

**Notice of Annual Meeting
of Shareholders, February 20, 2008**

Management Proxy Circular

January 9, 2008





**NOTICE OF THE ANNUAL
MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "Meeting") of the holders of Class A Subordinate Voting Shares and of Class B Shares of Transcontinental Inc. (the "Corporation") will be held at the Omni Mont-Royal Hotel, 1050 Sherbrooke Street West, Salon des Saisons, Montréal, Québec, Canada, on Wednesday, February 20, 2008 at 4 p.m. for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the fiscal year ended October 31, 2007 with the auditor's report thereon;
2. to elect the Corporation's directors for the coming year;
3. to appoint Samson Bélair Deloitte & Touche LLP as auditor and to authorize the directors to fix its remuneration; and
4. to transact such other business as may properly be brought before the Meeting.

A copy of the Annual Report, which includes the consolidated financial statements, the auditor's report relating thereto and the Management's Discussion and Analysis, if requested, accompanies this notice. The annual report is also posted on the Corporation's website at www.transcontinental.com.

The directors have by resolution fixed the close of business on January 18, 2008 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting.

Shareholders who are unable to attend the Meeting are entitled to be represented by proxy and are requested to date, sign and return the enclosed form of proxy in the envelope provided for that purpose or, alternatively, to vote by telephone, or over the Internet or in person at their discretion, the whole in accordance with the enclosed instructions. To be valid, proxies must be received at the Toronto office of the Corporation's transfer agent, CIBC Mellon Trust Company at P.O. Box 66297, Station B, Toronto, Ontario M7Y 4K1 no later than 4 p.m. (Montréal time) two business days prior to the day of the Meeting or any adjournment thereof or must be given to the chairman of the Meeting on the day of the meeting or any adjournment thereof.

Dated at Montréal, Québec, this 9th day of January, 2008.

By order of the Board of Directors,

A handwritten signature in cursive script that reads 'Christine Desaulniers'.

Christine Desaulniers
Vice President, Chief Legal Officer and Corporate Secretary

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**TRANSCONTINENTAL INC.
MEETING OF SHAREHOLDERS**

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation of proxies by Management of Transcontinental Inc. (the "Corporation") for use at the Annual Meeting of Shareholders (the "Meeting") of the Corporation called for Wednesday, February 20, 2008 at the Omni Mont-Royal Hotel at 4 p.m., for the purposes set forth in the notice of such Meeting. Unless otherwise specified, the information herein contained is given as of January 9, 2008.

Questions and Answers - Voting and Proxies

The following questions and answers provide guidance on how to vote your shares.

Who can vote?

Shareholders who are registered as at the close of business on January 18, 2008 (the "Record Date") will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy. A holder of Class A Subordinate Voting Shares (the "Class A Shares") or of Class B Shares (the "Class B Shares") who has acquired his or her shares after this date must, at least 10 days before the Meeting, request that the Corporation enter his or her name on the list of shareholders entitled to vote.

As of the close of business on January 9, 2008, the Corporation had 66,658,089 Class A Shares and 16,905,432 Class B Shares outstanding. Class A Shares carry one vote per share and Class B shares carry 20 votes per share.

What am I voting on?

Shareholders will be voting on (i) the election of directors; and (ii) the appointment of Samson Bélair Deloitte & Touche LLP as the auditor and the authorization to be given to the directors to fix its remuneration.

How will these matters be decided at the Meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters.

Who is soliciting my proxy?

The solicitation is being primarily made by mail, but our directors, officers or employees may also solicit proxies at a nominal cost to the Corporation. The Corporation may also reimburse brokers and other persons holding shares in their name or in the name of nominees for their costs incurred in sending proxy forms and related materials to their principals in order to obtain their proxies. These costs will be nominal and will be borne by the Corporation.

Who can I call with questions?

If you have any questions about the information contained in this Circular or require assistance in completing your form of proxy, you can contact the transfer agent, CIBC Mellon Trust Company, at 1-800-387-0825 (toll free throughout Canada and the United States).

How can I contact the transfer agent?

You can contact the transfer agent by mail at its Toronto office at: CIBC Mellon Trust Company, P.O. Box 66297, Station B, Toronto, Ontario M7Y 4K1, by telephone at 1-800-387-0825 (toll free throughout Canada and the United States), or by fax at 416-643-5501, or by email at (inquiries@cibcmellon.com); or at its Montréal

office at: CIBC Mellon Trust Company, 2001 University Street, Suite 1600, Montréal, Québec H3A 2A6, or by fax at 514-285-3640.

How do I vote?

If you are eligible to vote and if your shares are registered in your name, you can vote your shares in person at the Meeting or by proxy, as explained below. If your shares are held in the name of a nominee, please see the instructions below under "How do I vote if I am a non-registered shareholder?".

How to complete the form of proxy?

You can choose to vote "FOR" or "WITHHOLD" by checking the boxes, depending on the questions listed on the form of proxy. When you sign the form of proxy, you authorize Messrs. Rémi Marcoux or Claude Dubois, who are directors, to vote your shares for you at the Meeting according to your instructions. **If your return your form of proxy and do not tell us how you want to vote your shares, your vote will be counted: (i) FOR the election of the nominated directors who are listed in the Circular; and ii) FOR the appointment of Samson Bélair Deloitte & Touche LLP as auditor and the authorization to be given to the directors to fix its remuneration.** Your proxyholder will vote your shares as her or she sees fit on any other matter that may properly come before the Meeting.

If you wish to appoint someone else to vote your shares for you at the Meeting, strike out the names of the directors and write the name of the person of your choice voting for you in the space provided. If you do not specify how you want your shares to be voted, your proxyholder will vote your shares as he or she sees fit on each item and on any other matter that may properly come before the Meeting.

If you are an individual shareholder, you or your authorized attorney must sign the form. If you are a corporation or other legal entity, an authorized officer or attorney must sign the form. If you need help completing your form of proxy, please contact CIBC Mellon Trust Company.

The persons named as proxies in the enclosed form of proxy are directors of the Corporation. **Each shareholder is entitled to appoint a person other than the individuals named in the attached form of proxy to represent him/her at the Meeting.**

If I change my mind, how can I change my vote?

You can revoke a vote made by proxy:

- by voting again by telephone or on the Internet **before 4:00 p.m. (Montréal time) on February 18, 2008;**
- by completing a form of proxy that is dated later than the form of proxy you are changing and mailing it or faxing it to CIBC Mellon Trust Company so that it is received **before 4:00 p.m. (Montréal time) on February 18, 2008;**
- by sending a notice in writing from you or your authorized attorney to our Corporate Secretary so that it is received **before 4:00 p.m. (Montréal time) on February 18, 2008;**
- by giving a notice in writing from you or your authorized attorney to the Chair of the Meeting at the Meeting or any adjournment;
- in any other manner permitted by law.

How will my shares be voted if I give my proxy?

During a secret ballot or a vote by show of hands, the persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the directions of the shareholders appointing them. **In the absence of such directions, such shares will be voted: (i) FOR the election, as a director of the Corporation, of each of the persons listed in this Circular; and (ii) FOR the appointment of Samson Bélair Deloitte & LLP as auditor of the Corporation and the authorization of the directors to fix its remuneration.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the notice of the Meeting and with respect to any other matters that may properly come before the Meeting or any adjournment thereof. At the date of this Circular, management of the Corporation knows of no such amendments or other matters that may be raised at the Meeting. Should any amendment or other matter properly come before the Meeting, the persons named in the enclosed form of proxy would vote in accordance with their best judgment pursuant to the discretionary authority conferred by the proxy with respect to such matters.

How many voting shares are outstanding?

The only voting shares of the Corporation currently issued and outstanding are the Class A Shares and the Class B Shares. The Corporation currently has 66,658,089 Class A Shares and 16,905,432 Class B Shares outstanding. The Class A Shares and the Class B Shares are "special shares" under applicable securities legislation in Canada, as they do not confer equal voting rights. These shares carry one and 20 votes per share, respectively. The voting rights carried by the Class A Shares represented in the aggregate 16.47% of the voting rights attached to all of the Corporation's issued and outstanding securities.

To the knowledge of directors and officers, the only persons who own, directly or indirectly, or exercise control or direction over more than 10% of the outstanding voting shares of either class, are as follows:

Name	Number of Class A Shares /% of Outstanding Shares of this Class of Security	Number of Class B Shares/% of Outstanding Shares of this Class of Security	Percentage of Outstanding Shares
Capinabel Inc. ⁽¹⁾	- / -	13,209,840 / 78.14%	15.81%
Franklin Templeton Investments Corp. on behalf of its operating division, Bissett Investment ⁽²⁾	11,086,977 / 16.63%	- / -	13.27%
Mackenzie Financial Corporation ⁽³⁾	10,127,289 / 15.19%	450,400 / 2.66%	16.66%
Jarislowky, Fraser, Limited ⁽⁴⁾	8,230,272 / 12.35%	76,200 / 0.45%	9.94%

(1) All the outstanding shares of Capinabel Inc. are held directly and indirectly by Mr. Rémi Marcoux and members of his immediate family. Capinabel Inc. is controlled by Mr. Rémi Marcoux. The shares of Capinabel Inc. represent 65.27% of the voting rights attached to all outstanding equity shares of the Corporation.

(2) These shares are held by Franklin Templeton Investments Corp. on behalf of its operating division, Bissett Investment, as portfolio manager. These shares were acquired in the ordinary course of business and not with the purpose of influencing or changing the control of the Corporation.

(3) These shares are held by Mackenzie Financial Corporation as portfolio manager. These shares were acquired in the ordinary course of business and not with the purpose of influencing or changing the control of the Corporation.

(4) These shares are held by Jarislowky, Fraser, Limited as portfolio manager. These shares were acquired in the ordinary course of business and not with the purpose of influencing or changing the control of the Corporation.

Each Class B Share shall carry only one vote as of the date upon which, as the case may be, (i) all the persons understood in the definition of "Majority Group" (as hereinafter defined) cease being owners of a sufficient number of Class A Shares and Class B Shares allowing them to exercise a majority of the votes to elect directors, or (ii) all such persons are deemed to have ceased to constitute the Majority Group, or (iii) all of the Class B Shares have been exchanged for Class A Shares. The expression "Majority Group" is defined in the Articles of the Corporation as meaning, at a given date, one or more of the following persons, notably Messrs. Rémi Marcoux and Claude Dubois, their respective spouses, their direct descendants born or to be born, their legally adopted

children and the respective spouses of such descendants or children, as long as one or several of the above-mentioned persons, individually or collectively, or the trusts of which they are the beneficiaries, or the corporations which they control or the subsidiaries thereof, own such number of Class A Shares and Class B Shares allowing them, in the event of an election of the Board of Directors of the Corporation, to exercise a majority of the votes cast to elect such directors.

The Articles of the Corporation provide that if a takeover bid, within the meaning of the *Securities Act* (Québec) (a "Takeover Bid"), is made, each Class A Share, the holder of which has indicated at any time during the period of participation his intention to take part in the Takeover Bid and has not subsequently exercised his right to withdraw within the prescribed period, shall be deemed to have been converted into one Class B Share on the last business day prior to the effective date of the Takeover Bid. This conversion is subject however to the condition that a sufficient number of shares be taken up and paid for by the offer or under the Takeover Bid so as to cause the Majority Group (as defined in the Articles of the Corporation) to cease to be, as a result thereof, the Majority Group.

Each Class B Share may, at any time at the holder's option, be converted into one fully paid Class A Share.

How many votes do I have?

The Class A Shares are special securities within the meaning of securities regulations in Canada as they do not confer the same voting rights as those conferred by the Class B Shares. During a secret ballot, each Class A Share carries one vote per share and each Class B Share carries 20 votes per share.

How do I vote if I am a registered shareholder?
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You are a registered shareholder if your name appears on your share certificate.

There are four ways that you can vote your shares if you are a registered shareholder. You may (i) vote in person at the Meeting, (ii) complete and sign the enclosed form of proxy and appoint one of the named persons or another person you choose to represent you and to vote your shares at the Meeting and mail it, (iii) vote electronically on the Internet, or (iv) vote by telephone. Please make sure that the person you appoint is aware that he or she is appointed and attends the Meeting.

Completing, signing and returning your form of proxy does not preclude you from attending the Meeting in person. If you do not wish to attend the Meeting or do not wish to vote in person, your proxy will be voted or be withheld from voting, in accordance with your instructions specified on your proxy, on any ballot that may be called at the Meeting. If the shareholder is a corporation or other legal entity, the form of proxy must be signed by an officer or attorney authorized by such corporation or other legal entity.

To vote by telephone, please call 1-866-271-1207. To vote electronically, you must go to the following Internet site: **www.eproxyvoting.com/transcontinental** and enter your personalized 13-digit e-voting control number printed on your form of proxy and follow the instructions.

If your shares are registered in the name of a nominee, please see "How do I vote if I am a non-registered shareholder?" on page 5.

What if I plan to attend the Meeting and vote in person?

If you plan to attend the Meeting on February 20, 2008 and wish to vote your shares in person at the Meeting, it is not necessary for you to complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, CIBC Mellon Trust Company, upon arrival at the Meeting. Non-registered shareholders wishing to attend the Meeting should refer to "How do I vote if I am a non-registered shareholder?" on page 5.

What happens when I sign and return the form of proxy?

Signing the enclosed proxy gives authority to the named proxyholders on the form, or to another person you have appointed, to vote your shares at the Meeting in accordance with the voting instructions you provide.

What do I do with my completed form of proxy?

