



ANNUAL INFORMATION FORM

YEAR ENDED  
DECEMBER 31, 2015

February 29, 2016

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**APPENDIX A – MANDATE OF THE BOARD OF DIRECTORS**

**APPENDIX B – MANDATE OF THE AUDIT COMMITTEE**

## INTRODUCTORY NOTE

In this Annual Information Form, unless the context otherwise requires, the terms “**Corporation**” and “**TVA**” refer to TVA Group Inc. and its subsidiaries and divisions. Unless otherwise indicated, the information presented in this Annual Information Form is given as at December 31, 2015. All dollar amounts appearing in this Annual Information Form are in Canadian dollars, except if another currency is specifically mentioned. In addition, the table below lists a number of defined terms that are used throughout this Annual Information Form to refer to various corporations within the TVA group or affiliates.

Entity	Defined term
Les Publications Charron & Cie inc.	“Publications Charron”
Mels Studios and Postproduction G.P.	“MELS”
Quebecor Inc.	“Quebecor”
Quebecor Media Inc.	“Quebecor Media”
TVA Publications Inc.	“TVA Publications”

## ITEM 1 THE CORPORATION

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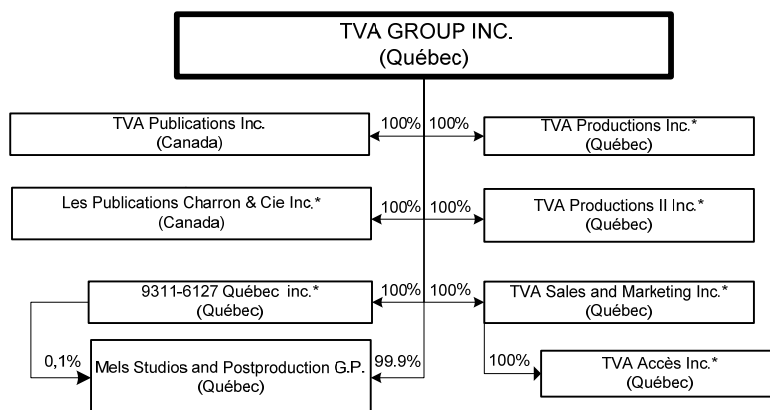
The Corporation was incorporated in accordance with the laws of Québec by letters patent dated March 29, 1960 under the name Télé-Métropole Corporation. On July 5, 1973, the corporate name Télé-Métropole Corporation was changed to Télé-Métropole inc. On February 17, 1998, the corporate name Télé-Métropole Inc. was changed to TVA Group Inc. The Corporation is governed by the *Business Corporations Act* (Québec).

Its head office is located at 1600 de Maisonneuve Boulevard East, Montréal, Québec H2L 4P2. Its Website address is <http://groupletva.ca>. The telephone number is (514) 526-9251 and the fax number is (514) 598-6085. The information found on its Website is neither an integral part of this Annual Information Form nor is it deemed to be incorporated by reference.

### 1.1. SUBSIDIARIES

The organizational chart below lists the Corporation's main subsidiaries at December 31, 2015 as well as their jurisdiction of incorporation and the percentage of voting rights held, directly or indirectly, by the Corporation. Some of the subsidiaries, whose total assets represented no more than 10% of the consolidated assets of the Corporation at December 31, 2015, and whose sales and operating revenues represented no more than 10% of its consolidated sales and consolidated operating revenues at that date, have been omitted. The omitted subsidiaries, taken as a whole, accounted for less than 20% of the consolidated assets and less than 20% of the consolidated sales and consolidated operating revenues of the Corporation at December 31, 2015.

Each subsidiary identified with an asterisk (\*) represents 10% or less of the total consolidated assets and 10% or less of the consolidated sales and consolidated operating revenues of the Corporation at December 31, 2015. They have been included to better illustrate the overall structure of the Corporation.



## ITEM 2 BUSINESS

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At the beginning of 2015, the Corporation revised its business segments to better reflect changes in its operations and management structure following the acquisition on December 30, 2014 of substantially all of the assets of A.R. Global Vision Ltd. (now operated by MELS) (the “**Acquisition of the assets of MELS**”). Accordingly, the new Film Production & Audiovisual Services segment was created.

In addition, since April 12, 2015, following the transaction with Transcontinental Inc. (“**Transcontinental**”), the operations of the acquired magazines have been included in the Magazines segment’s results, while custom publishing operations have been included in the Broadcasting & Production segment’s results.

On February 13, 2015, Sun Media Corporation announced the discontinuation of the operations of the SUN News Network channel. This specialty channel was operated by SUN News General Partnership (now ROC Television G.P.) in which TVA holds a 49% interest.

The Corporation’s operations now consist of the following segments:

### *Broadcasting & Production*

In the Broadcasting & Production segment, the Corporation creates, produces and broadcasts entertainment, information and public affairs programming and distributes audiovisual products and films, in addition to its commercial production. The Corporation operates North America’s largest private French-language television network, as well as eight specialty services. It also holds a minority interest in the Évasion specialty channel. TVA operates several websites, the most important, in terms of visitors, being tvanouvelles.ca and tvsports.ca.

The Broadcasting & Production segment includes the operations of TVA Network (including the subsidiary and divisions TVA Productions Inc., TVA Nouvelles and TVA Interactif), specialty services, the marketing of digital products associated with the various television brands, the commercial production, dubbing, custom publishing and premedia services of TVA Accès Inc., and distribution of audiovisual products by its TVA Films division.

### *Magazines*

The Magazines segment, which through its subsidiaries, notably TVA Publications and Publications Charron, publishes French- and English-language magazines in various fields such as the arts, entertainment, television, fashion, sports and decoration and markets digital products associated with the various magazine mastheads. TVA publishes more than 50 titles, making it the largest magazine publisher in Canada.

### *Film Production & Audiovisual Services*

The Film Production & Audiovisual Services segment includes the soundstage and equipment leasing, post-production and visual effects services provided by MELS.

The following table provides information on revenues for each of the Corporation's business sectors.

**REVENUES BY BUSINESS SECTOR** (in thousands of dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
Broadcasting & Production	\$428,526	\$380,178
Magazines	\$106,457	\$62,614
Film Production & Audiovisual Services	\$60,120	\$ -
Intersegment items	(\$5,213)	(\$3,452)
<b>TOTAL</b>	<b>\$589,890</b>	<b>\$439,340</b>

**2.1. BROADCASTING & PRODUCTION**

TVA owns and operates six of the ten stations that make up TVA Network: CFTM-TV (Montréal), which is the network's flagship station, and five regional television stations: CFCM-TV (Québec City), CHLT-TV (Sherbrooke), CHEM-TV (Trois-Rivières), CFER-TV (Rimouski-Matane-Sept-Îles) and CJPM-TV (Saguenay/Lac St-Jean) (the "**regional stations**"). In addition to these regional stations are four affiliated stations: CHOT-TV (Gatineau) and CFEM-TV (Rouyn), owned by RNC Media Inc., as well as CIMT-TV (Rivière-du-Loup) and CHAU-TV (Carleton), owned by Télé Inter-Rives Ltée, a private television station, (the "**affiliated stations**"). TVA holds a 45% interest in Télé Inter-Rives Ltée. The TVA Network signal reaches nearly the entire French-speaking audience in Québec, as well as the French-speaking communities in Ontario and New Brunswick, and a significant portion of francophone viewers in the rest of Canada. TVA also owns the specialty services LCN, addik<sup>TV</sup>, Argent, prise 2, CASA, YOOPA, TVA Sports and MOI&cie in addition to holding stakes in the specialty channel Évasion.

**2.1.1. TELEVISION BROADCASTING**

**CFTM-TV (MONTRÉAL)**

CFTM-TV (Montréal), which has been broadcasting since February 1961, operates from its television studios located at 1600 de Maisonneuve Boulevard East in Montréal. CFTM-TV (Montréal) transmits its signal from an antenna located on the summit of Mount Royal.

CFTM-TV (Montréal)'s programming includes dramas, serials, variety and service shows, real-life series, magazine-style and quiz shows, films and news and public affairs programs. A major portion of CFTM-TV (Montréal)'s programming schedule is produced by the Corporation and is complemented by shows and films acquired from independent producers and third parties. This programming constitutes a considerable portion of the programming schedules of the TVA Network's member stations. A portion of CFTM's programming is also broadcast simultaneously on the Web and is also available on video-on-demand.

**REGIONAL STATIONS**

The programming of its five regional stations comes primarily from CFTM-TV (Montréal) and is complemented by local programming produced by each regional station that reflects their respective cultural, economic, political and social realities. CFCM-TV (Québec City) produces at least 18 hours of

local programming per broadcast week, including 5 hours and 30 minutes of local newscasts including two newscasts on weekends, and 3 hours and 30 minutes of other programs broadcast which specifically reflect the cultural, economic, political and social reality of the local Québec market and that may be broadcast on the TVA Network. Each of the other regional stations broadcasts at least five hours of local programming per broadcast week. TVA Network's stations carry numerous reports originating from local newscasts and form an integral part of the news content of the LCN channel.

## **AFFILIATED STATIONS**

The affiliation agreements between the Corporation and Télé Inter-Rives Ltée (owner of the stations CHAU-TV (Carleton) and CIMT-TV (Rivière-du-Loup)), as well as between the Corporation and RNC Media Inc. (owner of the stations CHOT-TV (Gatineau) and CFEM-TV (Rouyn)), are in place until August 31, 2019.

### **2.1.2. SPECIALTY SERVICES**

#### **ADDIK<sup>TV</sup>**

The Corporation owns a national license for addik<sup>TV</sup>, a French-language digital specialty channel that was launched on October 21, 2004. Since August 2010, addik<sup>TV</sup>'s programming has been modified so as to become a channel dedicated to the presentation of popular Canadian and American movies and television series. Its Website is accessible at [www.addik.tv](http://www.addik.tv).

