-	23,095
Pierre Marcoux ⁽³⁾ Town of Mount Royal, Québec	Senior Vice President, Business Information Solutions and Education, TC Media	2005	5,000	1,000	554
Rémi Marcoux, C.M., O.Q., FCA ⁽³⁾ Montréal, Québec	Founder and director, Transcontinental Inc.	1976	154,400	13,062,840	-
Anna Martini, FCPA, FCA Town of Mount Royal, Québec	❖ President, Groupe Dynamite Inc. (specialized apparel global retailer)	2011	-	-	27,032
François Olivier Montréal, Québec	President and Chief Executive Officer, Transcontinental Inc.	2008	21,440	-	157,825
Mario Plourde Kingsey Falls, Québec	■ President and Chief Executive Officer, Cascades Inc. (manufacturing sector – packaging and tissue products)	2015	-	-	2,633
François R. Roy Montréal, Québec	● Corporate director	2008	-	-	15,774
Lino A. Saputo Jr. Montréal, Québec	❖ Chief Executive Officer and Vice Chairman of the Board, Saputo Inc. (consumer products – food processing)	2008	-	-	45,848
Annie Thabet ⁽⁴⁾ Nun's Island (Verdun), Québec	Partner, Celtis Capital Inc. (firm specialized in transactional services and asset management)	2015	-	-	-
André Tremblay Montréal, Québec	❖ Managing partner, Trio Capital Inc. (private equity fund management)	2007	-	-	37,355

■ Member of the Corporate Governance Committee

● Member of the Audit Committee

◆ Lead Director

❖ Member of the Human Resources and Compensation Committee

(1) Messrs. Lucien Bouchard and Claude Dubois have recently decided not to seek re-election as members of the Board of Directors at the next annual meeting. The Corporation proposes the nomination of Ms. Jacynthe Côté as a director.

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

(3) The 154,400 Class A Subordinate Voting Shares are held by Capinabel Inc. and the 13,062,840 Class B Shares are held by Capinabel Inc. Capinabel Inc. has entered into a monetization transaction with a Canadian chartered bank relating to 4,000,000 Class B Shares and has also issued to a third party

debentures exchangeable for 600,000 Class B Shares held by Capinabel Inc. The monetization transaction and the debentures may be repaid in cash or through the transfer of Class A Subordinate Voting Shares. The shares of Capinabel Inc. are held directly and indirectly by Mr. Rémi Marcoux and members of his immediate family. Mr. Rémi Marcoux controls Capinabel Inc. As of January 11, 2016, the shares of Capinabel Inc. represent 72.82% of the voting rights attached to the outstanding equity shares of the Corporation. If the monetization transaction and the debenture had been repaid on January 11, 2016 through the transfer of Class A Subordinate Voting Shares, the shares held by Capinabel Inc. would represent 62.37% of the voting rights attached to all outstanding equity shares of the Corporation. Ms. Isabelle Marcoux, Ms. Nathalie Marcoux and Mr. Pierre Marcoux are members of Mr. Rémi Marcoux's immediate family.

(4) Annie Thabet was appointed as a director of the Corporation on November 10, 2015.

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⁽¹⁾.

Name and City of Residence	Position Held with the Corporation
André Bolduc Montréal, Québec	Director of Internal Audit
Philippe Bonin Nun's Island (Verdun), Québec	Treasurer
Isabelle Côté Saint-Lazare, Québec	Corporate Controller
Christine Desaulniers Town of Mount Royal, Québec	Chief Legal Officer and Corporate Secretary
Nelson Gentiletti Kirkland, Québec	Chief Financial and Development Officer
Benoit Guilbault Town of Mount Royal, Québec	Chief Information Officer
Isabelle Lamarre Town of Mount Royal, Québec	Assistant General Counsel and Assistant Corporate Secretary
Katya Laviolette Beaconsfield, Québec	Chief Human Resources Officer
Donald LeCavalier Montréal, Québec	Senior Vice President, Finance
Brigitte Lépine Nun's Island (Verdun), Québec	Vice President, Innovation and Strategy
Martin Longchamps Montréal, Québec	Vice President, Mergers and Acquisitions
Jennifer F. McCaughey Candiac, Québec	Vice President, Communications
François Olivier Montréal, Québec	President and Chief Executive Officer
Brian Reid Annan, Ontario	President, TC Transcontinental Printing and TC Transcontinental Packaging

(1) Edward J. (Ted) Markle was President, TC Media until December 31, 2015.

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):

- Ms. Isabelle Côté is Corporate Controller of the Corporation since July 2013. Previously, she was Senior Director, Accounting and Financial Information at the Cirque du Soleil (an artistic entertainment company) since August 2005.