Sign it exactly with the name appearing on the proxy and return it to the transfer agent, CIBC Mellon Trust Company, in the envelope provided, so that it arrives no later than 4:00 p.m. on February 18, 2008. All shares represented by a properly executed proxy received by CIBC Mellon Trust Company prior to such time will be voted or be withheld from voting, in accordance with your instructions as specified in the proxy, on any ballot that may be called at the Meeting.

<h3>How do I vote if I am a non-registered shareholder?</h3>

You are a "non-registered" (or "beneficial") shareholder if your bank, trust company, securities broker or other financial institution holds your shares for you (your nominee). **Beneficial Holders should note that only proxies deposited by registered holders whose names appear on the records kept by the registrar and transfer agent of the Corporation as registered holders of Class A Shares or Class B Shares can be recognized and acted upon at the Meeting or any adjournment thereof.**

If your shares appear in an account statement sent by your broker, such shares are most probably not registered in your name, but rather in the name of your broker or a representative of that broker. **As a result, you must ensure that your voting instructions are communicated to the appropriate person well before the Meeting or any adjournment thereof.** Without specific instructions, brokers and their agents or nominees are prohibited from voting shares for their clients.

If my shares are not registered in my name but are held in the name of an intermediary (a bank, trust company, securities broker, trustee, etc.), how do I vote my shares?

If you are a non-registered shareholder, there are two ways, listed below, that you can vote your shares:

- *By giving your voting instructions*

Applicable securities laws require your nominee to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received from your nominee a request for voting instructions for the number of shares you hold. Every nominee has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by non-registered shareholders to ensure that their shares are voted at the Meeting.

- *By voting in person*

However, if you wish to vote in person at the Meeting, insert your name in the space provided on the request for voting instructions provided by your nominee to appoint yourself as proxyholder and follow the instructions of your nominee. Non-registered shareholders who appoint themselves as proxyholders should present themselves at the Meeting to a representative of CIBC Trust Mellon Company. Do not otherwise complete the request for voting instructions sent to you as you will be voting at the Meeting.

Pursuant to National Instrument 54-101, Communication with Beneficial Owners of Securities of a Reporting Issuer, brokers and other intermediaries are required to request voting instructions from beneficial holders prior to shareholder meetings. Brokers and other intermediaries have their own procedures for sending materials and their own guidelines for the return of documents. Beneficial holders should follow these instructions to the letter if the voting rights attached to their shares are to be cast at the Meeting. In Canada, most brokers now delegate the responsibility of obtaining their clients' instructions to Broadridge Financial Solution, Inc. ("Broadridge").

Beneficial holders who receive a voting instruction form from Broadridge may not use the said form to vote directly at the Meeting. If you have questions on how to exercise voting rights carried by shares held through a broker or other intermediary, please contact your broker or intermediary directly.

Unless otherwise indicated, in this Circular and in the form of proxy and the notice of Meeting attached hereto, shareholders shall mean registered holders.

Business of the Meeting

Financial Statements

Our consolidated financial statements for the year ended October 31, 2007, together with the auditor's report thereon, are included in the 2007 Annual Report of the Corporation.

Election of Directors

Our Articles provide that our Board of Directors shall consist of a minimum of three and a maximum of 15 directors. Management of the Corporation proposes the election of 12 directors at the Meeting, of which eight are independent, each to remain in office until the following Annual Meeting of Shareholders or until the election or appointment of his or her successor.

The term of office of each of the present directors expires at the close of the Meeting. **Management will propose for election at the Meeting the nominees identified under "Nominees for Election to the Board - Description of Nominees". Unless authority is expressly withheld, the persons designated in the accompanying forms of proxy or voting instruction form intend to vote FOR the election of these nominees.**

All the nominees are presently directors of the Corporation, with the exception of Messrs. François Olivier and Lino A. Saputo, Jr. A vacancy was created as of January 1, 2008 due to the resignation of Mr. Hubert T. Lacroix. This resignation follows the appointment of Mr. Lacroix as President and Chief Executive Officer of CBC/Radio Canada and a decision of the Conflict of Interest and Ethics Commissioner that his directorship was incompatible with his public duties. Furthermore, Messrs. Robert Chevrier and Luc Desjardins are not seeking their re-election as directors. Therefore, information relating to Messrs. Chevrier, Desjardins and Lacroix does not appear below along with the information regarding the 12 proposed nominees for election as directors of the Corporation. Nevertheless, because they acted as members of the Board of Directors during the last year, information concerning them appears in other sections of this Circular that pertain to the members of the Board of Directors.

As the Executive Chairman of the Board is not an independent director, the Board of Directors has appointed a lead director with the responsibility of ensuring that the Board of Directors functions independently from management.

The Board of Directors currently has three Board Committees: the Audit Committee, the Corporate Governance Committee and the Human Resources and Compensation Committee. As at December 31, 2007, the Board of Directors had 13 members and the membership of the Board Committees was as follows:

Audit Committee

Robert Chevrier (Chair)
Richard Fortin
Hubert T. Lacroix

Corporate Governance Committee

Lucien Bouchard (Chair)
Claude Dubois
André Tremblay

Human Resources and Compensation Committee

Hubert T. Lacroix (Chair)
J.V. Raymond Cyr
Harold "Sonny" Gordon

The attendance record of each director at meetings of the Board and its committees held during the fiscal year ended October 31, 2007 is shown in a table under "Board of Directors Attendance Record".

Appointment of Auditor

At the Meeting, shareholders must appoint the auditor of the Corporation to hold office until the next annual meeting of shareholders and they must authorize the directors to fix the remuneration of the auditor appointed. The Board of Directors and the Audit Committee recommend the appointment of Samson Bélair Deloitte & Touche LLP as auditor of the Corporation.

Unless otherwise specified by the shareholder, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Samson Bélair Deloitte & Touche LLP, 1 Place Ville Marie, Suite 3000, Montréal, Québec, Canada H3B 4T9, as auditor of the Corporation and to authorize the directors to fix its remuneration.

Samson Bélair Deloitte & Touche LLP has acted as auditor of the Corporation since 1978.

During the fiscal year ended October 31, 2007, the Corporation retained its auditor, Samson Bélair Deloitte & Touche LLP, to provide certain services. The Audit Committee has determined that Samson Bélair Deloitte & Touche LLP's provision of non-audit services was compatible with maintaining Samson Bélair Deloitte & Touche LLP's independence. The Audit Committee has approved a policy whereby it must pre-approve any non-audit services performed by the Corporation's auditor.

The following table sets forth, by category, the fees incurred by the Corporation and payable to Samson Bélair Deloitte & Touche LLP, the external auditor, for fiscal years ended October 31, 2007 and 2006.

Category of fees (in thousands of dollars)	2007 (\$)	2006 (\$)
Auditing fees	1,331.0	1,306.9
Fees for audit related or connected	45.8	77.9
Compliance with taxation requirements and consulting services thereto	355.8	374.0
Other fees	78.3	51.9
Total	1,810.9	1,810.7

Nominees for Election to the Board

Description of Nominees

The following table sets out information regarding the nominees for election as directors, as of January 9, 2008, unless otherwise indicated.

Certain information shown below relating to the nominees being proposed as directors of the Corporation was not shown to the Corporation, it was furnished by each relevant nominee.



Lucien Bouchard
69 years
Montréal, Québec

Director since 2001

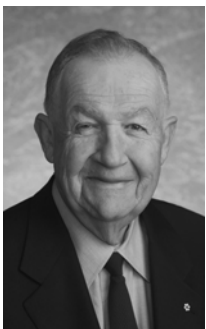
Independent

Partner, Davies Ward Phillips & Vineberg LLP

Mr. Lucien Bouchard is, since April 2001, a partner at the law firm of Davies Ward Phillips & Vineberg LLP. He previously held various governmental positions, both at the federal and provincial levels. From 1988 to 1996, Mr. Bouchard acted, successively, as Secretary of State of Canada, as Minister of the Environment and as Leader of the Opposition at the House of Commons. From January 1996 to April 2001, he was premier of Quebec. Before starting his political career, he practiced law for 22 years subsequent to which he was, from 1985 to 1988, Canada's ambassador to France.

He is also the chairman of the board of directors of the Montreal Symphony Orchestra.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:		
Board Corporate Governance Committee	8 of 9	89%	➤ Saputo Inc. (since 2004) ➤ BMTC Group Inc. (since 2004) ➤ TransForce Income Fund (since 2007)		
	4 of 4	100%			
Total:	12 of 13	92%			
Securities held ⁽¹⁾ :	Class A Shares		Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	1,128		–	10,579	243,506
2006 Year	1,128		–	8,151	178,714



J.V. Raymond Cyr, O.C.
73 years
Montréal, Québec

Director since 1997

Independent

Lead Director

Chairman of the Board of Polyvalor inc.

Mr. J.V. Raymond Cyr is Chairman of the Board of Polyvalor Inc., a university-affiliated development corporation. Mr. Cyr served as Chairman of the Board of Bell Canada from 1985 to 1989 and from 1992 to 1996, and as Chairman of the Board of BCE Inc. from 1989 to 1993.

He is also a member of the Board of the Old Port of Montreal Corporation Inc. and Director emeritus of the Board of École polytechnique de Montréal. Mr. Cyr is also an officer of the Order of Canada.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:		
Board Human Resources and Compensation Committee	9 of 9	100%	➤ Canadian Railway Company (since 1995) ➤ ART Advanced Research Technologies Inc. (since 1998) ➤ IsacSoft Inc. (2005-2006) ➤ SR Telecom Inc. (1995-2005) ➤ Air Canada (1999-2004) ➤ Câble Satisfaction International Inc. (1999-2004) ➤ Cognicase Inc. (1997-2003)		
	5 of 5	100%			
Total:	14 of 14	100%			
Securities held ⁽¹⁾ :	Class A Shares		Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	6,000		–	10,324	339,539
2006 Year	6,000		–	7,832	266,404



Claude Dubois
66 years
Montréal, Québec

Director since 1978

Independent

President of Gestion Phila inc.

Mr. Claude Dubois, a partner of Mr. Rémi Marcoux since the beginning of Transcontinental, is President of Gestion Phila Inc., a management company, since 1985. Mr. Dubois served as strategic consultant to Transcontinental until December 2004. He has held several positions at Transcontinental since 1976.

Mr. Dubois is a member of the Board of Les Impatients, an organization working for the benefit of individuals with mental health problems.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:	
Board	9 of 9	100%	–	
Corporate Governance Committee	4 of 4	100%		
Total:	13 of 13	100%		
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	142,572 ⁽³⁾	4,000 ⁽⁴⁾	10,072	3,257,835
2006 Year	142,572 ⁽³⁾	4,000 ⁽⁴⁾	7,726	2,978,539



Richard Fortin
59 years
Longueuil, Québec

Director since 2004

Independent

Executive Vice President and Chief Financial Officer of Alimentation Couche-Tard Inc.

Mr. Richard Fortin is Executive Vice President and Chief Financial Officer of Alimentation Couche-Tard Inc., a company operating convenience stores, since 1984. Prior thereto, Mr. Fortin had more than 13 years of experience with several major financial institutions. The last position he held was that of Vice President, Québec, for Société Générale (Canada).

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:	
Board	8 of 9	89%	➤ Alimentation Couche-Tard inc. (since 1988)	
Audit Committee	5 of 6	83%		
Total:	13 of 15	87%		
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	1,000	–	7,294	172,515
2006 Year	1,000	–	5,004	115,637



Harold "Sonny" Gordon, Chairman of the Board of Dundee Corporation Q.C.

70 years
Sunny Isles (Florida)
United States

Director since 1993

Independent

Mr. Harold "Sonny" Gordon is Chairman of the Board of Dundee Corporation, a management corporation involved in wealth management, financial services, real estate and natural resources, since November 2001. Prior thereto, he was Vice-Chairman of the Board of Hasbro, Inc., from 1995 to 2002. Prior to 1995, he was a partner with the law firm Stikeman Elliott LLP for 28 years.

Mr. Gordon is also the Chairman of the Board and a director of the Jeanne Sauvé Scholars' Foundation. He was appointed Queen's Counsel by the Government of Canada in 1989.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:	
Board	9 of 9	100%	<ul style="list-style-type: none"> ➤ SFK Pulp Fund (since 2007) ➤ Dundee Corporation (since 2000) ➤ Dorel Industries Inc. (since 2003) ➤ Madacy Holding Inc. (since 2005) ➤ Pethealth Inc. (since 2005) ➤ Alliance Atlantis Communications Inc. (1992-2007) ➤ Sonomax Hearing Healthcare Inc. (2002-2006) 	
Human Resources and Compensation Committee	5 of 5	100%		
Total:	14 of 14	100%		
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	–	1,000	10,214	233,161
2006 Year	–	1,000	7,847	172,083



Monique Lefebvre

61 years
Montréal, Québec

Director since 2000

Independent

Psychologist, Executive Coaching and Consultant in Strategic Management

Ms. Monique Lefebvre is a psychologist, executive coaching and consultant in strategic management. From 2001 to 2002, she served as President of the Transition Committee for the new City of Montreal. Ms. Lefebvre has held several senior positions, namely as Vice President, Québec and Atlantic Canada, for Ericsson Canada Inc., from 1998 to 2001, President of Quebecor Multimedia Inc., from 1996 to 1998, President and Chief Executive Officer of the Computer Research Institute of Montreal (CRIM), from 1991 to 1996 and Academic Vice-Rector at the University of Québec in Montreal, from 1986 to 1991.