#### **ARGENT**

The Corporation owns a national license for a French-language digital specialty channel which offers programming that focuses on economic and business news, as well as personal finance, Argent. The official launch took place on February 21, 2005. Its Website is accessible at [tvanouvelles.ca](http://tvanouvelles.ca).

#### **CASA**

The Corporation owns a national license for CASA, a French-language digital specialty channel devoted to real estate, renovation, decoration as well as cooking. This channel was launched on February 19, 2008. Its Website is accessible at [www.casatv.ca](http://www.casatv.ca).

#### **ÉVASION**

Canal Évasion Inc. owns a national license for a French-language digital specialty channel, Évasion, devoted to travel, tourism and adventure. This channel was launched on January 31, 2000. The Corporation holds a 8.3% interest in Évasion. Its Website is accessible at [www.evasion.tv](http://www.evasion.tv).

#### **LE CANAL NOUVELLES (LCN)**

Launched in September 1997, LCN owns a national license for a French-language specialty channel. LCN broadcasts national news and general interest information. This channel has to offer newscasts updated at least every 120 minutes. *Denis Lévesque*, *Québec Matin* and *Mario Dumont* are some examples of shows that are presented. Its Website is accessible at [tvanouvelles.ca](http://tvanouvelles.ca).



## **MOI&CIE**

The Corporation owns a national license for a French-language digital specialty channel devoted to style, beauty and the well-being of Québec women, MOI&cie. This channel was launched on May 2, 2011 under the name Mlle and has been repositioned on February 1st, 2013 under the name, MOI&cie. Its Website is accessible at [www.moietcie.ca](http://www.moietcie.ca).

## **PRISE 2**

The Corporation owns a national license for the French-language digital specialty channel dedicated to great television and film classics, prise 2. This channel was launched on February 9, 2006. Its Website is accessible at [www.prise2.tv](http://www.prise2.tv).

## **TVA SPORTS**

The Corporation owns a national license for a French-language digital specialty channel devoted to every aspect of sports by focusing on professional sports of general interest, TVA Sports. This channel was launched on September 12, 2011. Its Website is accessible at [tvasports.ca](http://tvasports.ca).

TVA Sports also offers under a multiplex signal TVA Sports 2 and TVA Sports 3, which operate under the same license as TVA Sports and complete the sports programming available to TVA Sports subscribers. TVA Sports produced close to 3,870 hours of original programming during the fiscal year ended December 31, 2015.

## **YOOPA**

The Corporation owns a national French-language digital specialty channel aimed exclusively at preschoolers, YOOPA. This channel was launched on April 1<sup>st</sup>, 2010. Its Website is accessible at [www.yoopa.ca](http://www.yoopa.ca). TVA also publishes a magazine of the same name for parents.

### **2.1.3. TVA PRODUCTIONS INC. AND TVA PRODUCTIONS II INC.**

TVA Productions Inc. and TVA Productions II Inc. produced close to 1,120 hours of original programming during the fiscal year ended December 31, 2015 including variety and magazine-style shows, galas, game shows and real-life series. Those productions are produced for airing on the TVA Network, the specialty channels of the Corporation, its Websites as well as on video-on-demand, the Web and mobile network.

### **2.1.4. TVA FILMS**

During the fiscal year ended December 31, 2015, TVA Films continued to carry out its distribution business in the home entertainment (DVD/Blu-ray), television and other digital platform sectors. As announced in 2012, the Corporation stopped distributing new Québec films to theaters, but continues to distribute audiovisual material for all other digital platforms, including the use of its catalog of titles and formats at the local, national and international levels.

### **2.1.5. SOURCES OF REVENUE**

Private conventional television stations derive most of their revenues from the sale of air time for advertising. The rates set by stations depend largely on their audience share, on the demographic and socio-economic make-up of their audience and on the availability of other media or promotional vehicles.

Air time on the TVA Network, i.e. its CFTM-TV (Montréal) station, as well as the regional and affiliated stations and specialty services, is sold by representatives of the sales agency division located in Montreal

and Toronto administered by Quebecor Media Sales for national advertisers and also by TVA local sales representatives to local advertisers.

For the year ended December 31, 2015, 66% of specialty channel revenues were derived from subscription charges paid by broadcasting distribution undertakings (“**BDU**”), while 34% were derived from advertising revenues.

As for TVA Films, it is involved in the acquisition and administration, in Canada and abroad, of rights for the distribution of films and audiovisual productions as well as television broadcast formats. Revenues are derived from four main sources: the operation of audiovisual works in rental and the sale of DVDs and Blu-rays, the sale of movies, television series and recordings of audiovisual shows on various digital platforms and the sale of products contained in its catalogue on various audiovisual platforms (video-on-demand, pay-TV and pay-per-view, general interest and specialty TV channels and new medias).

The Corporation’s business sectors experience significant seasonality due to, among other factors, seasonal advertising patterns and influences on people’s viewing, reading and listening habits. Because the Corporation depends on the sale of advertising for a significant portion of its revenue, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions which can affect advertising spending.

#### **2.1.6. LICENSES AND REGULATION**

Television stations and specialty channels are all operated under licenses issued by the Canadian Radio-television and Telecommunications Commission (“**CRTC**”). These activities are subject to the requirements and regulations of the *Broadcasting Act* (Canada), in particular the *Television Broadcasting Regulations, 1987* and the *Specialty Services Regulations, 1990*, as well as to CRTC policies and decisions published from time to time, and to the terms, conditions and expectations set out in the license pertaining to each station or specialty channel. These licenses are issued for a fixed term and, before their expiry, the Corporation must apply to the CRTC for their renewal. Renewals are generally granted to corporations that have complied with the terms and conditions of their licenses. The acquisition or disposition of television broadcasting activities also requires regulatory approval. The Corporation is in compliance, in all material respects, with all the terms and conditions of its various licenses, and has no reason to believe that its licenses would not be renewed upon their expiry.

#### **Ownership and Control of Canadian Broadcast Undertakings**

The Canadian government has directed the CRTC not to issue, amend or renew a broadcasting license to an applicant that is a non-Canadian. “Canadian”, a defined term in the Direction to the CRTC (*Ineligibility of Non-Canadians*) (the “**Direction to the CRTC**”) means, among other things, a citizen or a permanent resident of Canada or a qualified corporation. A qualified corporation is one incorporated or continued in Canada, of which the chief executive officer and not less than 80% of the directors are Canadians, and not less than 80% of the issued and outstanding voting shares and not less than 80% of the votes are beneficially owned and controlled, directly or indirectly, by Canadians

In addition to the above requirements, Canadians must beneficially own and control, directly or indirectly, not less than 66.6% of the issued and outstanding voting shares and not less than 66.6% of the votes of the parent corporation that controls the subsidiary, and neither the parent corporation nor its directors may exercise control or influence over any programming decisions of the subsidiary if Canadians beneficially own and control less than 80% of the issued and outstanding shares and votes of the parent corporation, if the chief executive officer of the parent corporation is a non-Canadian or if less than 80% of the parent corporation’s directors are Canadians. There are no specific restrictions on the number of non-voting shares which may be owned by non-Canadians. Finally, an applicant seeking to acquire, amend or renew a broadcasting license must not otherwise be controlled in fact by non-Canadians, a question of fact which may be determined by the CRTC in its discretion. “Control” is defined broadly to mean control in any manner that results in control in fact, whether directly through the ownership of securities or

indirectly through a trust, agreement or arrangement, of the ownership of a corporation or otherwise. TVA is a qualified Canadian corporation.

Regulations made under the *Broadcasting Act (Canada)* require the prior approval of the CRTC for any transaction that directly or indirectly results in a change in effective control of the licensee of a television programming undertaking (such as a conventional television station, network or pay or specialty undertaking service), or the acquisition of a voting interest above certain specified thresholds.

### **Diversity of Voices**

The CRTC's Broadcasting Public Notice CRTC 2008-4, entitled "Diversity of Voices," sets forth the CRTC's policies with respect to cross-media ownership; the common ownership of television services, including pay and specialty services; the common ownership of BDUs; and the common ownership of over-the-air television and radio undertakings. Pursuant to these policies, the CRTC will generally permit ownership by one person of no more than one conventional television station in one language in a given market. The CRTC, as a general rule, will not approve applications for a change in the effective control of broadcasting undertakings that would result in the ownership or control, by one person, of a local radio station, a local television station and a local newspaper serving the same market. The CRTC, as a general rule, will not approve applications for a change in effective control that would result in the control, by one person, of a dominant position in the delivery of television services to Canadians that would impact on the diversity of programming available to television audiences.

### **Jurisdiction Over Canadian Broadcast Undertakings**

TVA's broadcasting activities are subject to the *Broadcasting Act (Canada)* and regulations made under the *Broadcasting Act (Canada)* that empower the CRTC, subject to directions from the Governor in Council, to regulate and supervise all aspects of the Canadian broadcasting system in order to implement the policy set out in the *Broadcasting Act (Canada)*. Certain of TVA's undertakings are also subject to the *Radiocommunication Act (Canada)*, which empowers Innovation, Science and Economic Development Canada to establish and administer the technical standards that networks and transmitters must comply with, namely, maintaining the technical quality of signals.

The CRTC has, among other things, the power under the *Broadcasting Act (Canada)* and regulations promulgated thereunder to issue, subject to appropriate conditions, amend, renew, suspend and revoke broadcasting licenses, approve certain changes in corporate ownership and control, and establish and oversee compliance with regulations and policies concerning broadcasting, including various programming and distribution requirements, subject to certain directions from the Federal Cabinet.

### **Broadcasting License Fees**

Broadcasting licensees are subject to annual license fees payable to the CRTC. The license fees consist of two separate fees. One fee allocates the CRTC's regulatory costs for the year to licensees based on a licensee's proportion of the gross revenue derived during the year from the licensed activities of all licensees whose gross revenues exceed specific exemption levels (Part I fee). The other fee, also called the Part II license fee, for broadcasting undertakings that licensed activity exceeds \$1,500,000. The total annual amount to be assessed by the CRTC is the lower of: a) \$100,000,000; and b) 1.365% multiplied by the aggregate fee revenues for the return year terminating during the previous calendar year of all licensees whose fee revenues exceed the applicable exemption levels, less the aggregate exemption level for all those licensees for that return year.