- Mr. Pierre Fitzgibbon is a Managing Partner of Walter Capital Partners since November 23, 2015. From July 2007 until June 2014, he was President and Chief Executive Officer of Atrium Innovations Inc. (a company leader in the development, manufacturing and packaging of added-value products for the health and nutrition industry).
- Mr. Nelson Gentiletti is Chief Financial and Development Officer since December 5, 2011. Previously, he was Chief Financial Officer from 2002 until 2005 and then Chief Operating Officer from 2005 until 2011 at Transat A.T. Inc. (a tourism company).
- Mr. Benoît Guilbault is Chief Information Officer since April 2013. From April 2010 until April 2013, he was Executive Vice President and Chief Information Officer for Acceo Solutions (IT solutions company) and, from March 2008 until February 2010, he was Chief Information Officer for Caisse de dépôt et placement du Québec (an institutional investor).
- Ms. Katya Laviolette is Chief Human Resources Officer since May 30, 2011. From January 2009 until May 2011, she was Vice President, People and Culture at Canadian Broadcasting Corporation (a national public broadcaster), from July 2007 until January 2009, she was Vice President, Human Resources at Alcan Inc. (an aluminium production company) and from May 2003 until July 2007, she was Vice President, Human Resources at TC Media.
- Mr. Mario Plourde is President and Chief Executive Officer of Cascades Inc. since 2013. He was appointed as Chief Operating Officer of Cascades Inc. in 2011. Over the years, he occupied different positions, including Plant Manager and General Manager in the plastics sector, Vice President and Chief Operating Officer, and later President, of Cascades Specialty Products Group, in Canada and in the United States.
- Ms. Annie Thabet is a partner with Celtis Capital Inc. (a firm specialized in transactional services in relation to mergers and acquisitions, divestitures and corporate finance, and asset management) since 2003.

As of October 31, 2015, directors and officers of the Corporation (other than Mr. Rémi Marcoux), as a group, beneficially owned, directly or indirectly, 118,315 Class A Subordinate Voting Shares and 6,000 Class B Shares of the Corporation, then representing approximately 0.16% and 0.04%, respectively, of the outstanding shares of each of such class.

To the best knowledge of the Corporation, no proposed director, as at January 11, 2016, or within 10 years before January 11, 2016: (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. François R. Roy who was a director of Komunik Corporation until April 1, 2008, approximately eight months before such corporation voluntarily filed for protection under the *Companies' Creditors Arrangement Act* ("CCAA") on November 18, 2008. Mr. Roy is no longer a director of Komunik Corporation;
- (ii) Mr. Roy who was a director of Pixman Nomadic Media Inc. until November 27, 2009, more than two months before such corporation filed a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada). Between November 3, 2009 and February 17, 2010, the Alberta Securities Commission, the British Columbia Securities Commission, the Ontario Securities Commission and the Autorité

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

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

Furthermore, to the best knowledge of the Corporation, no proposed director of the Corporation has been as at January 11, 2016 subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Item 7 - Proceedings

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

Item 8 - Material Contracts

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

Item 9 - Transfer Agent and Registrar

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

Item 10 - Information Regarding the Audit Committee

10.1 Charter of the Corporation's Audit Committee

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

10.2 Composition of the Audit Committee

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

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

10.3 Background and Related Experience

Mr. Pierre Fitzgibbon

Mr. Pierre Fitzgibbon is a member of the Ordre des comptables professionnels agréés du Québec, holds a bachelor's degree in business administration from the École des Hautes Études Commerciales of Montréal and a certificate in management from Harvard Business School. He is Managing Partner of Walter Capital Partners since November 23, 2015. Mr. Fitzgibbon was President and Chief Executive Officer of Atrium Innovations Inc. from July 2007 until June 2014; previously he was Senior Vice President, Finance, Technology and Corporate Affairs of National Bank of Canada and, prior to July 2005, he was responsible of advisory services and corporate financing at National Bank Financial, as Vice Chairman. From January 1998 until December 2001, Mr. Fitzgibbon was Chief Executive Officer of New World Mobility. For three years, prior to joining New World Mobility, Mr. Fitzgibbon held various executive positions in Finance, Corporate and Business Development at Chase Capital Partners Hong Kong and Telesystems Wireless International Inc. in Canada and Asia. He also spent five years at Domtar Corporation in various executive positions, namely as Senior Vice President and Chief Financial Officer.

Mr. Richard Fortin

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

Mr. François R. Roy

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

10.4 Reliance on Certain Exemptions

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

10.5 Policies and Procedure Regarding Prior Approval

The Audit Committee has adopted rules regarding the scope of the services provided by the external auditors. 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 2015 and 2014.

Category of Fees (in thousands of dollars)	2015 (\$)	2014 (\$)
Auditing fees	709.5	860.0
Fees for audit-related or connected	170.1	149.3
Compliance with taxation requirements and consulting services thereto	149.1	435.5
Total	1,028.7	1,444.8

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

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

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

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

Item 11 - Forward-Looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. These forward-looking statements include, among others, statements with respect to our objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "strategy", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. The main risks, uncertainties and factors that could influence actual results are described in this Annual Information Form and in the 2015 Management's Discussion and Analysis under sections "Caution Regarding Forward-Looking Statements" (p. 1), "Summary of Forward-Looking Statements" (p. 2) and "Risks and Uncertainties" (p. 19-23).

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

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

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

Item 12 - Additional Information

Additional information, including remuneration of directors and officers, loans to officers, stock options, share units and interest of insiders in material transactions is, where applicable, contained in our Management Proxy Circular for our Annual General Meeting of Shareholders. Additional financial information is provided in the consolidated audited financial statements of the Corporation for the year ended October 31, 2015. A copy of these documents may be obtained, free of charge from our Corporate Secretary or our Vice President, 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 Vice President, Communications:

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

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

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

Schedule A

Mandate of the Audit Committee

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

1. Composition

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

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

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

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

2. Duties and Responsibilities

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

- (i) Helping members of the Board meet their responsibilities, in particular their responsibility for overseeing the financial information production and reporting process;
- (ii) Providing sound communication between directors and the external auditor;
- (iii) Ensuring itself of the independence of the external auditor;
- (iv) Satisfying itself of the credibility and objectivity of financial reports;
- (v) Favours 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.