She is a member of the Board of Trustees of the Canada Foundation for Innovation; President of Héma-Québec Foundation and Co-Chair of the fundraising campaign for the National Circus School.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:	
Board	8 of 9	89%	<ul style="list-style-type: none"> ➤ Contact Image Corporation (2004-2005) ➤ ART Advanced Research Technologies Inc. (2000-2004) ➤ Theratechnologie Inc.(2002-2004) ➤ BioSyntech, Inc. (2002-2003) 	
Corporate Governance Committee ⁽⁵⁾	1 of 1	100%		
Total:	8 of 9	89%		
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	1,000	–	7,411	174,949
2006 Year	1,000	–	5,488	124,959



Isabelle Marcoux
38 years
Montréal, Québec

Director since 2005

Non-independent

Vice Chair of the Board and Vice President, Corporate Development of Transcontinental Inc.

Ms. Isabelle Marcoux is Vice Chair of the Board since 2007 and Vice President, Corporate Development of Transcontinental Inc. since 2004. Between 1997 and 2004, she held the positions of Director, Mergers and Acquisitions and Legal Counsel and Assistant Secretary of the Corporation. Prior to joining Transcontinental, Ms. Marcoux was a lawyer at McCarthy Tétrault LLP, a law firm.

Ms. Marcoux is a member of the Board of the Fondation du maire de Montréal. Ms. Marcoux also sits on the board of a majority of the corporations held by the Corporation in partnership with others, including Metropolitan Publications Inc. (the publisher of the Metro daily newspaper).

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:		
Board	Total:	8 of 8 8 of 8	100% 100%	➤ George Weston Limited (since 2007)	
Securities held ⁽¹⁾⁽⁶⁾ :		Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year		4,000	1,000	–	103,910
2006 Year		–	1,000	–	20,950



Pierre Marcoux
36 years
Montréal, Québec

Director since 2005

Non-independent

Vice President, Business Publications of Transcontinental Media G.P.

Mr. Pierre Marcoux is Vice President, Business Publications of Transcontinental Media G.P. since January 2006. From 2004 to 2006, he was assistant publisher and Editor in Chief of the newspaper *Les Affaires*, a newspaper belonging to Transcontinental Media. Prior thereto, he worked as a reporter, section manager and assistant editor before being appointed business development manager for business publications of Transcontinental Media. From 1997 to 1999, he was a reporter in Washington correspondent for Bloomberg News, following which he worked as a reporter for the Hamilton Spectator, in Ontario.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:		
Board	Total:	7 of 8 7 of 8	88% 88%	–	
Securities held ⁽¹⁾⁽⁶⁾ :		Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year		5,000	1,000	–	124,710
2006 Year		–	1,000	–	20,950



Rémi Marcoux C.M., Executive Chairman of the Board of Transcontinental Inc. F.C.A.

67 years
Montréal, Québec

Director since 1978

Non-independent

Mr. Rémi Marcoux, founder of Transcontinental, is Executive Chairman of the Board of Transcontinental Inc. since March 2004. Prior thereto, he held the positions of Chairman of the Board and President and Chief Executive Officer of the Corporation, which he founded in 1976.

Mr. Marcoux's social involvement supports several causes, in particular fundraising for the Montreal Symphony Orchestra and Sainte-Justine Hospital. In 2006, he acted as Co-President of the fundraising campaign for Centraide of Greater Montréal. The École des Hautes Études Commerciales of the University of Montréal has designated its arts management foundation as the Carmelle et Rémi-Marcoux Chair in recognition of his support.

He is also a member of the Board and of the Executive Committee of the Montréal Heart Institute Foundation. In addition, Mr. Marcoux is on the Council of Associate Governors of the University of Montréal. In October 2007, Mr. Marcoux was invested as a Member of the Order of Canada in recognition for his contribution to the vitality of the economic sector and the growth of communities.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:	
Board	8 of 8	100%	➤ Canadian Tire Corporation (1998-2006)	
Total:	8 of 8	100%	➤ MAAX Inc. (2002-2004)	
Securities held ⁽¹⁾⁽⁶⁾ :	Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	–	13,209,840	–	273,575,786
2006 Year	–	13,209,840	–	276,746,148



François Olivier Chief Operating Officer of Transcontinental Inc.


42 years
Montréal, Québec


Candidate as a Director

Non-independent

Mr. François Olivier will become President and Chief Executive Officer of Transcontinental Inc. on February 20, 2008. Since September 2007, Mr. Olivier has acted as Chief Operating Officer. Prior thereto, he acted as President, Printing Products and Services from 2005 until 2007 and held other various positions, including as Senior Vice President, Newspaper Group from 1999 until 2005.

Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:	
–	–	–	–	
Securities held ⁽¹⁾⁽⁶⁾ :	Class A Shares	Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	2,740	–	–	56,992
2006 Year	2,740	–	–	52,772

	Lino A. Saputo, Jr. 41 years Montréal, Québec		President and Chief Executive Officer of Saputo Inc.		
	Candidate as a Director Independent		<p>Mr. Lino A. Saputo, Jr. is President and Chief Executive Officer of Saputo Inc. since March 2004. Over the years, he successively occupied positions as Administrative Assistant, Plant Manager, Vice President, Operations and President and Chief Operating Officer, Cheese Division (USA).</p> <p>Mr. Saputo acts as honorary Co-Chair of the 2005-2009 fundraising campaign of the Sacré-Cœur Hospital Foundation. He has also accepted to chair events organized by the Québec Cystic Fibrosis Association, the Fondation Armand-Frappier, the Institut de recherches cliniques de Montréal and the Fondation scolaire de Laval.</p>		
Member of:	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:		
–	–		➤ Saputo Inc. (since 2001)		
Securities held ⁽¹⁾ :	Class A Shares		Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	–		–	–	–
2006 Year	–		–	–	–

	André Tremblay 53 years Montréal, Québec		Managing Partner of Trio Capital Inc.		
	Director since 2007 Independent		<p>Mr. André Tremblay is the founder and managing partner of Trio Capital Inc., a private equity fund management company, since January 2006. Prior thereto, he was President and Chief Executive Officer of Microcell Telecommunications Inc., a wireless network service provider between May 1995 and November 2004, and Advisor to the President of Telesystem Entreprises Ltd. between 1992 and 1998.</p> <p>In 2005, Mr. Tremblay was appointed by the Minister of Industry Canada as a member of the Telecommunications Policy Review Panel to make recommendations on how to modernize Canada's telecommunications policies and regulatory framework.</p>		
Member of: ⁽⁷⁾	Attendance up to October 31, 2007:		Board membership of public corporations during last five years:		
Board Corporate Governance Committee	6 of 6	100%	➤ EXFO Electro-Optical Engineering Inc. (since 2000)		
	3 of 3	100%	➤ Microcell Telecommunications Inc. (1999-2004)		
Total:	9 of 9	100%			
Securities held ⁽¹⁾ :	Class A Shares		Class B Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2007 Year	–		–	1,523	31,678
2006 Year	–		–	–	–

- (1) The number of Class A Shares, Class B Shares and deferred share units was determined at the end of each fiscal year ended October 31.
- (2) The value of the deferred share units was calculated based on the closing price of the Class A Shares. The total value of the Class A Shares, the Class B Shares and the deferred share units was calculated based on the closing price of the Shares on October 31. For 2007, the closing prices of the Class A Shares and Class B Shares were \$20.80 and \$20.71, respectively. For 2006, the closing prices of the Class A Shares and Class B Shares were \$19.26 and \$20.95, respectively.
- (3) Of which 137,572 Class A Shares and 4,000 Class B Shares are held by Gestion Phila Inc., a management company controlled by Mr. Claude Dubois.
- (4) The 4,000 Class B Shares are held by Gestion Phila Inc., a management company controlled by Mr. Claude Dubois.

- (5) Ms. Monique Lefebvre was a member of the Corporate Governance Committee until February 21, 2007. Before that date, one meeting of the Corporate Governance Committee had been held.
- (6) These 13,209,840 Class B Shares are held by Capinabel Inc. The shares of Capinabel Inc. are held directly and indirectly by Mr. Rémi Marcoux and members of his immediate family. Mr. Rémi Marcoux controls Capinabel Inc. The shares of Capinabel Inc. represent 65.27% of the voting rights carried by the outstanding equity shares of the Corporation. Ms. Isabelle Marcoux and Mr. Pierre Marcoux are members of Mr. Rémi Marcoux's immediate family. Mr. Oliver is the husband of Ms. Isabelle Marcoux.
- (7) Mr. Tremblay became a director of the Corporation and was appointed to the Corporate Governance Committee on February 21, 2007. Since then, there have been six meetings of the Board and three meetings of the Corporate Governance Committee.

Additional Disclosure Relating to Directors

To the best knowledge of the Corporation, no proposed director is, as at January 9, 2008, or has been, within 10 years before the date hereof; (a) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets, with the exception of:

- (i) Mr. Cyr who was a director of Air Canada when it voluntarily filed for protection under the Companies' Creditors Arrangement Act (the "CCAA") in April 2003 and was a director of Cable Satisfaction International Inc. when it voluntarily filed for protection under the CCAA in July 2003. Air Canada successfully emerged from the CCAA proceedings and was restructured pursuant to a plan of arrangement in September 2004 and Cable Satisfaction International Inc.'s second amended and restated plan of arrangement and reorganization was approved by its creditors and sanctioned by the Québec Superior Court in March 2004. Mr. Cyr is no longer a director of Air Canada nor of Cable Satisfaction International Inc.;
- (ii) Mr. Gordon, who was a director of Great Northern Paper, Inc., a private U.S. corporation, until June 3, 2002, approximately seven months before such corporation filed for an arrangement under Chapter II of the U.S. Bankruptcy Code on January 9, 2003, followed by liquidation on May 22, 2003 pursuant to Chapter 7 of said Act. Mr. Gordon is no longer a director of Great Northern Paper, Inc.; and
- (iii) Mr. Tremblay who was a director and President and Chief Executive Officer of Microcell Telecommunications Inc., when it asked for and was granted protection under the CCAA on January 3, 2003. Microcell Telecommunications Inc. successfully emerged from the CCAA proceedings. Mr. Tremblay is no longer a director of Microcell Telecommunications Inc.

Board Interlocks

The Corporate Governance Committee has reviewed the membership of the proposed nominees to the Corporation's Board of Directors. With the exception of Messrs. Lucien Bouchard and Lino A. Saputo, Jr., it has determined that no proposed nominees sit on the same board of directors of a public company.

Board of Directors' Attendance Record

For the fiscal year ended October 31, 2007, the total attendance record of directors was 95% for Board meetings, 94% for the Audit Committee meetings, 100% for the Human Resources and Compensation Committee meetings and 92% for the Corporate Governance Committee meetings.

The following table presents a detailed record of the number of Board meetings and Committees meetings attended by each director.

Director	Board of Directors (9 meetings) ⁽¹⁾		Audit Committee (6 meetings)		Human Resources and Compensation Committee (5 meetings)		Corporate Governance Committee (4 meetings)		Total Attendance %
	Number	%	Number	%	Number	%	Number	%	
Lucien Bouchard	8	89%	–	–	–	–	4	100%	92%
Pierre Brunet ⁽²⁾	3	100%	–	–	–	–	–	–	100%
Robert Chevrier	7	78%	6	100%	–	–	–	–	87%
J.V. Raymond Cyr	9	100%	–	–	5	100%	–	–	100%
Luc Desjardins	8	100%	–	–	–	–	–	–	100%
Claude Dubois	9	100%	–	–	–	–	4	100%	100%
Richard Fortin	8	89%	5	83%	–	–	–	–	87%
Harold "Sonny" Gordon	9	100%	–	–	5	100%	–	–	100%
Hubert T. Lacroix	9	100%	6	100%	5	100%	–	–	100%
Monique Lefebvre ⁽³⁾	8	89%	–	–	–	–	1	100%	90%
Isabelle Marcoux	8	100%	–	–	–	–	–	–	100%
Pierre Marcoux	7	88%	–	–	–	–	–	–	88%
Rémi Marcoux	8	100%	–	–	–	–	–	–	100%
André Tremblay ⁽⁴⁾	6	100%	–	–	–	–	2	67%	89%

(1) Independent directors held a special meeting in the absence of Ms. Isabelle Marcoux and Messrs. Luc Desjardins, Pierre Marcoux and Rémi Marcoux.

(2) Mr. Pierre Brunet was a director until February 21, 2007. Before that date, three meetings of the Board of Directors had been held.

(3) Ms. Monique Lefebvre was a member of the Corporate Governance Committee until February 21, 2007. Before that date, one meeting of the Corporate Governance Committee had been held.

(4) Mr. André Tremblay was elected as a director on February 21, 2007. Since then, six meetings of the Board of Directors and three meetings of the Corporate Governance Committee have been held.

Compensation of Directors

Each director of the Corporation who is not an executive officer and is not an employee of the Corporation or of any of its subsidiaries is compensated. Since November 1, 2007, a director receives annual fees of \$35,000 (before November 1, 2007, the annual fees were \$25,000) and attendance fees of \$1,500 for each meeting of the Board of Directors that he attends, unless he attends by telephone, in which case he receives \$1,000.

The chairman of the Corporate Governance Committee receives annual fees of \$6,000. The chairman of the Human Resources and Compensation Committee receives annual fees of 10,000 (\$6,000 before November 1, 2007). The chairman of the Audit Committee receives annual fees of \$10,000. Each director who is a member of a committee of the Board of Directors receives annual fees of \$3,000 and attendance fees of \$1,500 for each

meeting of a committee of the Board of Directors that he attends, unless he attends by telephone, in which case he receives \$1,000.

The Lead Director receives annual fees of \$3,000.

If an independent director who is not an employee of the Corporation or of one of its subsidiaries is asked by the Corporation to provide additional services to the Corporation beyond the customary responsibilities of a director, such director may receive additional compensation determined by the Corporate Governance Committee.