### **Copyrights Royalties Payment Obligations**

TVA has the obligations to pay copyright royalties set by Tariffs of the Copyright Board of Canada (the "**Copyright Board**"). The Copyright Board establishes the royalties to be paid for the use of certain copyright tariff royalties that Canadian broadcasting undertakings, including cable, television and specialty services, pay to copyright societies i.e. organization that administers the rights of several

copyright owner. Tariffs certified by the Copyright Board are generally applicable until a public process is held and a decision of the Copyright Board is rendered for a renewed tariff. Renewed tariffs are often applicable retroactively.

The Government of Canada may from time to time make amendments to the Copyright Act to implement Canada's international treaty obligations and for other purposes. Any such amendments could result in TVA being required to pay additional tariffs royalties.

## **Canadian Broadcast Programming (Off the Air Stations and Specialty Services)**

### **Programming of Canadian Content**

CRTC regulations require licensees of television stations to maintain a specified percentage of Canadian content in their programming. A private television stations licensee is required to devote not less than 55% of the broadcast year, and not less than 50% of the evening broadcast period (6:00 p.m. to midnight) to the broadcast of Canadian programs. Specialty services also have to maintain a specified percentage of Canadian content in their programming which is generally set forth in the conditions of their respective licenses.

In Broadcasting Regulatory Policy CRTC 2015-86 issued on March 12, 2015, the CRTC decided to abolish, as of September 2017, the requirement of 55% of Canadian content during a given broadcast year, but decided to maintain the requirement of 50% during the evening broadcast period. Moreover, all pay and specialty services will have to devote only 35% of their content to Canadian content during a given broadcast year. However, as an exception to this policy, the CRTC will maintain all exhibition requirements for those services that benefit from mandatory distribution under the Broadcasting Act.

In the same Policy, the CRTC eliminated immediately the genre exclusivity policy and related protections for all English- and French-language discretionary services including Canadian video on demand services. As an exception to the general rule of elimination of genre protections, the CRTC will retain the conditions of license relating to nature of service for those services that benefit from a mandatory distribution, for national news services and for sports services.

### **Renewal of TVA's license**

TVA's license (TVA Network and associated conventional television stations, as well as several TVA specialty services), is subject to the following conditions:

- TVA shall, in each broadcast year, devote to the acquisition of or investment in Canadian programming at least 80% of the current broadcast year's programming expenditures of the network and all conventional television stations of TVA.
- The CRTC chose to continue to require for the local TVA station in Québec City, that, of the 18 hours of local programming per broadcast week, 9 hours must focus specifically on the Québec region, including the 5 hours and 30 minutes of local newscasts (including two newscasts on weekends) and the remaining 3 hours and 30 minutes of other programs broadcast which specifically reflect the cultural, economic, political and social reality of the local Québec market and that may be broadcast on the TVA Network.

The conditions of license came into force on September 1, 2012. Licences expiring on August 31, 2016 were subject to an administrative renewal which remains applicable until August 31, 2017.

## Review of the television regulatory framework

Many decisions were published in 2015 pursuant to the initiative launched by the CRTC, « Let's Talk TV: A Conversation with Canadians », to discuss the future of the television system in Canada. The CRTC has decided, amongst others, to lower exhibition requirements for private television stations and specialty services as of September 2017, to abolish immediately genre exclusivity for specialty services, to create hybrid video on demand licences, to mandate BDUs to offer a reduced basic service at \$25 as of March 1st, 2016 and to offer all specialty services « à la carte », as of December 1st, 2016. Moreover, the CRTC has launched a local and community television proceeding in order to review the applicable policy and to rebalance the available funding in order to help local television stations.

The following table shows the broadcasting licenses approvals for each television station of the Corporation, as well as the licenses for its wholly-owned specialty channels:

Stations and specialty services	Location	Expiry date	Decision number
TVA Network	Canada	August 31, 2017	CRTC 2016-7
CFTM-TV	Montréal	August 31, 2017	CRTC 2016-7
CHLT-TV	Sherbrooke	August 31, 2017	CRTC 2016-7
CHEM-TV	Trois-Rivières	August 31, 2017	CRTC 2016-7
CFCM-TV	Québec City	August 31, 2017	CRTC 2016-7
CJPM-TV	Saguenay/Lac St-Jean	August 31, 2017	CRTC 2016-7
CFER-TV	Rimouski	August 31, 2017	CRTC 2016-7
addik <sup>TV</sup>	Canada	August 31, 2017	CRTC 2016-7
Argent	Canada	August 31, 2017	CRTC 2016-7
CASA	Canada	August 31, 2017	CRTC 2016-7
Le Canal Nouvelles (LCN)	Canada	August 31, 2017	CRTC 2016-7
MOI&cie	Canada	August 31, 2017	CRTC 2010-752
prise 2	Canada	August 31, 2017	CRTC 2016-7
TVA Sports	Canada	August 31, 2017	CRTC 2016-7
YOOPA	Canada	August 31, 2017	CRTC 2016-7

### 2.1.7. COMPETITION, VIEWING AUDIENCES AND TELEVISION MARKET SHARE

The Broadcasting & Production segment competes directly with all other advertising media. The distribution of advertising dollars among these various media is determined by several factors, among them the economic climate, advertiser's preferences and the interest in the product offered.

The Broadcasting & Production segment in Québec has to deal with a very competitive environment due to the multiplication of specialty services and the increase in sales of air time by them. Moreover, publicly owned stations benefit from strong financial support from governments, while also maintaining access to the advertising market and funding available for Canadian programming. In addition to the larger number of television channels, viewers are increasingly solicited by the Internet and its peripheral services that may attract their interest. The negative impact that the new media has on the Broadcasting & Production segment is increasingly affecting traditional advertising revenues.

The quality of its programming, the great popularity of its shows, the reputation for its news and information services and the use of new broadcasting platforms are all factors that help the Corporation maintain its audience ratings and its significant share of the advertising market. For the year 2015, TVA Network remained in the lead with its 22.8 market shares, being more than the aggregate market shares of its two main conventional competitors. In addition, it broadcast 18 of the 30 best-watched shows in Québec in 2015.

## **2.2. MAGAZINES**

### **2.2.1. TVA PUBLICATIONS AND PUBLICATIONS CHARRON**

On April 12, 2015, TVA Publications closed a transaction under which it acquired 14 magazines, four of which are owned and operated in partnership (Elle Canada, Elle Québec, Le Bel Âge and Good Times), three websites and custom publishing contracts held by Transcontinental.

The Magazines segment, through TVA Publications and Publications Charron, publishes more than 50 magazines including regular, special and seasonal issues. Its principal trademarks focus on four market niches:

#### **Entertainment**

- 7 Jours
- La Semaine
- Échos Vedettes
- Star Système
- DH
- Cool!

#### **Decoration and cooking**

- Style at Home
- Chez soi
- Les Idées de ma maison

#### **Women, Fashion, Beauty**

- Canadian Living
- Elle Canada
- Coup de pouce
- Elle Québec
- Clin d'oeil

#### **Services**

- TV Hebdo
- The Hockey News

The Magazines segment also operates websites in order to broadcast its trademarks and contents on different digital platforms. Thus, the following websites are broadcasting daily content related to the editorial line of its corresponding trademarks:

- [www.7jours.ca](http://www.7jours.ca)
- [www.clindoeil.ca](http://www.clindoeil.ca)
- [www.chezsoimagazine.ca](http://www.chezsoimagazine.ca)
- [www.ideesdemamaison.ca](http://www.ideesdemamaison.ca)
- [www.tvhebdo.com](http://www.tvhebdo.com)
- [www.magazincool.ca](http://www.magazincool.ca)
- [www.lasemaine.ca](http://www.lasemaine.ca)
- <http://fr.canoe.ca/artdevivre/animal/>
- [www.renovationbricolage.ca](http://www.renovationbricolage.ca)
- [www.recettes.qc.ca](http://www.recettes.qc.ca)
- [www.coupdepouce.com](http://www.coupdepouce.com)
- [www.ellequebec.com](http://www.ellequebec.com)
- [www.ellecanada.com](http://www.ellecanada.com)
- [www.styleathome.com](http://www.styleathome.com)
- [www.canadianliving.com](http://www.canadianliving.com)
- [www.canadiangardening.com](http://www.canadiangardening.com)
- [www.thehockeynews.com](http://www.thehockeynews.com)

In the short term, TVA is looking to strengthen and expand its trademarks' visibility on digital platforms to diversify its offer to readers and advertisers. As such, TVA offers e-Replica versions of 18 of its magazines available on computer, mobile platforms and tablets, IOS and Android.

All publications are also available on Kobo, PressReader and Zinio platforms. Finally, TVA also publishes interactive editions of Clin d'oeil, Chez soi, Coup de pouce, Elle Québec, Elle Canada, Style at Home, Canadian Living and The Hockey News.

Each magazine's content is either produced internally by the employees of the Corporation or by freelancers, or purchased on the market. Art direction, computer graphics as well as coordination and review of the content are done by the staff of TVA Publications and of Publications Charron. Printing, distribution and touch up as well as subscription management are done by service providers.

### **2.2.2. SOURCES OF REVENUE**

The main sources of revenue for the Magazines segment are advertising sales, newsstand sales and subscriptions. On April 1, 2010, the Government of Canada launched the Canada Periodical Fund ("CPF"). The CPF provides financial assistance to the Canadian magazine and non-daily newspaper industries so they can continue to produce and distribute Canadian content. TVA Publications and Publications Charron benefit from this program. The downward trend in the publishing market and the increase in media diversity remain significant issues affecting the sector's performance. Nevertheless, the strength of trademarks of the Corporation brings new business opportunities.

### **2.2.3. COMPETITION**

TVA is Canada's largest magazine publisher. Its French-language titles attract 3.2 million multiplatform readers per issue and its English-language titles more than 8.1 million multiplatform readers per issue.

- The showbiz and celebrity news magazine 7 Jours is the No. 1 weekly in Québec with nearly 600,000 multiplatform readers per week.
- Among monthlies, Coup de pouce is the print magazine with the largest readership in Québec with over 1.1 million readers. It reaches a total of 1.4 million readers across all platforms.
- Canadian Living is Canada's most widely read English-language women's magazine with close to 3.2 million multiplatform readers, while The Hockey News is the top destination for Canadian sports fans with nearly 2.1 million multiplatform readers.

### **2.3. FILM PRODUCTION & AUDIOVISUAL SERVICES**

MELS provides top-quality services for the film and television industries, including complete soundstage and equipment leasing services, post-production services and visual effects. It also offers asset management for distribution on movie, television, internet and mobile telephony networks, allowing one-stop shopping in the film and television industries.

This sector's main sources of revenue are soundstage rental and post-production services. Shooting stage rental services account for 62% of the sector's total revenues, 61% of which come from international clients. Post-production services account for 23% of the sector's total revenues and mainly serve local clients.

For this sector, the second and third quarters are periods when the volume of activities is usually high, particularly for soundstage and cinema equipment rental. Although cyclical, the level of activity remains dependent on the production services needs of international and local producers.

## **2.4. INTELLECTUAL PROPERTY**

The Corporation holds or uses under licence a number of trademarks which form part of its most important intangible assets. The main trademarks for its products and services are filed or registered in Canada. In addition, the Corporation has rights arising from its use of unregistered trademarks. It takes all required legal measures to protect its trademarks and believes that these trademarks are appropriately covered for its needs.

The audiovisual contents that the Corporation produces, distributes or broadcasts usually benefit from a legal protection regime under the copyright laws applicable in the territories where they arise from or where they are used. These protection regimes generally allow for civil and criminal penalties in the event of any unauthorized use, broadcast or reproduction of audiovisual content.

The literary and photographic contents included in TVA's publications and on its Websites are also protected under the copyright regime. Under the laws or contracts, TVA is the owner of the intellectual property rights on most of the literary contents reproduced in its publications, subject to limited exceptions, including the contents taken from national or international agencies. The Corporation therefore ensures that it enters into licence agreements with these agencies, freelancers and any other providers of similar contents under conditions that enable it to meet its operating needs. The Corporation believes that it has taken the appropriate and reasonable measures to cover, use, protect and guarantee the protection of the contents that it has created and distributed.

## **2.5. HUMAN RESOURCES AND LABOUR RELATIONS**

At December 31, 2015, TVA had approximately 1,793 permanent employees.

The following table shows the number of permanent employees in each business segment:

Broadcasting & Production:	1,155
Magazines:	335
Film Production & Audiovisual Services	303
TOTAL:	<u>1,793</u>

TVA's labour relations with its unionized employees are governed by 13 collective agreements. At December 31, 2015, three collective agreements had expired or expired at that date. The collective agreements that were expired on December 31, 2015 cover approximately 4% of TVA's unionized regular employees. Negotiations for the renewal of those agreements have started or are in the process of being started.

## **2.6. ENVIRONMENT**

The operations of TVA are subject to federal, provincial and municipal laws and regulations concerning environmental matters. Besides the impact of the coming into force of the fees with respect to business contributions for costs related to waste recovery services provided by Québec municipalities (Bill 88) which adversely affect actual and future operating expenses of the Magazines segment, the management of the Corporation believes that compliance with the environmental regulation applicable to its activities has not a material adverse effect on its business, financial condition or results of operations.



As provided in its environmental strategy, the Corporation is determined to reduce the environmental impact of its activities and to raise public awareness to adopt environmentally responsible practices. This strategy is supported by various initiatives based on the environmental performance assessment, the responsible energy consumption, the responsible management of residual materials, the responsible procurement and the general public and employee awareness-raising campaign. For example, TVA Publications and Publications Charron adopted a responsible purchasing policy and most of their magazines are printed on FSC® certified paper.

### **ITEM 3 HIGHLIGHTS**

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In the past three fiscal years, the following events have had an impact on the development and growth of TVA:

#### **ACQUISITIONS COMPLETED IN 2015**

##### Acquisition of 14 magazines from Transcontinental

On April 12, 2015, TVA Publications closed a transaction whereby it acquired 14 magazines, including four magazines owned and operated in partnership, as well as three websites, custom publishing contracts and book publishing operations owned by Transcontinental. This \$56.3 million transaction was announced on November 17, 2014 and approved by the Competition Bureau on March 2, 2015. The acquisition was in keeping with the Corporation's strategy of investing in the production and dissemination of diverse, rich, high-quality entertainment content.

The 14 acquired titles include Coup de pousse, Canadian Living, Décormag, Style at Home, Canadian Gardening and The Hockey News. TVA Publications also acquired an effective 51% interest in TVA Group-Hearst Publications Inc., giving it control of the titles Elle Canada and Elle Québec, as well as a 50% interest in Publications Senior Inc., which operates the Le Bel Âge and Good Times brands.

As part of this acquisition, the Corporation simultaneously transferred the acquired book publishing operations to Sogides Group Inc., a corporation under common control for an agreed price of \$720,000.

##### Acquisition of the assets of MELS

On December 30, 2014, the Corporation acquired substantially all of the assets of A.R. Global Vision Ltd. (now operated by MELS) after obtaining the approval of the Competition Bureau for the transaction. The assets acquired include Mel's movies and television soundstage in Montréal and Melrose in Saint-Hubert. Those facilities are used for both local and foreign film and television production, including American blockbusters. The aggregate consideration paid for this acquisition amounted to \$116.1 million. On January 16, 2015, the Corporation filed a Business Acquisition Report on SEDAR in relation with this acquisition. This report is available on the SEDAR Website under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

On August 26, 2015, TVA announced that its film production and audiovisual services would be carried out under the brand MELS. Henceforth, all the strengths and creative talents of MELS' teams are brought together behind this brand.

#### **2015 HIGHLIGHTS**

On February 13, 2015, Sun Media Corporation announced the discontinuation of the operations of the specialty channel SUN News that was operated by SUN News General Partnership.

On March 20, 2015, the Corporation completed a subscription rights offering to its shareholders, whereby the Corporation received net gross proceeds totaling \$110 million from the issuance of 19,434,629 Class

B non-voting shares. The Corporation used the proceeds from the rights offering to pay down in full the amounts due under the terms of a \$100 million credit facility extended by Quebecor Media.

On October 15, 2015, the Supreme Court of Canada rejected an appeal from Bell ExpressVu Limited Partnership (“**Bell ExpressVu**”), a subsidiary of Bell Canada, against a Quebec Court of Appeal judgement in favour of the Corporation rendered on March 6, 2015. The judgement ordered Bell ExpressVu to pay the Corporation \$665,000, including interest, for having failed to implement an appropriate security system in a timely manner to prevent piracy of its satellite television signals between 1999 and 2005, harming its competitors and broadcasters.

## **2014 HIGHLIGHTS**

On March 10, 2014, Sylvie Lalande was appointed Chair of the Board of the Corporation, replacing Pierre Karl Péladeau, who resigned on March 9, 2014.

On April 14, 2014, the Corporation announced an agreement with Telus to give Télé OPTIK subscribers on demand access to TVA content starting April 15. The Corporation and Telus also reached a new agreement for live distribution of the TVA Sports and TVA Sports 2 specialty services.

On April 28, 2014, Quebecor announced major management changes at the Corporation. Pierre Dion, President and Chief Executive Officer of the Corporation, was appointed President and Chief Executive Officer of Quebecor in replacement of Robert Dépatie. Pierre Dion continued serving as President and Chief Executive Officer of the Corporation until his successor, Julie Tremblay, was named on July 30, 2014.

On June 25, 2014, the Corporation announced the conclusion of an agreement with Cogeco Cable Canada whereby Cogeco's Québec customers obtained access to various TVA content on demand as of September 1, 2014. The Corporation and Cogeco Cable Canada also announced renewal of their agreement for live carriage of the TVA Sports specialty service, including TVA Sports 2 as of September 2014.

On July 1, 2014, TVA Sports became the official French-language broadcaster of the National Hockey League (“**NHL**”) for the next 12 years. TVA Sports will broadcast approximately more than 275 NHL games per year, including Montreal Canadiens' Saturday night games, the playoffs, the Stanley Cup finals and major NHL events.

On October 8, 2014, TVA Sports broadcast its first NHL game, between the Montréal Canadiens and the Toronto Maple Leafs. The broadcast drew an audience of more than a million viewers, peaking at over 1.2 million and averaging 925,000, for a 25.5% market share.

On November 3, 2014, the Corporation changed the terms and conditions of its bank credit facilities to increase the size of its revolving credit facilities from \$100 million to \$150 million, to extend their term by 2 years until February 24, 2019 and to replace the existing \$75 million term loan maturing on December 11, 2014, by a new term loan of an equivalent amount maturing on November 3, 2019.

On December 30, 2014, the Corporation acquired substantially all of the assets of A.R. Global Vision Ltd. (now operated by MELS) after obtaining the Competition Bureau approval. The acquired assets include Mel's movies and television soundstage in Montréal and Saint-Hubert, which facilities are used for both local and foreign film and television production, including American blockbusters. The aggregate consideration paid for this acquisition amounted to approximately \$116.1 million. On January 16, 2015, the Corporation filed a Business Acquisition Report on SEDAR in relation with this acquisition. This report is available on the SEDAR Website under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

## 2013 HIGHLIGHTS

On March 14, 2013, the Corporation announced that Serge Gouin, the Chairman of the Board of the Corporation, would step down after the Corporation's Annual Shareholders' Meeting on May 7, 2013. He was replaced by Pierre Karl Péladeau.

During the first quarter of 2013, the Corporation discontinued theatrical distribution of new Québec films by its TVA Films division. The decision does not affect the distribution of audiovisual products for other platforms.