In March 2002, the Corporation implemented a Deferred Share Unit Plan (the "DSUP") with the express purpose of granting its independent directors share units of the Corporation in order to further motivate director involvement in the growth and development of the Corporation and to help the Corporation attract and retain experienced and competent directors. Directors who participate in the DSUP are not entitled to receive any cash payment representing the value of the units until such time as they cease being directors. Upon payment, the value attributed to each unit will be based on the average closing prices of the Class A Shares on the Toronto Stock Exchange during the five trading days preceding the date of payment.

In accordance with the Corporation's ownership guidelines for directors, at January 9, 2008, all directors held shares or deferred share units in an amount equal to at least three times the sum of a director's annual compensation, with the exception of Mr. André Tremblay who has until February 21, 2010, namely three years after his nomination, to hold three times the value of a director's annual compensation.

The following table presents the compensation paid to each director as such for the fiscal year ended October 31, 2007.

Directors	Annual Compensation	Compensation as Committee Member (\$)	Compensation as Committee Chair (\$)	Attendance Fees for Meetings of the Board of Directors or of a Committee (\$)	Total (\$)	% paid in share units
Lucien Bouchard	25,000	–	6,000	17,500	48,500	100%
Pierre Brunet ⁽¹⁾	7,725	–	930	4,000	12,655	100%
Robert Chevrier	25,000	3,000	10,000	18,500	53,500	50%
J.V. Raymond Cyr	25,000	3,000	2,070 ⁽²⁾	20,000	50,070	100%
Luc Desjardins	–	–	–	–	–	–
Claude Dubois	25,000	3,000	–	19,000	47,000	100%
Richard Fortin	25,000	3,000	–	18,500	46,500	100%
Harold "Sonny" Gordon	25,000	3,000	–	19,500	47,500	100%
Hubert T. Lacroix	25,000	3,000	21,000 ⁽³⁾	13,000	62,000	100%
Monique Lefebvre	25,000	929 ⁽⁴⁾	–	13,000	38,930	100%
Isabelle Marcoux	–	–	–	–	–	–
Pierre Marcoux	–	–	–	–	–	–
Rémi Marcoux	–	–	–	–	–	–
André Tremblay ⁽⁵⁾	17,275	2,071	–	12,000	31,345	100%

(1) Mr Pierre Brunet was a director until February 21, 2007. The annual fees and compensation as Lead Director were prorated.

(2) Mr. J.V. Raymond Cyr was appointed Lead Director on February 21, 2007. His compensation as Lead Director was prorated.

- (3) Mr. Hubert T. Lacroix received an amount of \$6,000 as Chairman of the Human Resources and Compensation Committee and an additional amount of \$15,000, representing the equivalent of attendance fees for 10 meetings, in recognition of his work and efforts in connection with the design and implementation of the new compensation policy, the negotiation of the contract with the President and Chief Executive Officer and the recommendation of the successor to the President and Chief Executive Officer.
- (4) Ms. Monique Lefebvre was a member of the Corporate Governance Committee until February 21, 2007. Her compensation as a member of such committee was prorated.
- (5) Mr. André Tremblay was elected as a Director and appointed to the Corporate Governance Committee on February 21, 2007. His annual compensation and compensation as a member of a committee were prorated.

Statement Regarding Corporate Governance Practices

Corporate governance consists of the procedures and structures used to direct and manage the activities and affairs of the Corporation to attain the goals of its shareholders. Shareholders elect the directors who, in turn, are responsible for overseeing all of the operating aspects of the Corporation, for appointing the members of the management team and for ensuring that the business is properly managed based on the interests of the Corporation's three pillars, namely shareholders, customers and employees.

The Board of Directors, through the Corporate Governance Committee, monitors the evolution of corporate governance practices and regulatory requirements. Schedule A to this Circular contains information regarding disclosure relating to corporate governance as required pursuant to National Instrument 58-101, National Policy 58-201 and National Instrument and National Policy 52-110 issued by the Autorité des marchés financiers of Québec and other securities commissions.

Mandate of the Board of Directors

The responsibility of the Board of Directors is to oversee the conduct of the Corporation's affairs and supervise the management team. The Board of Directors carries out its duties either directly or through its committees. During the fiscal year ended October 31, 2007, the Board of Directors held nine meetings, one of which only the independent directors were called to attend. In addition, independent directors held in camera sessions at each of these Board meetings.

The mandate of the Board of Directors is included in Schedule B to this Circular.

The Board has three committees composed entirely of independent directors. In addition, each meeting of the Board of Directors and of its committees provides for discussions without the presence of the members of management.

Composition of the Board

The Board of Directors is convinced that the number of directors that comprise the Board results in an efficient decision-making process. After having examined the roles and relations between each director with respect to the Corporation, the Corporate Governance Committee has established that more than two-thirds of the Corporation's directors (9 out of 13) were independent for the fiscal year ended October 31, 2007. The Corporation is proposing 12 nominees for election as directors at the next annual meeting, of which two-thirds are independent (8 out of 12). These independent directors have no interest in the Corporation or in the management thereof, or any other relationship with them. Moreover, at least two-thirds of the directors have no interest or relationship with the significant shareholder and are thus considered independent with respect to such shareholder. The number of independent directors is also an equitable reflection of the interest in the Corporation of shareholders other than the significant shareholder. The independent directors are thus in a position to represent fairly all shareholders. For more details, see Item 1 in Schedule A.

On January 1, 2008, Mr. Hubert T. Lacroix resigned as a director of the Corporation. This resignation follows the appointment of Mr. Lacroix as President and Chief Executive Officer of CBC/Radio Canada and a decision of the Conflict of Interest and Ethics Commissioner that his directorship was incompatible with his public duties.

Human Resources and Compensation Committee

As of December 31, 2007, the Human Resources and Compensation Committee was composed of three independent directors:

Chairman: Hubert T. Lacroix
Members: J.V. Raymond Cyr, Harold "Sonny" Gordon

On January 1, 2008, Mr. Hubert T. Lacroix resigned as a director of the Corporation. This resignation follows the appointment of Mr. Lacroix as President and Chief Executive Officer of CBC/Radio Canada and a decision of the Conflict of Interest and Ethics Commissioner that his directorship was incompatible with his public duties.

A copy of the mandate of the Human Resources and Compensation Committee is available on the Corporation's Internet site (www.transcontinental.com) or can be obtained on request from our Corporate Secretary at 1 Place Ville-Marie, Suite 3315, Montréal, Québec H3B 3N2. The Committee's report can be found on page 20 of this Circular under the heading "Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers".

During the fiscal year ended October 31, 2007, the Human Resources and Compensation Committee held five meetings.

Role and Responsibilities of the Chairman of the Human Resources and Compensation Committee

The Chairman of the Human Resources and Compensation Committee is appointed by the Board of Directors. The principal role of the Chairman of the Human Resources and Compensation Committee is to ensure that this Committee carries out its duties efficiently and that it understands and respects the limits between the responsibilities of the Board and those of the Committee and of management.

Its major responsibilities are as follows: (i) chair meetings of the Human Resources and Compensation Committee and report to the Board of Directors regarding any issues examined by the Committee at the next Board meeting following each Committee meeting; (ii) see to it that the Committee ensures that the Corporation's human resources and compensation policies comply with regulatory requirements and that communications are free and open with any external expert advising firms responsible for making recommendations to the Committee and to the Board in order to allow such professionals to collaborate fully with the Human Resources and Compensation Committee; and (iii) act as resource person and advisor to the Executive Chairman of the Board, management and the Corporate Vice President of Human Resources.

Corporate Governance Committee

As of December 31, 2007, the Corporate Governance Committee was composed of three independent directors:

Chairman: Lucien Bouchard
Members: Claude Dubois, André Tremblay

A copy of the mandate of the Corporate Governance Committee is available on the Corporation's Internet site (www.transcontinental.com) or can be obtained on request from our Corporate Secretary at 1 Place Ville-Marie, Suite 3315, Montréal, Québec H3B 3N2.

During the fiscal year ended October 31, 2007, the Corporate Governance Committee held four meetings.

Role and Responsibilities of the Chairman of the Corporate Governance Committee

The Chairman of the Corporate Governance Committee is appointed by the Board of Directors. The principal role of the Chairman of the Corporate Governance Committee is to ensure that this Committee carries out its duties

efficiently and that it understands and respects the limits between the responsibilities of the Board and those of the Committee and of management.

Its major responsibilities are as follows: (i) chair meetings of the Corporate Governance Committee and report to the Board of Directors regarding any issues examined by the Committee at the next Board meeting following each Committee meeting; (ii) see to it that the Committee ensures that the Corporation's corporate governance policies comply with regulatory requirements and that communications are free and open with any external expert advising firms responsible for making recommendations to the Committee and the Board in order to allow such professionals to collaborate fully with the Corporate Governance Committee; and (iii) act as a representative of the Committee to negotiate and settle any issues relating to corporate governance or regarding the implementation or application of the Corporation's Code of Ethics during discussions with experts or external advisors outside regularly scheduled meetings of the Committee and, if required, convene an emergency meeting of the Committee.

Audit Committee

As of December 31, 2007, the Audit Committee was composed of three independent directors:

Chairman: Robert Chevrier
Members: Richard Fortin, Hubert T. Lacroix

On January 1, 2008, Mr. Hubert T. Lacroix resigned as a director of the Corporation. This resignation follows the appointment of Mr. Lacroix as President and Chief Executive Officer of CBC/Radio Canada and a decision of the Conflict of Interest and Ethics Commissioner that his directorship was incompatible with his public duties.

A copy of the mandate of the Audit Committee is available on the Corporation's Internet site (www.transcontinental.com) or can be obtained on request from our Corporate Secretary 1 Place Ville-Marie, Suite 3315, Montréal, Québec H3B 3N2.

During the fiscal year ended October 31, 2007, the Audit Committee held six meetings.

Role and Responsibilities of the Chairman of the Audit Committee

The Chairman of the Audit Committee is appointed by the Board of Directors. The principal role of the Chairman of the Audit Committee is to ensure that this Committee carries out its duties efficiently and that it understands and respects the limits between the responsibilities of the Board of Directors and those of the Committee and of management.

Its major responsibilities are as follows: (i) chair meetings of the Audit Committee and report to the Board of Directors regarding any issues examined by the Committee at the next Board meeting following each Committee meeting; (ii) ensure that major issues are clearly identified and communicated to the Committee and ultimately to the Board of Directors for its approval and that all material issues falling under the mandate of the Committee are dealt with by the Committee and the Board during the year; (iii) see to it that the Committee ensures that auditing procedures regarding the Corporation's accounts comply with regulatory requirements and that communications are free and open with the Corporation's external auditors and internal auditors in order to allow such professionals to collaborate fully with the Audit Committee; (iv) ensure that Committee members have sufficient resources (in particular, relevant and timely information) for the Committee to run efficiently; (v) follow up files assigned by the Board of Directors to the Audit Committee and, if required, entrust the execution of certain files to an internal work committee of the Corporation or to outside consultants in order to submit complete projects to Committee members for discussion; (vi) act as a representative of the Committee to negotiate and settle any auditing issues relating to accounts of the Corporation during discussions with external auditors outside regularly scheduled meetings of the Committee and, if required, convene an emergency meeting of the Committee; and (vii) act as resource person to handle any complaints submitted by employees or other third parties pursuant to the Whistle-Blowing Policy.

Information regarding the Audit Committee

Information regarding the Audit Committee and the information required under Form 52-110-F1 are presented under "Information Regarding the Audit Committee" in the Corporation's Annual Information Form for the fiscal year ended October 31, 2007. A copy of the Annual Information Form can be obtained on SEDAR's Internet site (www.sedar.com), on the Corporation's Internet site (www.transcontinental.com) or by making a request therefor to our Corporate Secretary at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

Corporate Governance Initiatives

Over the last years, the Corporation has adopted certain corporate governance initiatives, including: (i) adopted a code of ethics for employees and directors, including provisions relating to conflicts of interest; (ii) adopted a written mandate for the Executive Chairman of the Board, the President and Chief Executive Officer, the Lead Director, the Board of Directors (containing precisions, amongst others, relating to expectations for directors), each committee of the Board of Directors and the chair of each committee of the Board of Directors; (iii) implemented a policy dealing with whistle-blowing and protection in the event of disclosure; (iv) implemented an assessment process for the Board of Directors, the directors and the Executive Chairman of the Board; (v) adopted a continuing education program for the directors; and (vi) implemented a separate share unit plan for the directors who are not employees of the Corporation.

Code of Ethics

The Board of Directors of the Corporation approved a Code of Ethics, a copy of which is available on the Internet site of SEDAR (www.sedar.com) as well as on the Corporation's Internet site (www.transcontinental.com). A copy can also be obtained on request from our Corporate Secretary at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

Interest of Insiders in Material Transactions

To the knowledge of the Corporation, no director or officer of the Corporation, no subsidiary, no insider, no nominee for election as director, no shareholder holding more than 10% of the voting shares of the Corporation had any interest in transactions since the beginning of the last fiscal year of the Corporation or in any proposed transaction that has or could have a material effect on the Corporation or on any of its subsidiaries.

Compensation of Executive Officers

Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers

Compensation Guidelines

Compensation plans and programs for the benefit of management are designed in order to:

- recruit, develop and retain highly talented executives;
- reward executives that stand out by achieving preapproved and quantifiable goals through superior performance;
- establish a direct relation between the interests of the executives and those of the shareholders of the Corporation by favouring the creation of short and long term value at all levels of the organization (including through economic value creation); and
- support the Corporation's business strategy known as the *Evolution 2010* program.

The Human Resources and Compensation Committee (the "Committee") is entirely composed of independent directors. The Committee reviews annually the performance of management and ensures that it understands compensation trends and that the programs in place are adequate. When circumstances warrant it, the Committee may make recommendations that deviate from current policies.

Based upon the Corporation's compensation policy, a significant portion of the executives' compensation is linked to the performance of the Corporation and that of its business units.

For purposes of designing a global compensation structure to benefit the senior management team, the Committee takes into account compensation paid for equivalent positions within comparative groups composed of businesses competing with the Corporation in the recruitment of competent executives. It is the Committee's objective that the global compensation for the senior management team be at the median of the market, the latter being composed of these comparative groups.

Hence, the Committee considers data relating to compensation included, notably, in management proxy circulars of public identified companies. The characteristics of these comparative groups are as follows:

- Comparative group for the media sector: companies the principal activities of which are in the media industry;
- Québec comparative group: companies based in Québec and operating across Canada with revenues equivalent to those of the Corporation; and
- Canadian comparative group: companies based in all Canadian provinces with revenues equivalent to those of the Corporation, excluding companies in the financial, pharmaceutical and energy sectors.

Companies identified within one group may not also be used in another group. During the last analysis conducted in 2007, there were 25 companies in the comparative groups. The Committee also considers compensation information obtained from compensation surveys.

Compensation Counselling Services

The Committee retained the services of Mercer Human Resources Consulting ("Mercer"), an external consulting firm, to provide it with independent advice, conduct a compensation analysis and provide it with additional information to support it in its recommendations. During the fiscal year ended October 31, 2007, the Corporation paid fees of \$42,600 for services relating to compensation matters. The Corporation and /or the retirement funds paid an additional amount of \$166,500 to Mercer for actuarial services regarding pension plans. The Committee considers it obtains independent executive compensation advice from Mercer in that the executive compensation consultants report directly to the Committee and all significant work for management of the Corporation is preapproved by the Committee Chair. In addition, Mercer's Human Capital business is organized separately from Mercer's Retirement and Health and Benefits business. Executive compensation consultants are not compensated based upon client revenue from other lines of business of Mercer.

Compensation Structure and Composition

The compensation program for the Corporation's executives focuses on global compensation, being the aggregate of all compensation paid to executives. Global compensation is composed of the following principal elements: base salary, short term incentive compensation (annual bonus), medium term incentive compensation (share units), long term incentives (options to purchase shares), rights upon retirement, health benefits and accessory benefits.

The following table sets forth the principal components of the executives' compensation, the objectives underlying each component and the manner in which grants are determined.

Component	Determination and Characteristics
Base salary	<ul style="list-style-type: none"> • Salary scales are established based upon market competitiveness. • Salary and salary increases for each executive are established based upon the performance of the executive, their competitiveness with the market and internal equity.
Short term incentive compensation (annual bonus)	<ul style="list-style-type: none"> • The design of the program is based upon achieving financial goals and economic value creation. • Bonuses effectively given depend on the financial performance of the Corporation and its business units and the performance of the executive.
Share unit plan of Transcontinental Inc. (the "SUP")	<ul style="list-style-type: none"> • Share units are granted annually according to a predetermined target percentage of the base salary which depends on the level of the executive, his individual performance and his length of service during the fiscal year ended October 31. • The principal portion of the grant (61.5%) vests upon the achievement of a performance goal target based on economic value creation for the Corporation over a three-year period. At the end of such period, all of, or a portion of, or none of, the units granted under the SUP will vest. • The balance of the grant (38.5%) is a function of the executive remaining with the Corporation during a three-year period and is being used as a retention measure. • Share units are granted based on the average value of the trades of the Class A Shares made during the five days preceding the date of grant.
Stock option plan of Transcontinental Inc. (the "SOP")	<ul style="list-style-type: none"> • Options are granted annually based on the performance of the executive and are aimed at aligning the interests of the executives with those of the shareholders. • The ultimate value of the grants depends on the market price of the Class A Shares at the time the options are exercised. • Options granted vest at a rate of 25% per year over a four-year period, commencing on the first anniversary date of the date of grant; their term is seven years. • Commencing with the fiscal year ended October 31, 2006, all stock options are granted to a limited number of executives being part of the Management Committee and certain senior executives (12 persons in 2007).

The composition of the global compensation package varies at each management level, depending on the impact the executives have over the results of the Corporation. The average compensation target of certain executives is as follows:

	Variable Compensation			
	Base Salary	Annual bonus ⁽¹⁾	Share units ⁽¹⁾	Stock options ⁽¹⁾
Rémi Marcoux Executive Chairman of the Board	52%	26%	–	22%
Luc Desjardins President and Chief Executive Officer	31%	31%	25%	13%
Benoît Huard Vice President and Chief Financial Officer	49%	22%	19%	10%
François Olivier Chief Operating Officer	49%	22%	19%	10%
Natalie Larivière President, Media Sector	49%	22%	19%	10%

(1) The percentage indicated represents the percentage if the vesting conditions and objectives are satisfied at 100%.

Base Salary

Base salary is to compensate executives for performing their duties with the Corporation. Base salaries are compared to salaries paid for equivalent positions within the applicable comparative group and to salaries for equivalent positions within the Corporation. Salaries are reviewed at least on an annual basis and annual adjustments come into effect on January 1 following the end of the fiscal year.

Short Term Incentive Compensation

Bonuses paid pursuant to the short term incentive compensation program depend on the level of achievement of predetermined goals for the Corporation, the business units and each executive. The Corporation attributes to each executive a bonus target level representing the amount which would be paid if all goals are achieved according to the targets set. Depending on the performance achieved, actual bonuses may vary between zero and twice the target bonus, based upon the performance of the Corporation, its business units and the performance of the executive.

Since November 1, 2006, a new factor based on financial performance, economic value creation, was introduced. Economic value creation ("EVC") is a performance measure and is calculated based on earnings before income taxes, before financial expenses and after deduction of a charge on utilized capital. This component aims at favouring value creation with respect to each investment decision and other capital utilization when compared to EVC historical values.

In addition, the weight of financial indicators in the determination of the amount to be received by an executive was reviewed with the objectives of improving synergies between sectors and increasing the accountability of managers of the Corporation. Bonus targets for eligible persons were adjusted, as needed, to the median of our comparative groups in order to increase the ability of the Corporation to attract and retain executives.

Principal Measures and Payment Targets for the Short Term Incentive Compensation

The following table presents the target incentive compensation as a percentage of salary, the financial indicators used to measure the Corporation's performance for purposes of the short term incentive compensation program and the relative weight of these financial indicators for purposes of the compensation program.

		Luc Desjardins President and Chief Executive Officer	Benoît Huard Vice President and Chief Financial Officer	François Olivier Chief Operating Officer⁽¹⁾	Natalie Larivière President, Media Sector
Incentive compensation as a percentage of salary, bases upon achieving the objectives:	Minimum	0%	0%	0%	0%
	Target	100%	45%	45%	45%
	Maximum	200%	90%	90%	90%
Relative weight of financial indicators					
	<i>Earnings per share</i>	75%	75%	50%	50%
	<i>Economic value creation - Corporation</i>	25%	25%		
	<i>Economic value creation - Sector</i>			25%	25%
	<i>Earnings before taxes - Sector</i>			25%	25%
Total		100%	100%	100%	100%

(1) The employment terms and conditions for the Chief Operating Officer and President and Chief Executive Officer will be determined in the coming weeks.

Short Term Incentive Compensation Paid in 2007

With respect to the fiscal year ended October 31, 2007, certain financial goals were attained, whether in whole or in part. With respect to the portion of the compensation which depends on achieving a level of earnings per share, it was partially achieved.

In addition, as the Corporation restated its financial statements for the fiscal year ended December 31, 2006 and those of prior periods which resulted in a reduction of the earnings per share for 2006 compared to those published earlier in the financial markets, the portion of the annual bonuses for 2007 payable to members of the Management Committee who had been in office during the whole 2006 fiscal year, and which depends on achieving a level of earnings per share, was reduced by 10%.

Mid Term Incentive Compensation

Share Unit Plan (the "SUP")

The SUP was approved by the Board of Directors of the Corporation on June 14, 2005 and amended on December 14, 2006. The purpose of the SUP is to ensure a better alignment between the interests of management and those of the shareholders by providing designated executives with share units, the value of which will increase or decrease based on the value of the Corporation's securities. The SUP is non-dilutive and is settled in cash or shares purchased on the open market.

The Corporation implemented the SUP in order to grant share units to various officers, senior executives and high potential members of the management team in recognition of their contribution to, and their involvement in, the long-term performance and success of the Corporation.

The Committee of the Corporation has the authority to make recommendations to the Board of Directors regarding participants in the SUP, the terms and conditions of each grant, whether the grant will be in deferred share units ("DSU") or restricted share units ("RSU"), the date of the grant and the vesting conditions.

The SUP is intended to favour value creation in the mid-term and compliance with the strategic plan. Vesting of the share units depends on achieving three-year goals set in terms of economic value creation. Before January 9, 2007, share units had been granted only to the President and Chief Executive Officer, namely a grant on January 18, 2005 of 17,197 DSUs and a grant on December 15, 2005 of 15,423 DSUs. Vesting of the share units was then subject to the achievement of goals set in terms of average total shareholder return for Class A Shares of the Corporation measured in relation to the average yield of the shares of companies taken into account in the Capped Industrials Index of the Toronto Stock Exchange, over a three-year period, adjusted for dividends.

In addition, in order to support the Corporation's retention strategy, a portion of the annual share unit grant is only based upon the executive remaining in the employment with the Corporation over the three-year period and does not depend upon any performance goal. Finally, the Corporation has, at the same time as it conducted its market comparison exercise in 2006, adjusted the number of share units granted to the reference market median, as needed.

On January 9, 2007, a total of 169,098 share units were granted to 54 persons, of which 118,150 share units are performance based and 50,948 share units are retention based. Share units were granted either as RSUs or DSUs. An executive who holds RSUs may receive payment at the end of a three-year period following the date of grant of such RSUs if the vesting conditions have then been satisfied; an executive who holds DSUs may only receive payment after having left the employment with the Corporation provided that the vesting conditions have been satisfied. All grants made to executives subject to share ownership guidelines were made in DSUs if such ownership guidelines had not been satisfied at the time of grant. Vesting of share units which are performance based depends upon the Corporation achieving a cumulative three-year goal expressed in terms of economic value creation, the whole in accordance with the strategic plan. Vesting of share units which are retention based depends only upon the executive remaining in the employment with the Corporation over a three-year period.

The price of the share unit grant is calculated based on the weighted average price of transactions on the Class A shares on the Toronto Stock Exchange for the five trading days immediately preceding the date of the grant (the "Market Value").

Participants will receive, as of the payment date in the case of DSUs or as of the vesting date in the case of RSUs, a value equal to the Market Value of the Class A Shares at that date. The Board of Directors determines if the payment will be made in shares acquired on the open market or in cash. Vested DSUs are paid following the termination of employment while RSUs must be paid out when rights vest, three years after the date of the grant.

Details of the SUP are presented in note 17 to the Corporation's audited consolidated financial statements for the year ended October 31, 2007, which are included in the 2007 Annual Report. These documents can be found on the Internet site of SEDAR (www.sedar.com) as well as on the Corporation's Internet site (www.transcontinental.com).

Long Term Incentives

Stock Option Plan (the "SOP")

The Corporation believes that it is important to base a portion of the remuneration paid to its executives on the long-term success of the Corporation, as measured by the increase in the value of the Corporation's shares. The SOP has the following principal features:

- (i) executive officers, senior executives and certain managers recognized for their strategic contribution and identified by the Committee as having a significant impact on the Corporation's long-term results are eligible to participate in the SOP. However, in order to reduce the dilutive effect of stock option grants, stock options will, from now on, only be granted to a limited group of persons, composed only of members of the Management Committee and certain executives. For the same reasons, the size of the target grant has also been reduced compared to prior years;
- (ii) the total number of Class A Shares (the "Reserved Shares") issuable following the exercise of any options granted under the SOP is 6,078,562, representing 9.12% of the outstanding Class A Shares and 1.5% of the voting rights attached to the Corporation's outstanding equity shares. Of this number, a balance of 3,023,748 Reserved Shares may be issued for future option grants;
- (iii) the maximum number of Reserved Shares that may be subject to options granted in favour of any one participant may not exceed 5% of the total number of Class A Shares issued and outstanding of the Corporation (namely 4% of the outstanding equity shares of the Corporation);
- (iv) 1,858,526 options were outstanding at a weighted average exercise price of \$18.79, representing 2.79% of the outstanding Class A Shares and 0.46% of the voting rights attached to the Corporation's outstanding equity shares. Of this number, 1,226,336 options are exercisable at a weighted average exercise price of \$17.80;
- (v) the Committee is responsible for administering the SOP and thus for recommending for approval by the Board of Directors the timing of the grants as well as the number of options to be granted;
- (vi) the price at which stock options are granted is determined by the Committee, but may not, under any circumstance, be less than the weighted average trading price of the shares on the Toronto Stock Exchange for the five business days immediately preceding the date the options are granted;
- (vii) options granted under the SOP are for Class A Shares. Options granted before March 30, 2005 vest at a rate of 20% per year as of the first anniversary of the grant and will expire at the latest 10 years after the grant date. Options granted after March 30, 2005 generally vest at a rate of 25% per year as of the first anniversary of their grant and will expire at the latest seven years after the grant date;

- (viii) when a participant's employment ceases (except in the event of retirement), any options that may be exercised at the date of termination of the employment must be exercised within 90 days following such termination of employment (except in the event of death, where the options must be exercised within 180 days following the date of death), but, in no event, after the expiry date of the options, failing which the options will expire and be cancelled. In the event of retirement, a participant will benefit from a vesting period with respect to the granted options for a period of one year after the date of his retirement as well as an additional period of 90 days to carry out his exercise rights (but, in no event, after the expiry date of the options);
- (ix) the options can in no way be assigned or transferred, except by means of a will or pursuant to applicable laws regarding estates; and
- (x) the Committee may amend the rules of the SOP at any time, subject to any regulatory approvals.