On June 5, 2013, the Corporation announced a restructuring plan designed to maintain its leadership position in Québec, safeguard the quality of its content and support future investment in view of the challenging business environment for media advertising revenues. This plan, which affects all segments of the Corporation, included the elimination of approximately 90 positions, or 4.5% of the Corporation's total workforce.

On July 18, 2013, the Corporation acquired Publications Charron, publisher of *La Semaine* magazine, and Charron Éditeur Inc. for the amount of \$7,500,000. The operations of Publications Charron were folded into the Corporation's Publishing segment (now the Magazines segment), while the operations of Charron Éditeur Inc. were transferred to Sogides Group Inc., a corporation under common control, for an amount of \$300,000.

On August 31, 2013, the Corporation discontinued the operations of TVA Boutiques Inc., which was engaged in home shopping and online shopping.

On November 26, 2013, Quebecor Media reached a twelve (12)-year agreement with Rogers Communications Partnership for Canadian French-language broadcast rights to NHL games as of the 2014-2015 season. Under the agreement, TVA Sports became the official French-language broadcaster of the NHL. The agreement includes broadcast rights to national games of all other Canadian teams including the Montréal Canadiens, up to 160 games between U.S. teams and all playoff games, including the Stanley Cup final. The agreement also includes all NHL special events. TVA Sports has thus consolidated its position of broadcaster of sports events in Québec.

On December 19, 2013, the CRTC announced that cable and satellite distributors of television signals were required to offer all Category C national Canadian news services, such as « LCN », either in bundles or "à la carte", by no later than May 20, 2014.

## ITEM 4 RISK FACTORS

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*The Corporation urges all of its current and potential investors to carefully consider the risks described in the sections referred to below as well as the other information contained in this Annual Information Form and other information and documents it filed with the appropriate securities regulatory authorities before making any investment decision with respect to any of its securities. The risks and uncertainties described in such sections are not the only ones it may face. Additional risks and uncertainties that it is unaware of, or that it currently deems to be immaterial, may also become important factors that affect the Corporation. If any of the risks described in the following section actually occurs, its business, cash flows, financial condition or results of operations could be materially adversely affected. Such risk factors should be considered in connection with any forward-looking statements in this document and with the cautionary statements contained in Item 13 – Forward-Looking Statements.*

The Corporation describes the primary risk factors facing its activities under the "Risks and Uncertainties" section on pages 24 to 34 of its Management's Discussion and Analysis for the year ended December 31, 2015. The report was filed with Canadian securities regulatory authorities on February 26, 2016. The pages in this section are incorporated herein by reference and may be viewed under the Corporation's profile on the SEDAR Website at [www.sedar.com](http://www.sedar.com).

## ITEM 5 CAPITAL STRUCTURE

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### 5.1. AUTHORIZED CAPITAL STOCK

The authorized capital stock of the Corporation is as follows:

- an unlimited number of Class A common shares, voting, participating, without par value, (“**Class A Shares**”);
- an unlimited number of Class B shares, non-voting, participating, without par value, (“**Class B Non-Voting Shares**”); and
- an unlimited number of preferred shares, non-participating, non-voting, with a par value of \$10 each, issuable in series.

**The Class B Non-Voting Shares are “restricted securities” (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry any voting rights.** The holders of Class B Non-Voting Shares are entitled to receive notice and to attend and participate at meetings of shareholders of the Corporation but are not entitled to vote.

In the event of liquidation of the Corporation, holders of Class A Shares and holders of Class B Non-Voting Shares participate equally, share for share, without a share or class of shares being preferred to another, to any distribution of assets.

**In the event that a takeover bid is made for the Class A Shares, there are no provisions in the applicable legislation nor in the Articles of the Corporation pursuant to which an offer must be made for the Class B Non-Voting Shares, and there is no other recourse for holders of Class B Non-Voting Shares pursuant to the Articles of the Corporation. If a take-over bid is made to both Class A Shares and Class B Non-Voting Shares, the offer made for the Class A Shares may be subject to different terms than the offer made to the holders of Class B Non-Voting Shares.**

### 5.2. ISSUED AND OUTSTANDING CAPITAL STOCK

At February 26, 2016, there were 4,320,000 Class A Shares and 38,885,535 Class B Non-Voting Shares issued and outstanding.

### 5.3. CONSTRAINTS ON ISSUE AND TRANSFER OF SHARES

The issue and transfer of the Corporation’s shares are constrained by its Articles in order to ensure that it complies with the conditions of the licenses granted by the CRTC. The Corporation is subject to Canadian ownership and control requirements that preclude citizens or companies from countries other than Canada from owning, directly or indirectly, more than 20% of any class of the Corporation’s outstanding shares.

Each purchaser or transferee of the shares of the Corporation is required to supply a declaration stating his citizenship. The transfer agent ensures that no share is issued or transferred, if this would prevent the Corporation from holding its licenses.

### 5.4. DIVIDENDS

Each Class A Share and Class B Non-Voting Share gives the right to receive dividends that the Board of Directors of the Corporation declares. The amount is identical and is paid on the same date and in the same form as though the Class A Shares and Class B Non-Voting Shares belong to a single class.

Declaration and payment of dividend are the responsibility of the Board of Directors of the Corporation, which takes into consideration the Corporation's financial situation and its cash-flow strategy. In addition, in accordance with the Corporation's credit agreements, the Corporation is subject to certain restrictions including the maintenance of certain financial ratios that may limit the amount of dividend that the Corporation can declare and pay. No dividends were paid during the fiscal years 2013, 2014 and 2015.

## 5.5. MARKET FOR SECURITIES

Only the Class B Non-Voting Shares are listed on a stock exchange, namely the Toronto Stock Exchange. They are listed under the symbol "TVA.B".

The following table sets forth the monthly price range per Class B Non-Voting Share, the closing price and the trading volume for each month in 2015.

<i>Month</i>	<i>Closing Price</i>	<i>High</i>	<i>Low</i>	<i>Monthly trading volume</i>
January	6.85	7.00	6.23	21,258
February	5.90	7.05	5.65	77,402
March	5.50	6.00	5.38	61,712
April	4.98	5.70	4.78	55,402
May	5.00	5.04	4.42	86,672
June	4.84	5.24	4.52	141,200
July	5.12	5.35	4.27	60,454
August	4.80	5.39	4.74	29,200
September	4.97	5.00	4.02	27,321
October	4.95	5.40	4.36	15,692
November	4.11	5.26	4.06	40,935
December	4.00	4.96	3.81	112,079

Source: TSX Data

## ITEM 6 DIRECTORS AND EXECUTIVE OFFICERS

### 6.1. DIRECTORS

The Corporation's Board of Directors is responsible for supervising the management of its business and internal affairs with a view to increasing shareholder value. The Board of Directors is responsible for the efficient management of the Corporation and, in this capacity, is required to provide effective and independent oversight of the Corporation's operations and business, which is the daily responsibility of the Corporation's management. The Board of Directors may delegate certain tasks to its committees. Such delegation does not release the Board of Directors from its general management responsibilities towards the Corporation.

The mandate of the Corporation's Board of Directors is attached as Appendix A to this Annual Information Form.

The conditions attached to the broadcasting licenses of the Corporation provide that a maximum of 40% of the directors of the Corporation can be members, or previous members, of the Board of Directors of Quebecor or Quebecor Media, or of any Board of Directors of a company controlled directly or indirectly by Quebecor or Quebecor Media.

The Corporation's Board of Directors currently consists of nine directors. The directors are elected each year at the annual shareholders meeting and remain in office until the next annual shareholder meeting or until their successors are appointed. The following table provides the names, place of residence and principal occupations of each of the directors of the Corporation as at February 26, 2016, as well as the year each one was appointed as director of the Corporation and the committees of which each director is a member, if any.

All information in this section has been provided by the persons concerned.

<b>Name and place of residence</b>	<b>Principal occupation</b>	<b>Director since</b>
Marc A. Courtois <sup>(1)</sup> Westmount, Québec, Canada	Corporate Director	2003
Isabelle Courville <sup>(2)</sup> Rosemère, Québec, Canada	Corporate Director	2013
Jacques Dorion Montréal, Québec, Canada	President Média Intelligence Inc. (strategic consulting firm for advertisers, agencies and media)	2014 (December 2001 to March 2013)
Nathalie Elgrably-Lévy <sup>(1)</sup> Côte St-Luc, Québec, Canada	Economist and full-time lecturer, HEC Montréal (University teaching)	2008
Sylvie Lalande <sup>(2)</sup> Lachute, Québec, Canada	Chair of the Board of the Corporation Corporate Director	2001
A. Michel Lavigne <sup>(1)(2)</sup> Laval, Québec, Canada	Corporate Director	2005
Jean-Marc Léger Repentigny, Québec, Canada	Chief Executive Officer Léger Marketing (survey and marketing research firm)	2007
Annick Mongeau St-Jean-sur-Richelieu, Québec, Canada	President Annick Mongeau, Gestion d'enjeux   Affaires publiques inc. (Public affairs consulting firm specialized in the health sector)	2014
Julie Tremblay Westmount, Québec, Canada	President and Chief Executive Officer of the Corporation and President and Chief Executive Officer, Quebecor Media Group	2014

<sup>(1)</sup> Member of the Audit Committee

<sup>(2)</sup> Member of the Human Resources and Corporate Governance Committee

Each of the aforementioned directors has, during the past five years, carried on his or her current principal occupation or held other management positions with the same or other associated companies or firms, including affiliates and predecessors, indicated opposite his or her name, with the exception of Isabelle Courville who was, from 2011 to 2013, President of Hydro-Québec Distribution and of Jacques Dorion who was, prior to February 2013, Chief Executive Officer of Aegis Media, Montréal.

## 6.2. EXECUTIVE OFFICERS

The following table provides the names of each of the Corporation's executive officers, its place of residence and his or her position in the Corporation as at February 26, 2016.