The shareholders of the Corporation approved amendments to the SOP at the annual meeting held on February 21, 2007 relating to: (i) the procedure to be followed for amendments to the SOP by setting out the types of amendments which need to be approved by the shareholders; (ii) the extension of the term of the options which would have otherwise lapsed during a black-out period, up to a maximum of five trading days; and (iii) the right of the Board of Directors to accelerate all, or a portion of, the options upon the change of control of the Corporation.

The shareholders of the Corporation also approved amendments to the SOP at the annual meeting held on March 30, 2005, increasing the number of Reserved Shares by 3,000,000 shares and reducing the vesting deadline from five years to four years (namely 20% to 25% per year) and the term of the options from 10 years to seven years, all of the above with respect to options granted after March 30, 2005.

Details of the SOP are presented in note 17 to the Corporation's audited consolidated financial statements for the year ended October 31, 2007, which are included in the 2007 Annual Report. These documents can be found on the Internet site of SEDAR (www.sedar.com) as well as on the Corporation's Internet site (www.transcontinental.com). These documents, as well as the rules governing the SOP, can also be obtained on request from our Corporate Secretary at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

Share Ownership Guidelines

In December 2006, the Corporation adopted share ownership guidelines and extended the application of those guidelines to senior executives and members of senior management. Depending on their hierarchic level, they must own the equivalent of up to three times their annual base compensation, either in vested share units or in shares of the Corporation. Until such time as the share ownership guidelines are satisfied, share units granted which are performance based will be converted in vested DSUs at the time of vesting while share units which are retention based may, commencing in 2008, be granted either in DSUs or RSUs, at the discretion of the executive.

In addition, commencing with 2007, the Corporation's executives being subject to the share ownership guidelines may convert the totality of their annual bonuses payable pursuant to the short term incentive program in vested DSUs. This measure is intended to reduce the time it takes an executive to meet the share ownership guidelines.

Ownership guidelines	Multiple of base salary
Rémi Marcoux Executive Chairman of the Board	—
Luc Desjardins President and Chief Executive Officer	3
Benoît Huard Vice President and Chief Financial Officer	1.5
François Olivier Chief Operating Officer	1.5
Natalie Larivière President, Media Sector	1.5

Share ownership guidelines also apply to other senior executives. In general, other vice presidents of the Corporation and vice presidents responsible for business units must own the equivalent of one time their base salary while other vice presidents of the business units must own the equivalent of 50% of their base salary.

Payments upon Retirement

Retirement benefits are construed as forming an integral part of the global compensation paid to executives.

The Corporation's executives benefit from a basic pension plan and individual retirement agreements which are defined benefit plans providing for annual benefits calculated based on the number of years of service and highest average compensation. Base salary used for purposes of determining benefits payable may not exceed \$400,000, except, as at December 31, 2007, for Messrs. Desjardins and Marcoux.

Insider Policy

In 1992, the Corporation approved a policy to ensure compliance with securities legislation regarding actions that could be taken by directors, officers, employees or any other person having privileged information regarding the Corporation's securities. This policy was subject to review and updates were approved by the Board of Directors on January 18, 2005 and December 13, 2007. On a quarterly basis, the Corporation reminds its insiders that all trades must be reported to the competent authorities within 10 days of any transaction and that failure to do so could lead to penalties. In addition, the Corporation has established a rule whereby insiders can only trade on the Corporation's securities (including asking for the payment of share units) during a period of 30 days starting two business days after the publication of the annual and quarterly financial statements. The policy expressly provides that an insider cannot carry out any trades if he or she has knowledge of a material fact, the disclosure of which could materially affect share price.

Compensation of the Executive Chairman of the Board

Pursuant to a five-year contract entered into in September 2004, the compensation of the Executive Chairman of the Board includes a fixed base salary of \$630,000, a target short term executive compensation (annual bonus) equal to 150% of his base salary and rights to receive upon retirement an annual annuity of \$500,000 payable commencing on his 69th birthday.

Compensation of the President and Chief Executive Officer

The President and Chief Executive Officer's financial goals are established at the beginning of the year by the Board of Directors. Thereafter, the Corporation's performance is monitored regularly with respect to these goals. For the year ended December 31, 2007, the base salary of the President and Chief Executive Officer was \$750,000. With respect to his annual bonus, expressed as a percentage of his base salary, the bonus paid out amounted to \$605,625, given the results achieved, representing 90% of the target bonus which depends on achieving a level of earnings per share, less a 10% reduction to take into account that the Corporation restated its

financial statements for 2006. As for the portion of the bonus which depends on EVC (25% of the total bonus) it was paid at 80%. Performance was defined in terms of earnings per share and economic value creation achieved during the fiscal year ended October 31, 2007 compared to the objectives set by the Board of Directors when the budgets were approved.

Options are granted to the President and Chief Executive Officer pursuant to the terms and conditions of the SOP and the number of options is recommended by the Committee and approved by the Board of Directors. On January 9, 2007, the Corporation granted to the President and Chief Executive Officer options to purchase 47,500 Class A Shares at an exercise price of \$20.90 per share.

The President and Chief Executive Officer also participates in the SUP. The number of units has been recommended by the Committee and approved by the Board of Directors. On January 9, 2007, the Corporation granted to the President and Chief Executive Officer 10,243 retention based DSUs and 16,389 performance based DSUs. Vesting of the performance based share units granted under the SUP depends on the achievement by the Corporation of certain goals measured in terms of economic value creation over a three year period.

No additional stock option or share unit was granted to Mr. Desjardins as he will leave his employment with the Corporation on February 20, 2008.

On December 14, 2006, the Board of Directors approved amendments to the employment contract of the President and Chief Executive Officer, which amendments came into force on January 1, 2007. These amendments were implemented as a retention measure for the President and Chief Executive Officer, to favour the achievement of the mid and long term objectives of the Corporation and to facilitate the transition with any potential successor to the President and Chief Executive Officer. The Corporation had then retained the services of Mercer to collect market information and for the architecture of the other compensation components for the President and Chief Executive Officer.

Moreover, in the context of amending his employment contract in December 2006, in the event of a termination without sufficient reason, the Corporation had agreed to pay an amount equal to two times his base salary and two years of target performance bonuses, to accelerate the vesting of all options and 50% of the share units granted to the President and Chief Executive Officer, to credit his account for two additional years of service for purposes of calculating his benefits payable upon retirement and waive the penalty for early retirement. On December 13, 2007, the Board approved additional amendments to the employment contract of the President and Chief Executive Officer, including the payment of an additional severance of \$239,451, the reimbursement of certain expenses related to his search of employment (up to \$25,000) and his eligibility to receive certain benefits until such time as he becomes employed by another business (subject to a maximum of two years) and minor relief under his non-competition covenant. However, the President and Chief Executive Officer has waived the accelerated vesting of his options not yet vested at the date of his termination of employment and the exercise of such options. The severance costs, including benefits, to be paid to the President and Chief Executive Officer upon his termination of employment amount to \$3.8 million, which costs were recorded as an expense for the year ended October 31, 2007.

Conclusion

According to the Corporation's compensation policy, a major portion of the compensation paid to officers is based on the performance of the Corporation as well as of its operating sectors and that of the individual executives concerned. The Committee reviews the compensation programs for officers on a regular basis to ensure that they remain competitive and are in keeping with the goals as well as the values and commercial strategies of the Corporation.

When the circumstances warrant it, the Human Resources and Compensation Committee may make recommendations that deviate from current policies.

December 31, 2007

The Human Resources and Compensation Committee composed entirely of independent directors:

Hubert T. Lacroix, Chairman

J.V. Raymond Cyr

Harold "Sonny" Gordon

Compensation of Executive Officers

The following table details compensation information for the last three fiscal years ended October 31, 2007 for the President and Chief Executive Officer, the Vice President and Chief Financial Officer and the three most highly compensated executive officers of the Corporation and any of its subsidiaries during the last fiscal year (the "Named Executive Officers").

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$) ⁽¹⁾	Other Annual Compensation ⁽²⁾	Number of Securities Under Options Granted ⁽³⁾	Shares or Units Subject to Resale Restrictions (\$) ⁽⁴⁾
Rémi Marcoux Executive Chairman of the Board	2007	630,000	254,363	—	45,200	—
	2006	630,000	472,500	—	49,000	—
	2005	630,000	157,500	—	42,200	—
Luc Desjardins President and Chief Executive Officer ⁽⁵⁾	2007	738,750	605,625	—	47,500	214,058
	2006	680,846	616,500	—	51,400	297,443 ⁽⁶⁾
	2005	655,635	198,300	—	42,200	377,990 ⁽⁷⁾
Benoît Huard Vice President and Chief Financial Officer	2007	270,673	99,928	—	8,400	37,512
	2006	237,192	136,200 ⁽⁸⁾	—	19,600	—
	2005	175,135	17,600	—	4,900	—
François Olivier Chief Operating Officer ⁽⁹⁾	2007	360,711	231,622	—	10,900	48,755
	2006	324,661	207,250 ⁽¹⁰⁾	—	30,000	—
	2005	235,706	77,881	—	10,000	—
Natalie Larivière President, Media Sector	2007	358,683	195,887	—	11,700	52,496
	2006	87,500	34,125	200,000 ⁽¹¹⁾	50,000	—
	2005	—	—	—	—	—

(1) Bonuses are paid in cash during the year following the year in which they are earned.

(2) Amounts have not been included, as they do not reach the prescribed threshold of the lesser of 50,000 and 10% of the annual salary plus bonuses.

(3) Options relate to the purchase of Class A Shares.

(4) Share units granted pursuant to the SUP which are performance based are not included in this column. For more information regarding performance based share units, please see "Share Unit Plan (the "SUP")". Only share units which are retention based over a period of three years are set out in this table.

The value indicated was calculated by multiplying the number of share units subject to resale restrictions by the closing price for the Class A Shares on the date of grant.

The following table sets out the number of share units subject to resale restrictions granted, the value of such units on the date of grant, the value on October 31, 2007 (including share units granted in payment of dividends) and the vesting schedule:

		Number	Value as at the date of grant	Value on October 31, 2007	Vesting schedule
Rémi Marcoux	2007	—	—	—	—
	2006	—	—	—	—
	2005	—	—	—	—
Luc Desjardins	2007	10,243	214,058	213,054	December 2009
	2006	15,423	297,443	329,191	December 2008
	2005	17,197	377,990	370,288	January 2008
Benoît Huard	2007	1,795	37,512	37,366	December 2009
	2006	—	—	—	—
	2005	—	—	—	—
François Olivier	2007	2,333	48,755	48,526	December 2009
	2006	—	—	—	—
	2005	—	—	—	—
Natalie Larivière	2007	2,512	52,496	52,250	December 2009
	2006	—	—	—	—
	2005	—	—	—	—

The value of a Class A Shares on October 31, 2007 was \$20.80.

- (5) Mr. Luc Desjardins will be leaving the Corporation on February 20, 2008.
- (6) On December 14, 2005, 15,423 deferred share units were granted at a price of \$19.2857 per unit. Thereafter, 404 share units were granted in payment of dividends for an aggregate number of 15,827. One-half of the share units will vest by virtue of the termination of employment of the President and Chief Executive Officer as described under "Compensation of the Compensation of the President and Chief Executive Officer" on page 27.
- (7) On January 18, 2005, 17,197 share units were granted at a price of \$21.98 per unit. Thereafter, 605 deferred share units were granted in payment of dividends for an aggregate number of 17,802. Vesting of these units depends on achieving certain financial goals. They expire on January 18, 2008.
- (8) A special bonus of \$25,000 was paid to Mr. Huard who cumulated throughout the year, as a result of the departure of certain individuals, the responsibilities of Vice President and Chief Financial Officer, Corporate Treasurer and Corporate Controller.
- (9) Mr. François Olivier was appointed Chief Operating Officer on September 13, 2007. Prior to that date, Mr. Olivier was President, Printing Products and Services Sector. Mr. Olivier will become President and Chief Executive Officer on February 20, 2008.
- (10) A special bonus of \$100,000 was paid to Mr. Olivier to underline his excellent performance with respect to certain files, including in connection with the execution of the contract with Hearst Corporation to print The San Francisco Chronicle daily newspaper.
- (11) A special bonus of \$200,000, reimbursable in certain circumstances, was paid to Ms. Larivière at the time of her employment.

Options and Share Units Granted to Executive Officers During Last Fiscal Year

Options Granted

During the 2007 fiscal year, the Corporation granted a total of 160,100 options, representing 0.19% of the aggregate shares of the Corporation outstanding as of October 31, 2007. The following table presents the number of options granted under the Stock Option Plan of Transcontinental Inc. (the "SOP") to the Named Executive Officers for the fiscal year ended October 31, 2007. The principal terms and conditions of the SOP are set out under the heading "Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Stock Option Plan (the "SOP")".

Name	Number of Securities Under Option ⁽¹⁾	% of Total Number of Options Granted During the Fiscal Year	Exercise Price (\$/ Security)	Average Trading Price of Securities Under Options Five Days Prior to the Gram (\$/ Security)	Expiration Date Y/M/D
Rémi Marcoux	45,200	28.23%	20.90	20.90	2014/01/09
Luc Desjardins	47,500	29.67%	20.90	20.90	2014/01/09
Benoit Huard	8,400	5.25%	20.90	20.90	2014/01/09
François Olivier	10,900	6.81%	20.90	20.90	2014/01/09
Natalie Larivière	11,700	7.31%	20.90	20.90	2014/01/09

- (1) Options granted under the SOP relate to Class A Shares. Options granted prior to March 30, 2005 expire 10 years after the date of the grant and vest at a rate of 20% per year as of the first anniversary of their grant. Options granted after March 30, 2005 expire seven years after the date of the grant and vest at a rate of 25% per year as of the first anniversary of their grant.

Share Units Granted

During the 2007 fiscal year, the Corporation granted a total of 169,098 deferred share units, including 7,990 retention based restricted share units, 42,958 retention based deferred share units, 22,798 performance based restricted share units and 95,352 performance based deferred share units. The following table only presents grants of share units to the Named Executive Officers made pursuant to the Share Unit Plan (the "SUP") during the fiscal year ended October 31, 2007 and which are performance based. Grants of share units which are retention based are presented under "Compensation of Executive Officers". The principal terms and conditions of the SUP are set out under the heading "Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition- Share Unit Plan (the "SUP")".

Name	Number of Shares Units	Yield Period until the Vesting Date of Rights ⁽¹⁾	Estimated Future Payments Pursuant to the Plans		
			Threshold (number)	Target (number)	Maximum (number)
Rémi Marcoux	–	–	–	–	–
Luc Desjardins	16,389	3 years	–	16,389	16,389
Benoit Huard	2,871	3 years	–	2,871	2,871
François Olivier	3,732	3 years	–	3,732	3,732
Natalie Larivière	4,020	3 years	–	4,020	4,020

(1) Vesting of the share units which are performance based is based is subject to the achievement, over a three year period, of a cumulative goal according to the strategic plan, expressed in terms of economic value creation.

Aggregate Options Exercised by Executive Officers During Last Fiscal Year and Year-End Option Values

The following table indicates for each Named Executive Officer of the Corporation, the number of options exercised during the year, the gain realized upon exercise, the total number of exercisable and unexercisable stock options and the realizable value of gains on unexercised options as at October 31, 2007.

Name	Number of Securities Exercised ⁽¹⁾	Realized Gain (\$) ⁽²⁾	Total Number of Unexercised Options at Year-End (Exercisable/Unexercisable)	Total Realizable Value of Unexercised Options at Year-End (Exercisable/Unexercisable) (\$) ⁽³⁾
Rémi Marcoux	–	–	241,730 / 132,070	1,729,186 / 64,775
Luc Desjardins	–	–	202,610 / 178,570	759,161 / 75,802
Benoît Huard	–	–	14,340 / 28,360	20,010 / 38,156
François Olivier	7,240	80,470	39,260 / 48,840	35,370 / 39,986
Natalie Larivière	–	–	12,500 / 49,200	17,750 / 53,250

(1) Class A Shares.

(2) The realized gain at the time the options are exercised is the difference between the closing price of the Class A Shares on the Toronto Stock Exchange on the exercise date and the exercise price of the options.

(3) The total realizable value of unexercised options is the difference between the exercise price of the options and the closing price of the Class A Shares on the Toronto Stock Exchange on October 31, 2007, the last business day of the fiscal year, which closing price was \$20.80 per share. Any gain realized at the time the option is exercised will depend on the closing price of the Class A Shares on the exercise date. There is no assurance that any gains will be realized.

Principal Pension Plans

Officers of the Corporation benefit from a basic pension plan and a supplemental pension plan. Basic annual estimated benefits payable (which include benefits under the supplementary pension plan) on retirement are

shown on the first line while total annual estimated benefits, including individual supplementary plans, are indicated on the second line of the following tables.

Individual Supplementary Retirement Plans for Messrs. Huard and Olivier and Ms. Larivière

Remuneration (\$) ⁽¹⁾	Years of Service				
	15	20	25	30	35
200,000	51,000	68,000	85,000	102,000	119,000
	51,000	68,000	85,000	102,000	119,000
250,000	56,870	75,826	94,783	113,740	132,696
	63,750	85,000	106,250	127,500	148,750
300,000	56,870	75,826	94,783	113,740	132,696
	76,500	102,000	127,500	153,000	178,500
400,000 and higher	56,870	75,826	94,783	113,740	132,696
	102,000	136,000	170,000	204,000	238,000

(1) Salary for purposes of the pension plans includes the basic salary paid by the Corporation, excluding special payments and bonuses up to a maximum of \$223,020 as at January 1, 2008, or \$400,000 in the case of the individual supplementary pension plan. Normal retirement age is 65. However, employees may retire as early as 62 and still be entitled to a full pension. The normal method of payment regarding the pension of a participant with a spouse consists of a lifetime annuity and a 60% survivorship pension to the spouse. If a participant does not have a spouse, the pension is paid for life, subject to a 10 year guarantee period. Pensions (with the exception of the payable portion of the individual supplementary pension plan) are subject to an annual adjustment during retirement based on 75% of the increase in the Consumer Price Index, less 1%, subject to a minimum annual adjustment of 0% and a maximum annual adjustment of 6.5%.

Name	Salary for Purposes of the Plan (\$) (as of January 1, 2008)	Years of Service Deducted (as of January 1, 2008)	Projected Years of Service Deducted (At age 62)
Benoît Huard	300,000	5.83	18.42
François Olivier	415,000	13.25	32.42
Natalie Larivière	380,000	1.42	20.17

Individual Supplementary Retirement Plan for Mr. Desjardins

Remuneration (\$) ⁽¹⁾	Years of Service				
	5	10	15	20	25
400,000	18,957	37,913	56,870	75,826	94,783
	40,000	80,000	120,000	160,000	200,000
500,000	18,957	37,913	56,870	75,826	94,783
	50,000	100,000	150,000	200,000	250,000
600,000	18,957	37,913	56,870	75,826	94,783
	60,000	120,000	180,000	240,000	300,000
700,000	18,957	37,913	56,870	75,826	94,783
	70,000	140,000	210,000	280,000	350,000
800,000	18,957	37,913	56,870	75,826	94,783
	80,000	160,000	240,000	320,000	400,000

(1) Salary for purposes of the supplementary pension plan includes the basic salary paid by the Corporation, excluding special payments and bonuses. Normal retirement age is 65. However, pursuant to Mr. Desjardins' termination of employment contract, he may retire as early as 62 and still be entitled to a full pension. The normal method of payment regarding the pension of a participant with a spouse consists of a lifetime annuity and a 60% survivorship pension to the spouse. If a participant does not have a spouse, the pension is paid for life, subject to a 10 year guarantee period. Pensions (with the exception of the payable portion of the individual supplementary pension plan) are subject to an annual adjustment during retirement based on 75% of the increase in the Consumer Price Index, less 1%, subject to a minimum annual adjustment of 0% and a maximum annual adjustment of 6.5%.

6.5%. See "Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation of the President and Chief Executive Officer".

Name	Salary for Purposes of the Plan (\$) (as of January 1, 2008)	Years of Service Deducted (as of January 1, 2008)	Projected Years of Service Deducted (At age 62)⁽¹⁾
Luc Desjardins	750,000	9.58	9.75

(1) The projected number of years of service deducted is determined according to the terms and condition of Mr. Desjardins' termination of employment contract.

Individual Supplementary Retirement Plans for Mr. Marcoux

Remuneration (\$)⁽¹⁾	Years of Service		
	25	30	35
400,000	94,783 500,000	113,740 500,000	132,696 500,000
500,000	94,783 500,000	113,740 500,000	132,696 500,000
600,000	94,783 500,000	113,740 500,000	132,696 500,000
700,000	94,783 500,000	113,740 500,000	132,696 500,000

(1) Salary for purposes of the supplementary pension plan includes the basic salary paid by the Corporation, excluding special payments and bonuses. Normal retirement age is 65. However, employees may retire as early as 62 and still be entitled to a full pension. The normal method of payment regarding the pension of a participant with a spouse consists of a lifetime annuity and a 60% survivorship pension to the spouse. If a participant does not have a spouse, the pension is paid for life, subject to a 10 year guarantee period. Pensions (with the exception of the payable portion of the individual supplementary pension plan) are subject to an annual adjustment during retirement based on 75% of the increase in the Consumer Price Index, less 1%, subject to a minimum annual adjustment of 0% and a maximum annual adjustment of 6.5%.

Name	Salary for Purposes of the Plan (\$) (as of January 1, 2008)	Years of Service Deducted (as of January 1, 2008)
Rémi Marcoux	630,000	32.00

Additional Information Regarding Pension Related Provisions

Retirement benefits are considered as an integral part of the global compensation paid to officers. The following table presents the annual cost of retirement benefits, the liability associated with accumulated benefits as well as the annual pension that will be available to the officer at retirement. These amounts were determined based on assumptions used to calculate the value of the Plan's commitments at year-end and recognized in the financial statements according to generally accepted accounting principles.

Name	Annual Cost of Retirement Benefits for 2007 (\$)	Liability Associated with Accumulated Retirement Benefits	Annual Pension Available at Age 62 (\$)⁽¹⁾
Rémi Marcoux	159,000	4,942,000	500,000
Luc Desjardins	223,000	1,689,000 ⁽²⁾	153,000 ⁽³⁾
Benoît Huard	54,000	318,000	125,000
François Olivier	41,000	546,000	221,000
Natalie Larivière	42,000	59,000	137,000

(1) 69 years for Mr. Marcoux and 56 years for Mr. Desjardins.

- (2) Mr. Desjardins will be leaving the Corporation on February 20, 2008. As agreed pursuant to his termination of employment contract, Mr. Desjardins will benefit from two additional years of service for purposes of the Plan and the annual pension will not be subject a reduction as of March 1, 2008.
- (3) Commencing on his 65th birthday, the annual pension of Mr. Desjardins will be \$137,100.

Employment Contracts and Terms and Conditions of Termination of Employment

Generally, the officers of the Corporation or its subsidiaries do not have employment contracts. However, employment proposals made to external candidates or resulting from certain acquisitions carried out by the Corporation contain specific terms and conditions in case of termination of employment, which provide for the payment of indemnities the amount of which can vary from one to two times their basic annual salary, plus performance bonuses for certain individuals. Amongst the Named Executive Officers, other than the President and Chief Executive Officer, as of December 31, 2007, the Corporation has entered into a contract containing termination of employment provisions with Mr. François Olivier which provides for the payment of an indemnity equal to 18 months of his base salary.

Employment Contract of the Executive Chairman of the Board

Pursuant to a five-year contract entered into in September 2004, the compensation of the Executive Chairman of the Board includes a fixed base salary of \$630,000, a target short term executive compensation (annual bonus) equal to 150% of his base salary and rights to receive upon retirement an annual annuity of \$500,000 payable commencing on his 69th birthday.

Employment Contract of the President and Chief Executive Officer

Mr. Luc Desjardins' employment conditions are described under the heading "Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation of the President and Chief Executive Officer".

Mr. Desjardins will be leaving the Corporation on February 20, 2008. At the time of his termination of employment, the Corporation will pay to Mr. Desjardins a monetary compensation in an amount equal to two times his base salary (\$1,500,000), two years of target performance bonuses (\$1,500,000) and an additional sum of \$239,451. Vested options at the time of his termination of employment may be exercised. One-half of the unexpired share units will be subject to accelerated vesting and may thus be exercised (\$168,000 for the share units). In addition, the Corporation will credit the account of Mr. Desjardins of two additional years of service for purposes of calculating his benefits payable upon retirement, which benefits will then not be subject to any reduction if retirement. These two additional years of service being credited represent an additional charge of \$375,000 for the Corporation. Furthermore, the Corporation will reimburse certain expenses related to this search of employment (up to \$25,000) and maintain his eligibility to receive certain benefits until such time as he becomes employed by another business (subject to a maximum of two years). The severance costs, including benefits, to be paid to the President and Chief Executive Officer upon his termination of employment on February 20, 2008 amount to \$3.8 million, which costs were recorded as an expense for the year ended October 31, 2007.

Summary of the costs of Mr. Desjardins' severance payments

Two years of base salary at \$750,000	\$1,500,000
Two years of target bonuses pursuant to the short term incentive program (annual bonus)	\$1,500,000
Two years of additional years of service credited for pension purposes and non-reduction of the annual pension	\$375,000
Share units	\$168,000
Additional amount	\$239,451
Total	\$3,782,451

Mr. François Olivier will become President and Chief Executive Officer on February 20, 2008. It is expected that the Corporation will sign an agreement with Mr. Olivier during the coming weeks.

Equity Shares Issuable Pursuant to Compensation Plans

Details of the equity shares issuable pursuant to the Stock Option Plan are presented in note 17 to the Corporation's audited consolidated financial statements for the year ended October 31, 2007, which are included in the 2007 Annual Report. These documents can be found on the Internet site of SEDAR (www.sedar.com) as well as on the Corporation's Internet site (www.transcontinental.com). These documents can also be obtained on request our Corporate Secretary at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

On October 31, 2007, the number of Class A Shares available for future issuances pursuant to the stock option and share unit plans was 3,019,168.