<b>Name and place of residence</b>	<b>Position in the Corporation</b>
Sylvie Lalande Lachute, Québec, Canada	Chair of the Board *
Julie Tremblay Westmount, Québec, Canada	President and Chief Executive Officer
Denis Rozon Montréal, Québec, Canada	Vice-President and Chief Financial Officer
Daniel Boudreau Saint-Constant, Québec, Canada	Vice-President, TVA Productions, Operations and technologies
Serge Fortin Blainville, Québec, Canada	Vice-President, TVA News – TVA Sports – QMI Agency
France Lauzière Ville Mont-Royal, Québec, Canada	Vice-President, Programming
Donald Lizotte Kirkland, Québec, Canada	Vice-President, Sales and Marketing
Véronique Mercier Boucherville, Québec, Canada	Vice-President, Communications
Jean-François Reid Montréal, Québec, Canada	Vice-President, Human Resources
Marc M. Tremblay Westmount, Québec, Canada	Corporate Secretary
Dominique Poulin-Gouin Montréal, Québec, Canada	Assistant Secretary

\*The position of Chair of the Board is a part-time occupation.

Each of the executive officers has carried on the above-mentioned principal occupation or held other positions with Quebecor or its affiliates in the past five years with the exception of Dominique Poulin-Gouin who was acting, prior to April 2012, as Corporate Secretary of public corporations such as Mazarin Inc., Asbestos Corporation Limited and Roctest Ltd.

At February 26, 2016, the Corporation's directors and executive officers own as a group, directly or indirectly, no voting share of the Corporation.

### **6.3. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

To the Corporation's knowledge, in the last ten (10) years, no director or executive officer of the Corporation, with the exception of the persons listed hereunder, or shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation, is or has been a director or executive officer of any other corporation that, while that person was acting in that capacity (i) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than thirty (30) consecutive days or (ii) became bankrupt, made a proposal under any bankruptcy or insolvency laws, 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.

Furthermore, to the Corporation's knowledge, in the last ten (10) years, no director or executive officer of the Corporation, or shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation, has become bankrupt, made a proposal under any bankruptcy or insolvency laws, 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/her assets.

On April 30, 2015, ISOPUBLIC from Switzerland, of which Jean-Marc Léger was a director, instituted proceedings with its creditors.

On January 21, 2008, Quebecor World Inc. obtained a court order allowing it to protect itself from its creditors under the *Companies' Creditors Arrangement Act*. Julie Tremblay was an executive officer of Quebecor World Inc. until October 22, 2007.

## **ITEM 7 AUDIT COMMITTEE**

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### **7.1. MANDATE OF THE AUDIT COMMITTEE**

The Audit Committee (the "**Committee**") assists the Board of Directors in overseeing the Corporation's financial controls and reporting. The Committee also ascertains that the Corporation complies with its financial covenants as well as the legal and regulatory requirements governing financial disclosure matters and financial risk management.

A copy of the Committee's mandate is attached as Appendix B to this Annual Information Form.

### **7.2. COMPOSITION OF THE COMMITTEE**

The Committee is composed of three members: Marc A. Courtois, Nathalie Elgrably-Lévy and A. Michel Lavigne. Mr. Courtois is Chair of the Committee.

The Board of Directors of the Corporation has determined that the three members of the Committee are independent and have the financial skills required to sit on this Committee in accordance with *Regulation 52-110 respecting Audit Committees* ("**Regulation 52-110**").



### 7.3. RELEVANT EDUCATION AND EXPERIENCE

Member	Relevant education and experience
Marc A. Courtois (Chair)	Marc A. Courtois, who holds an MBA, has more than 20 years of experience in the financial markets. He has specific expertise in the areas of financing, mergers and corporate acquisitions.
Nathalie Elgrably-Lévy	Nathalie Elgrably-Lévy is an economist by training and full-time lecturer at HEC Montréal. She holds a master of science in administration, option applied economics. For more than 20 years, she has been teaching economics at HEC Montréal. She has also taught at Université de Montréal and UQAM until the fall of 2006.
A. Michel Lavigne	A. Michel Lavigne is a Fellow of the <i>Ordre des comptables professionnels agréés du Québec</i> , and a member of the Canadian Institute of Chartered Accountants. He has served as President and Chief Executive Officer of the accounting firm Raymond Chabot Grant Thornton until 2005.

### 7.4. RELIANCE ON CERTAIN EXEMPTIONS

The Corporation did not avail itself of any exemptions provided for under Regulation 52-110 at any time during the last fiscal year.

### 7.5. PRE-APPROVAL POLICY AND PROCEDURES

The Corporation's Committee adopted an Audit and Non-Audit Services Pre-Approval Policy. This policy sets forth the procedures and the conditions pursuant to which services proposed to be performed by the external auditor must be pre-approved.

At the beginning of the year, the list of audit and non-audit services is approved by the Committee. Once the approval is obtained, the Vice-President and Chief Financial Officer of the Corporation may hire the external auditor for specific tasks or engagements that comply with the conditions approved by the Committee.

For all services to be provided by the external auditor that have not been pre-approved by the Committee, the Chairman of the Committee has authority to approve them up to \$75,000. For services in excess of \$75,000, they must expressly be approved by the Committee. In all cases, a report must be presented to the Committee each quarter.

For fiscal year 2015, the total amount of all non-audit services that have not been pre-approved, does not represent more than 5% of the total amount of the fees paid to the external auditor.

## 7.6. EXTERNAL AUDITOR SERVICE FEES

The following table shows the fees paid to Ernst & Young LLP, external auditor of the Corporation, for the services rendered during the fiscal years 2015 and 2014:

	2015	2014
Audit fees <sup>(1)</sup>	\$665,370	\$441,471
Audit-related fees <sup>(2)</sup>	\$25,200	\$35,674
Tax fees <sup>(3)</sup>	\$ -	\$-
All other fees <sup>(4)</sup>	\$ -	\$3,675
<b>Total</b>	<b>\$690,570</b>	<b>\$480,820</b>

<sup>(1)</sup> *Audit fees* consist of fees billed for the audit of the Corporation's annual consolidated financial statements and interim financial reports as well as for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements. They also include fees billed for other audit services, which are those services that only the external auditor reasonably can provide, and include the provision of comfort letters and consents, the consultation concerning financial accounting and reporting of specific issues and the review of documents filed with regulatory authorities.

<sup>(2)</sup> *Audit-related fees* consist of fees billed for assurance and related services that are traditionally performed by the external auditor, and include consultations concerning financial accounting and reporting standards on proposed transactions, due diligence or accounting work related to acquisitions, and employee pension plan audits.

<sup>(3)</sup> *Tax fees* include fees billed for tax compliance services, including the preparation of tax returns and claims for refund; tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from taxing authorities, tax planning services, and consultation and planning services.

<sup>(4)</sup> *All other fees* include fees billed for forensic accounting and occasional training services. These fees also include consultations and assistance in preparing documentation regarding disclosure controls and procedures and internal financial reporting control measures for the Corporation and its subsidiaries.

## ITEM 8 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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The Corporation conducts, in the normal course of its activities, on terms which are generally no less favourable to it than would be available from unaffiliated third parties, operations with its parent corporation, Quebecor Media, as well as with certain corporations under common control of Quebecor Media or Quebecor. The transactions with the affiliated corporations are concluded on terms equivalent to those that prevail on an arm's length basis and were accounted for at the consideration negotiated between the parties.

The Corporation incorporates herein by reference the text contained in Note 26 which is taken from the financial statements for the year ended December 31, 2015, filed on February 26, 2016 and which may be viewed under the Corporation's profile on the SEDAR Website at [www.sedar.com](http://www.sedar.com).

To its knowledge, no member of the management or of the Corporation's Board of Directors or any other insiders had any interest in a material transaction entered into since the beginning of its last full fiscal year or in a proposed transaction that materially affected or reasonably might have materially affected the Corporation.

## ITEM 9 LEGAL PROCEEDINGS

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The Corporation is involved in various claims and litigations as a regular part of its business. The Corporation believes that the outcome of these claims and litigations (which in several cases are covered by insurance, subject to applicable deductibles) should not have a material adverse effect on its business, financial position or results of operations.

## **ITEM 10 MATERIAL CONTRACTS**

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### **10.1. SHAREHOLDERS' AGREEMENT**

Quebecor, CDP Capital d'Amérique Investissements Inc. ("**CDP**"), and Quebecor Media entered into a shareholders' agreement dated October 23, 2000, as consolidated and amended by shareholders' agreement on December 11, 2000 and an amended agreement to this agreement, which sets forth, in particular, their respective rights of representation on the Board of Directors and Committees of the Board of Quebecor Media and of the Corporation the whole, in proportion of their respective ownership. The agreement was also amended on October 11, 2012 with no modification on the aforementioned rights. CDP exercised its right of representation on the Board of Directors of the Corporation with the appointment in May 2015 of A. Michel Lavigne.

These agreements are available on the SEDAR Website under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

### **10.2. OTHER MATERIAL CONTRACTS**

The following are the material contracts, other than contracts in the ordinary course of business, and material contracts in the ordinary course of business required to be listed, that the Corporation or a subsidiary of the Corporation has entered into since January 1, 2015 or prior thereto but still in effect.

#### **CREDIT AGREEMENTS**

On November 3, 2014, the Corporation changed the terms and conditions of its bank credit facilities to increase the size of its revolving credit facilities from \$100 million to \$150 million, to extend their term by 2 years until February 24, 2019 and to replace the existing \$75 million term loan maturing on December 11, 2014, by a new term loan of an equivalent amount maturing on November 3, 2019. The Corporation also granted a security on all of its movable assets and an immovable hypothec on its head-office building as part of the modification of the terms and conditions of its bank credit facilities.

The credit agreement is available on the SEDAR Website under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

#### **MANAGEMENT SERVICES AGREEMENTS**

A management services agreement was entered into on August 1<sup>st</sup>, 2014 between the Corporation, Sun Media Corporation, an affiliate of TVA, and to which Julie Tremblay intervened. Sun Media Corporation having made an assignment of all its assets and liabilities to its sole shareholder Quebecor Media, it was agreed between TVA and Quebecor Media that the latter would assume all rights and obligations of Sun Media Corporation pursuant to this management services agreement effective April 12, 2015 (the "**Addendum**").

This agreement provides that Quebecor Media is required to make available to the Corporation up to 70% of the workload of Julie Tremblay so as to enable her to perform to the best of her ability the tasks set out in her job description as President and Chief Executive Officer of TVA. Pursuant to this agreement, the Corporation has committed to pay to Quebecor Media an amount equal to 1/12 of 70% of the annual compensation package of Julie Tremblay on a monthly basis. The agreement also provides for a consultation process with the Audit Committee of TVA in the event Julie Tremblay has any concerns regarding her shared loyalty towards Quebecor Media and the Corporation or in a situation where she would have to deal with decisions that could present a conflict between the interests of Quebecor Media and those of the Corporation.

A service agreement was also entered into between the Corporation and Quebecor Media, effective August 1<sup>st</sup>, 2014, and to which Denis Rozon intervened. This agreement provides that TVA is required to make available to Quebecor Media up to 30% of the workload of Denis Rozon so as to enable him to perform the tasks set out in his job description as Vice-President and Chief Financial Officer or as Vice-President, Finance, as the case may be, to certain divisions and subsidiaries of Media Group, a business unit of Quebecor Media. Pursuant to this agreement, Quebecor Media has committed to pay to TVA an amount equal to 1/12 of 30% of the annual compensation package of Denis Rozon on a monthly basis. The agreement also provides for a consultation process with the Audit Committee of TVA in the event Denis Rozon has any concerns regarding his shared loyalty towards the Corporation and the subsidiaries or divisions of Media Group, the business unit of Quebecor Media, or in a situation where he would have to deal with decisions that could present a conflict between the interests of the Corporation and those of Quebecor Media.

These agreements as well as the Addendum are available on the SEDAR Website under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

#### **ITEM 11 INTERESTS OF EXPERTS**

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The accounting firm Ernst & Young LLP has been appointed by the Corporation to act as external auditor. Ernst & Young LLP has confirmed that it is independent from the Corporation within the meaning of the Rules of Professional Conduct of the *Ordre des comptables professionnels agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable in the other provinces of Canada. The associates and partners of Ernst & Young LLP as a group beneficially own, directly or indirectly, less than one percent of any class of securities of the Corporation.

#### **ITEM 12 TRANSFER AGENT AND REGISTRAR**

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The Corporation's transfer agent and registrar for its Class B Non-Voting Shares is CST Trust Company. The registries of transfers of securities of the Corporation are kept in Montréal.

#### **ITEM 13 FORWARD-LOOKING STATEMENTS**

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The statements in this Annual Information Form that are not historical facts may be forward-looking statements and are subject to important known and unknown risks, uncertainties and assumptions which could cause the Corporation's actual results for future periods to differ materially from those set forth in the forward-looking statements. Forward-looking statements generally can be identified by the use of the conditional or by forward-looking terminology such as "propose," "will," "expect," "may," "anticipate," "intend," "estimate," "plan," "foresee," "believe" or the negative of those terms or variations of them or similar terminology. Certain factors that may cause actual results to differ from current expectations include seasonality, operational risks (including pricing actions by competitors), programming content and production costs risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, and labour relations risks.

The forward-looking statements in this document are made to give investors and the public a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they were made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements.

These and other factors could cause actual results to differ materially from the Corporation's expectations expressed in the forward-looking statements included in this Annual Information Form, and further details and descriptions of these and other factors are disclosed in its Management's Discussion and Analysis for the year ended December 31, 2015, under the heading "Risks and Uncertainties" which section is incorporated by reference into this Annual Information Form, including under Item 4—Risk Factors. Each

of these forward-looking statements speaks only as of the date of this Annual Information Form. The Corporation will not update these statements unless applicable securities laws require to do so.

#### **ITEM 14 ADDITIONAL INFORMATION**

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Additional information relating to the Corporation may be found under its profile on the SEDAR Website at [www.sedar.com](http://www.sedar.com).

Other information, including information on the compensation of directors and officers, the principal holders of its securities and on equity compensation plans, where applicable, is contained in the Corporation's Management Proxy Circular dated March 25, 2015 and prepared in connection with its last Annual Meeting of Shareholders held on May 5, 2015. Other financial information is included in the comparative consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2015.

The above-mentioned documents and news releases may be found on the Corporation's Website at <http://groupetva.ca>.

**MANDATE OF THE  
BOARD OF DIRECTORS**

The Board of Directors (the “**Board**”) of TVA Group Inc. (the “**Corporation**”) is responsible for supervising the management of the Corporations’ business and affairs, with the objective of increasing value for its shareholders. The Board is responsible for the proper stewardship of the Corporation and, as such, it must efficiently and independently supervise the business and affairs of the Corporation which are managed on a day-to-day basis by management. The Board may delegate certain tasks to committees of the Board. However, such delegation does not relieve the Board of its overall responsibilities with regards to the management of the Corporation.

All decisions of the Board must be made in the interest of the Corporation.

**COMPOSITION AND QUORUM**

The majority of the members of the Board must be considered independent by the Board, as defined in the laws and regulations<sup>1</sup>. The Board approves annually, upon the recommendation of the Human Resources and Corporate Governance Committee, the independent status of each of its members. The members of the Board are elected annually by the holders of Class A common shares. Throughout the term of the mandate, the members of the Board may fill any vacancies on the Board by appointing a new director who will serve until the next annual meeting of shareholders.

All members of the Board must have the skills and qualifications required for their appointment as a director. The Board as a whole must reflect a diversity of particular experience and qualifications to meet the Corporation’s specific needs including the representation of women.

At every meeting of the Board, the quorum is a majority of directors holding office.

**RESPONSIBILITIES**

The Board has the following responsibilities:

A. With respect to strategic planning

1. Assess and approve annually the strategic planning of the Corporation, including its financial strategy and business priorities.
2. Review and, at the option of the Board, approve all strategic decisions for the Corporation, including acquisitions or sales of shares, assets or businesses which exceed the delegated approval powers.

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<sup>1</sup> A director is independent if he has no direct or indirect material relationship with the Corporation i.e. he has no relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of his independent judgment.

B. With respect to human resources and performance assessment

1. Appoint the President and Chief Executive Officer. Select a Chair of the Board amongst the directors and, if appropriate, a Vice Chair of the Board. If the Chair of the Board is not an independent director, select a Lead Director amongst the independent directors. The Vice Chair of the Board may hold both offices.
2. Approve the appointment of the other members of management.
3. Ensure that the Human Resources and Corporate Governance Committee assesses annually the performance of the Chief Executive Officer and of senior management, taking into consideration the Board's expectations and the objectives that have been set.
4. Approve, upon the recommendation of the Human Resources and Corporate Governance Committee, the compensation of the Chief Executive Officer and the Chief Financial Officer, as well as the overall objectives the Chief Executive Officer must achieve.
5. Approve the Chair of the Board's and the directors' compensation.
6. Ensure that a management succession planning process is in place.
7. Ensure that the Human Resources and Corporate Governance Committee considers the implications of the risks associated with the Corporation's compensation policies and practices.

C. With respect to financial matters and internal controls

1. Ensure the integrity and quality of the Corporation's financial statements and the adequacy of the disclosure made.
2. Review and approve the annual and interim financial statements and management's discussion and analysis. Review the press release relating thereto.
3. With regard to the clawback policy, approve any restatement of the financial statements deemed necessary by the Audit Committee and, if appropriate, require repayment of any bonus or incentive compensation received by a named executive officer.
4. Approve operating and capital expenditures budgets, the issuance of securities and, subject to limit of authority policies, all transactions outside the ordinary course of business, including proposed amalgamations, acquisitions or other material transactions such as investments or divestitures.
5. Determine dividend policies and declare dividends when deemed appropriate.
6. Ensure that appropriate systems are in place to identify business risks and opportunities and oversee the implementation of an appropriate process to evaluate those risks and to manage the principal risks generally relating to the Corporation.
7. Monitor the quality and integrity of the Corporation's accounting and financial reporting systems, disclosure controls and internal procedures for information validation.
8. Monitor the Corporation's compliance with legal and regulatory requirements applicable to its operations.

9. Review when needed and upon recommendation of the Audit Committee, the Corporation's Information Disclosure Policy, monitor the Corporation's dealings with analysts, investors and the public and ensure that measures are in place in order to facilitate shareholders feedback.
  10. Recommend to the shareholders the appointment of the external auditor.
  11. Approve the audit fees of the external auditor.
- D. With respect to pension matters
1. Ensure that appropriate systems are in place to monitor the management of the pension plans.
- E. With respect to corporate governance matters
1. Ensure that management manages the Corporation competently and in compliance with applicable legislation, including by making timely disclosure of relevant information regarding the Corporation and making statutory filings.
  2. Review, on a regular basis, corporate governance structures and procedures, including decisions requiring the approval of the Board.
  3. Ensure that a code of ethics is in place and that it is communicated to the Corporation's employees and enforced.
  4. Authorize the directors to hire external advisors at the expense of the Corporation when the circumstances so require, subject to prior notification to the Chair of the Board.
  5. Review the size and composition of the Board and its committees based on qualifications, skills and personal qualities sought in Board members. Review annually the composition of Board committees and appoint chair of committees.
  6. Approve, as needed, the mandates of the Board and its committees upon recommendation of the Human Resources and Corporate Governance Committee as well as the position descriptions that should be approved by the Board.
  7. Approve the list of Board nominees for election by shareholders.
  8. Establish the independence of directors annually pursuant to the rules on the independence of directors.
  9. Review and approve the Corporation's management proxy circular as well as its annual information form and all documents or agreements requiring its approval.
  10. Receive annual confirmation from the Board's various committees that all matters required under their mandate have been covered.
  11. Receive the Chair of the Board's report on the regular assessment of the overall effectiveness of the Board.
  12. Ensure that the directors have all the support they require in order to fully perform their duties.



## **METHOD OF OPERATION**

1. Meetings of the Board are held quarterly, or more frequently, as required. A special meeting is held annually to review and approve the strategic plan, as well as the Corporation's operating and capital budgets.
2. The Chair of the Board, in consultation with the President and Chief Executive Officer and the Secretary, determines the agenda for each meeting of the Board. The agenda and the relevant documents are provided to directors sufficiently in advance so that they can fulfill adequately their duties.
3. The independent directors meet after each meeting of the Board, or more frequently, as required.

**MANDATE OF  
THE AUDIT COMMITTEE**

The Audit Committee (the “**Committee**“) assists the Board of Directors (the “**Board**“) in overseeing the financial controls and reporting of TVA Group Inc. (the “**Corporation**“). The Committee also oversees the Corporation’s compliance with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

**COMPOSITION AND QUORUM**

The Committee is composed of three (3) directors, all of whom are determined independent<sup>(1)</sup> by the Board, in accordance with the statutory and regulatory requirements applicable to the Corporation. Each member of the Committee must be financially literate<sup>(2)</sup>. The members and Chair of the Committee are appointed by the Board.

The quorum at any meeting of the Committee is a majority of its members in office.

**RESPONSIBILITIES**

The Committee has the following responsibilities:

A. With respect to financial reporting

1. Review with management and the external auditor the annual financial statements, the external auditor’s report thereon and the management’s discussion and analysis and obtain explanations from management on all significant variances with comparative periods, before recommending their approval to the Board and their release. Review and approve the related press release.
2. Review with management and the external auditor the interim financial statements, the external auditor’s review thereon and the management’s discussion and analysis and obtain explanations from management on all significant variances with comparative periods before recommending their approval to the Board and their release. Review and approve the related press release.

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(1) The term “independent” has the meaning given to it under securities legislation applicable to the Committee including, but not limited to, standards regarding material relationship.

(2) i.e. the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

3. Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the financial statements, management's discussion and analysis and annual and interim earnings press releases.
4. Review the financial information contained in prospectuses, annual information form, and other reports or documents containing similar financial information before recommending their approval to the Board and their disclosure or filing with the applicable regulatory authorities.
5. Review with management and the external auditor the quality and not only the acceptability of the Corporation's accounting policies and any changes proposed thereto, including (i) all major accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the impact of their use and the treatment recommended by the external auditor, and (iii) any other important communications with management with respect thereto, and review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.
6. Review with the external auditor any audit problems or difficulties and management's response thereto and resolve any disagreement between management and the external auditor regarding financial reporting.
7. Review periodically the Corporation's Disclosure Policy to ensure that it is in compliance with applicable legal and regulatory requirements and make recommendations to the Board if required.

B. With respect to disclosure controls and procedures, internal controls and risk management

1. Monitor the quality and integrity of the Corporation's financial and accounting systems and information management systems as well as the existence and proper operation of disclosure controls and procedures and internal control over financial reporting through discussions with management and the internal and external auditors.
2. Review periodically management's report assessing the effectiveness of the disclosure controls and procedures.
3. Review on a regular basis and monitor the risk assessment and management policies of the Corporation.
4. Establish and, if needed, review procedures for the receipt, retention and processing of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
5. Establish and, if needed, review procedures for "whistleblower protection" established to ensure that no employee of the Corporation and its subsidiaries or business units are discharged or otherwise penalized for reporting in good faith to his supervisor or to any competent authorities, potential violations of any laws or regulations applicable to the Corporation.
6. Help the Board fulfil its responsibility to ensure that the Corporation complies with applicable statutory and regulatory requirements.

C. With respect to internal auditing

1. Review the internal audit program, its scope and capacity to ensure the effectiveness of the systems of internal control and financial information reporting accuracy.

2. Oversee the execution of the internal audit program and, together with the internal auditors, ensure a follow-up on the recommendation of the external auditor regarding deficiencies identified by the latter and regarding the steps management has agreed to take to correct such deficiencies.
3. Ensure that the internal auditors are always ultimately accountable to the Audit Committee and the Board.

D. With respect to the external auditor

1. Oversee the work of the external auditor and review the annual written statement of the external auditor regarding all his relationships with the Corporation and discuss any relationships or services that may impact on his objectivity or independence.
2. Recommend to the Board (i) the name of the accounting firm that will be submitted to the vote of shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or certification services, and (ii) the compensation of the external auditor for audit services.
3. Authorize all audit services, determine which non-audit services the external auditor is allowed to provide and pre-approve all non-audit services that may be provided to the Corporation or its subsidiaries by the external auditor, the whole in accordance with the *Pre-Approval Policy* for the services to be provided by the external auditor and with the regulations in force.
4. Review the basis and amount of the external auditor's fees for both audit services and authorized non-audit services.
5. Review the audit plan with the external auditor and management and approve the scope, content and time-frame of such audit plan.
6. Review, if required, the policy on hiring of partners and employees and former partners and employees of the Corporation's current or previous external auditor.
7. Ensure the compliance with the legal requirements regarding (i) the rotation of appropriate partners of the external auditor and, (ii) the participation of the external auditor in the Canadian Public Accountability Board's program.
8. Ensure that the external auditor is always accountable to the Committee and the Board.
9. Carry out an annual assessment and a complete and thorough assessment of the external auditor at least every five years.

E. With respect to the parent corporation

1. While recognizing the control framework of the Corporation's parent corporation, provide for good sharing of information with the parent corporation and its audit committee, to the extent permitted by law, while establishing safeguards to ensure that the sharing of information is not used by the parent corporation to the disadvantage of the Corporation's minority shareholders.
2. Review and monitor all material non-arm's length transactions.

3. With respect to Services Management Agreements, discuss concerns and give directions to the Corporation's President and Chief Executive Officer as to the conduct to be adopted in case of conflict between the interests of the Corporation and those of Media Group when needed.
4. Review periodically the percentage of time devoted to the Corporation's business used for establishing the portion of the compensation of the President and Chief Executive Officer and of certain executive officers to be paid by the Corporation and suggest adjustments, if required, so that this percentage be representative of the time actually allocated to the Corporation.
5. Manage any potential conflict of interest related to the Services Management Agreement entered into between the Corporation and Media Group, concerning services rendered by the executive officers of the Corporation.

F. With respect to pension plans

1. Approve the governance structure for the Corporation's pension plans and establish the funding strategy.
2. Annually approve the pension plan funding and accounting policies.
3. Approve the approach to be used in the event of amalgamation or business acquisitions.
4. Annually approve the recommendations regarding the choice of valuation accounting assumptions.
5. Annually ensure that the pension funds are managed in accordance with internal policies, with the law and with plan regulations.
6. Annually ensure that the pension committees fulfil their respective mandates. Review these mandates if need be.
7. Monitor the risks related to the pension plans as well as the performance of the plans and of the managers.
8. Approve any significant amendment to the pension plans, except for amendment to the pension plans' strategy established by the Corporation's Human Resources and Corporate Governance Committee and, from time to time, delegate to the Human Resources vice presidency the authority to make any minor amendments to such pension plans.
9. Annually approve the audited financial statements of the pension plans which do not have a pension committee. The Committee will have the power to delegate this responsibility to an internal committee.
10. Periodically review the actuarial reports.
11. Annually receive the audited financial statements of the pension plans which are under supervision of a Pension Committee.
12. Annually review the investment monitoring reports and the pension plan administration report.
13. Receive information on the Benefits Policy and review recommendations on the governance regime, if needed.
14. Receive information on any changes to be made to Investment Policies.

15. Receive information on any change to the investment structure, assets distribution policy, benefits strategy as well as to any change to the service providers.

16. Annually, monitor conflicts of interest.

G. With respect to the clawback policy

1. Determine, together with the external auditor, if the financial results of the Corporation must be restated and identify the reason or reasons of this restatement and make the appropriate recommendations to the Board.

H. With respect to the Code of ethics

1. Ensure that a Code of ethics is released and enforced and that a procedure is in place to allow to report any violation to the Code of ethics. Examine and approve all amendments recommended by the Vice-President, Human Resources together with the Vice-President, Internal Audit and the Secretary.

2. Oversee the granting of any exemption to directors or officers of the Corporation in compliance with the Code of ethics.

**METHOD OF OPERATION**

1. The Chair of the Committee is appointed each year by the Board.

2. The Secretary or Assistant Secretary acts as the Committee's Secretary.

3. The Committee holds a meeting at least quarterly and may meet more often if needed.

4. The Chair of the Committee together with the Chief Financial Officer and the Secretary sets the agenda for each meeting of the Committee. The agenda and the relevant documents are provided to the members on a timely basis prior to any meeting of the Committee.

5. The Chair of the Committee reports on a regular basis to the Board about the Committee's proceedings, findings and recommendations.

6. The Committee has, at all times, a direct line of communication with the external auditor and with the internal auditors.

7. Regularly, the Committee meets with the external auditor or the internal auditors, the whole without management being present.

8. The Committee meets with management only at least once a year and more often if needed.

9. The Committee may, when circumstances dictate, retain the services of external advisors and fix their remuneration, provided the Committee advises the Chair of the Board.

10. The Committee annually reviews its mandate and the position description of its Chair and reports to the Board on any modifications required thereto.

11. The minutes of the Committee are approved by the Committee and are submitted to the Board for information purposes.

12. A resolution in writing, signed by all the members of the Committee, is as valid as if it had been passed at a meeting of the Committee.

13. The Committee annually provides the Board with a certification that all required elements included in its mandate were covered.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Committee. Even though the Committee has a specific mandate and its members may have financial experience, they do not have the obligation to act as auditors or to perform an audit, or to determine that the Corporation's financial statements are complete and accurate.

Members of the Committee are entitled to rely, in the absence of information to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to non-audit services provided to the Corporation by the external auditor. The Committee's oversight responsibility was not established to provide that the Committee would determine on an independent basis that (i) management has maintained appropriate accounting and financing reporting principles or appropriate internal controls and procedures, or (ii) the Corporation's financial statements were prepared and, if applicable, audited in accordance with generally accepted accounting principles or generally accepted auditing standards.