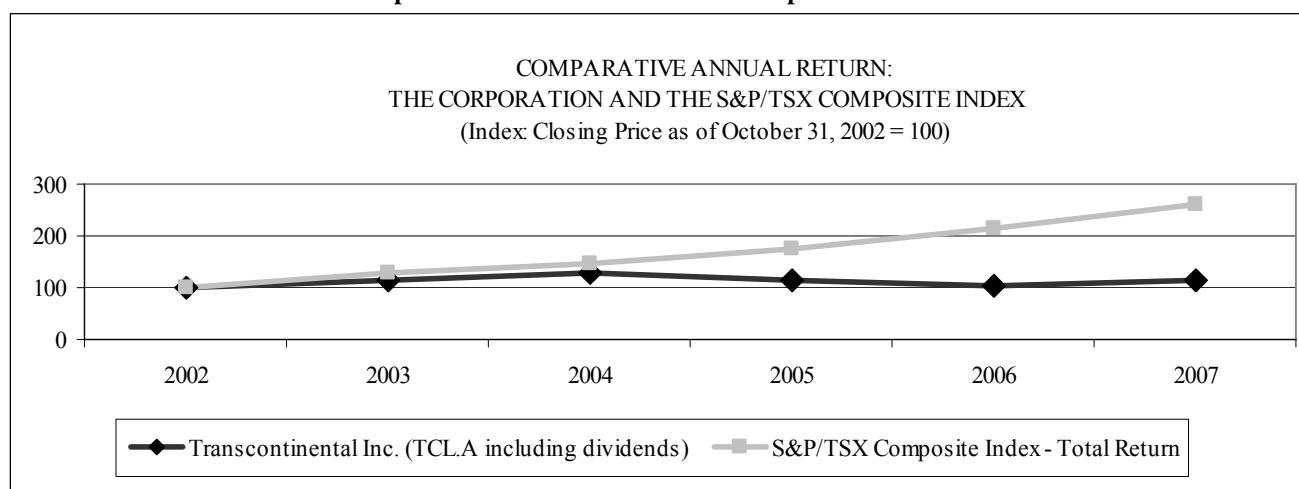
Type of Plan	Number of Securities Issuable Upon Exercise of Outstanding Options, Warrants or Rights at October 31, 2007	Average Weighted Exercise Price of Outstanding Options, Warrants and Rights at October 31, 2007 (\$)	Number of Remaining Securities Issuable Pursuant to Equity Share Based Compensation Plans at October 31, 2007
Share based compensation plan approved by securityholders ⁽¹⁾ Class A Shares	979,936	17.10	4,884,474
Share based compensation plan not approved by securityholders	—	—	—

(1) Pursuant to the Stock Option Plan.

Performance Graph

The following graph illustrates the total cumulative yield of a \$100 investment in the shares of the Corporation made on October 31, 2002 compared with the cumulative performance of the S&P/TSX Composite Index on the Toronto Stock Exchange for the last five fiscal years.

**Compounded Annual Growth Rate
(including dividends)
The Corporation: 2.6% and S&P/TSX Composite Index: 21.0%**



As at October 31

	2002	2003	2004	2005	2006	2007
Closing TCL.A	\$19.23	\$21.85	\$24.06	\$21.14	\$19.26	\$20.80
Closing TCL.B	\$19.13	\$21.60	\$23.99	\$20.53	\$20.95	\$20.70
Dividends	\$0.12	\$0.14	\$0.17	\$0.21	\$0.25	\$0.28
S&P/TSX Composite index	13,913.94	17,648.99	20,494.96	24,415.41	29,707.07	36,072.14

Indebtedness of Directors or Officers

Neither the Corporation nor any of its subsidiaries grants any loans to any of its directors or officers.

Directors' and Officers' Liability Insurance

The Corporation subscribes to an insurance policy for the benefit of directors and officers of the Corporation against liability incurred by them in these capacities. The current annual policy limit per risk and per year is \$50,000,000. In the event of a claim, the deductible amount is \$250,000. The annual premium is \$272,885.

General

Information contained herein is given as at the date hereof except as otherwise stated. Management of the Corporation knows of no matter to come before the Meeting other than the matters referred to in the accompanying Notice of the Meeting.

Availability of Documents

The Corporation's financial information is included in the audited consolidated financial statements of the Corporation and notes thereto and in the accompanying Management's Discussion and Analysis ("MD&A") for the fiscal year ended October 31, 2007. Copies of these documents and additional information concerning the Corporation can be found on the Internet site of SEDAR (www.sedar.com) and may also be obtained on request from our Corporate Secretary at our registered office, 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2. The above documents, as well as the Corporation's news releases, are also available on the Corporation's Internet site (www.transcontinental.com).

Approval by Directors

The content and the sending to the shareholders of this Circular have been approved by the Board of Directors of the Corporation.

Dated at Montréal, this 9th day of January, 2008.



Christine Desaulniers
Vice President, Chief Legal Officer
and Corporate Secretary

Schedule A

Statement of Corporate Governance Practices of Transcontinental Inc.

The Corporation is of the opinion that efficient corporate governance practices are essential to the overall success of a corporation. Canadian Securities Administrators adopted National Instrument 58-101 and National Policy 58-201 that require that the Corporation disclose information regarding its corporate governance practices. Moreover, the Corporation complies with the provisions of Multilateral Instrument 52-110 and Companion Policy 52-110 with respect to the Audit Committee (see the heading "Audit Committee" in this Circular).

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

1. Board of Directors

The Corporation complies with the guidelines on corporate governance practices which set out that a majority of the Directors of the Corporation must be independent. In fact, two-thirds of the proposed nominees as directors are independent.

According to section 1.4 of Multilateral Instrument 52-110, a director is independent if he has no direct or indirect material relationship with the Corporation, which includes a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of the director's independent judgment. After having examined the role and relationships of each of the directors, the Corporate Governance Committee has established that two-thirds of the directors proposed as nominees by management for election as directors are independent of the Corporation, namely:

Lucien Bouchard
J.V. Raymond Cyr
Claude Dubois
Richard Fortin
Harold "Sonny" Gordon
Monique Lefebvre
Lino A. Saputo, Jr.
André Tremblay

This determination was made based on the following factors:

- (i) they (and members of their immediate family) are not and have not been, during the three previous years, an employee or executive or officer of the Corporation;
- (ii) they (and their spouse, minor children or minor children from a previous marriage) are not and have not been, during the three previous years, a partner or employee of the Corporation's external auditors;
- (iii) they (and members of their immediate family) are not and have not been, during the three previous years, an executive officer of an entity if any of the officers of the Corporation serve or served on such entity's human resources and compensation committee;
- (iv) they (and members of their immediate family) have not received more than \$75,000 per year in direct compensation from the Corporation over a period of twelve months during the three previous years;
- (v) the consultation contract between Mr. Claude Dubois and the Corporation ended in March 2004.

In addition, two-thirds of the proposed nominees, namely eight of the 12 nominees, are independent from the majority shareholder.

After having examined the role and relationships of each director, the Corporate Governance Committee has established that the four following directors, of the 12 directors proposed by management to sit on the Board of Directors, are not independent from the Corporation, namely:

- Rémi Marcoux, Executive Chairman of the Board;
- Isabelle Marcoux, Vice Chair of the Board and Vice President, Corporate Development, and daughter of Mr. Rémi Marcoux;
- François Olivier, Chief Operating Officer and husband of Isabelle Marcoux; and
- Pierre Marcoux, Vice President, Economic Publications for Transcontinental Media LLP (wholly-owned by the Corporation) and son of Mr. Rémi Marcoux.

For more detailed biographical information regarding each director, see the heading "Election of Directors" on page 6 of this Circular.

All the directors sitting on boards of directors of other public corporations (reporting issuers) are identified under the heading "Election of Directors" on page 6 of this Circular.

Independent directors systematically hold in camera meetings during each meeting of the Board. Such meetings are chaired by the Lead Director. During the fiscal year ended October 31, 2007, the independent administrators held eight such in camera meetings. In addition, independent directors held in 2007 a formal meeting where only the independent directors were called to attend. The committees of the Board are entirely composed of independent directors and, at each of their meetings, they meet without any members of management in attendance.

However, the Executive Chairman of the Board is not independent. The position of Chairman of the Board and Chief Executive Officer was split in March 2004. The competence and experience of Mr. Rémi Marcoux, Executive Chairman of the Board and non-independent director, are very important for the Corporation and the Board. Other mechanisms have been put into place, including holding meetings of independent directors without members of management in attendance. Moreover, Mr. J.V. Raymond Cyr, an independent director, was appointed, for a two-year period, as Lead Director with the responsibility of ensuring that the Board of Directors functions independently from management.

A description of the role and responsibilities of the Executive Chairman of the Board is included in Schedule B to this Circular.

During the fiscal year ended October 31, 2007, the Board of Directors held eight meetings and one meeting of the independent directors, the Corporate Governance Committee held four meetings, the Human Resources and Compensation Committee held five meetings and the Audit Committee held six meetings. Overall directors attended 95% of the meetings held by the Board of Directors and its committees. See the heading "Board of Directors' Attendance Record" on page 15 of this Circular for the attendance record of each director at the meetings of the Board of Directors and its committees held during the fiscal year ended October 31, 2007.

2. Mandate of the Board of Directors

The Board of Directors approved the written mandate of the Board. The Board of Directors reviews, evaluates, approves and monitors the major initiatives and policies of the Corporation, namely (i) the strategic plan, the business objectives and the annual budget of the Corporation; (ii) the financial goals, including the compensation of senior officers; (iii) the identification of the principal risks to which the Corporation is exposed and the systems implemented to manage these risks; (iv) the organizational structure and the succession plan for senior executives; (v) the internal control and management information systems which are assessed in light of the internal and external auditing procedures; and (vi) the structures implemented to ensure efficient communications between the Corporation, its shareholders and the public.

The complete text of the mandate of the Board of Directors is set forth in Schedule B to this Circular.

3. Position Description

The Board of Directors has developed a job description for the Executive Chairman of the Board, the Lead Director, the chair of each committee of the Board and the President and Chief Executive Officer.

A description of the role and responsibilities of the Executive Chairman of the Board was approved by the Board of Directors. The description establishes that the Executive Chairman of the Board provides leadership and develops guiding principles for the Board of Directors and represents the Board with respect to shareholders at the annual meeting of shareholders. The Executive Chairman of the Board also sets the agenda for Board meetings, chairs Board meetings, ensures that Board members receive clear information on a timely basis and ensures that the performance of the Board is assessed on a regular basis. In addition, the Executive Chairman of the Board supervises the chairs of the Board committees.

Descriptions of the role and responsibilities of the chairs of the Audit Committee, the Human Resources and Compensation Committee and the Corporate Governance Committee were approved by the Board of Directors. They provide, among other things, that the chairman of each committee sets the agenda and chairs committee meetings and reports regularly to the Board of Directors.

The description of the role and responsibilities of the Lead Director was approved by the Board of Directors. It provides, among other things, that the Lead Director chairs all meeting of the independent directors and must ensure that the Board of Directors functions independently from management.

A description of the role and responsibilities of the President and Chief Executive Officer was approved by the Board of Directors. The Board of Directors also determines with the President and Chief Executive Officer his priorities and responsibilities. The description provides that the President and Chief Executive Officer is ultimately responsible for running the Corporation, for ensuring the profitability of the Corporation, for the proper functioning of its operations and for its sustained growth. He is responsible for developing and implementing the mission, the vision and the strategy of the Corporation as approved by the Board of Directors, in line with the Corporation's values: respect for others; professionalism and integrity; judgment and discipline; creativity and innovation; leadership; and entrepreneurship. He must establish short, mid and long-term objectives for the Corporation and ensure that action plans and policies are implemented to meet these objectives. Therefore, he is responsible for implementing and ensuring compliance with policies relating to operations, finance, growth and human resources management. He is accountable for the development and respect of said business practices and relations with internal and external clients of the Corporation, with the financial community, with the social communities and governments.

A copy of the full text of the role and responsibilities of the Executive Chairman of the Board, of the Lead Director, of the chair of each committee of the Board and of the President and Chief Executive Officer can be obtained from our Corporate Secretary, 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

4. Orientation and Continuing Education

The Corporation recently developed a continuing education program. The main objective of the continuing education program is to offer for each new director the opportunity to learn the business of the Corporation and to each director to better understand the challenges the Corporation is exposed to. This continuing education program is addressed, inter alia, to new directors to inform them as to the role of the Board Directors, its committees and its directors, the nature and functioning of the Corporation, the operations and management of the Corporation. Therefore, each director receives a Director Handbook that is regularly updated. The Director Handbook contains material pertinent to the affairs of the Corporation, including the Corporation's bylaws, the mandate of the Board of Directors and its committees, descriptions of the role and responsibilities of each committee chair and the Executive Chairman of the Board, corporate governance guidelines, questionnaires for the assessment of the Board of Directors, its committees, and of the Executive Chairman of the Board, details of directors compensation, including the text of the Deferred Share Unit Plan, details regarding directors' liability insurance, the role and responsibilities of the President and Chief Executive Officer as well as details regarding the Corporation's structure, its Code of Ethics and its policies. In addition, newly appointed directors benefit from

an orientation program in the form of informal meetings with management as well as guided tours of the Corporation's business units.

Moreover, the Corporate Governance Committee is in charge of recommending and organizing with management of the Corporation a continuing education program for directors. Each director is invited to participate in continuing education activities relating to the business of the Corporation, the industries in which it operates and regulatory matters. The program provides for regular presentations to the Board of Directors. Meetings of the Board of Directors are sometimes held at the Corporation's business units and guided tours are organized to provide directors with additional insight regarding the Corporation's activities.

The Corporate Governance Committee generally plans training activities to be held at each Board meeting, in addition to regularly presentations made to the Board of Directors. Amongst others, in 2007, presentations relating to the future of daily newspapers, the impact of digital technologies and the direct market industry were organized.

5. Code of Ethics

The Corporation adopted its initial Code of Ethics in September 2000 and updated it in September 2005. The Code of Ethics applies to all individuals who are employed by the Corporation and its subsidiaries as well as its directors.

The Board of Directors is responsible for ensuring that the Code of Ethics is applied throughout the Corporation. The Board of Directors has given the Corporate Governance Committee a mandate to negotiate and settle all questions relating to the implementation or application of the Code of Ethics. In addition, all executives and officers of the Corporation play a decisive role regarding compliance with the Code of Ethics. In order to facilitate its understanding, various policies of the Corporation have been approved by the Board of Directors, including the Workplace Harassment Policy, the Environmental Policy, the Corporate Disclosure Policy, the Whistle-Blowing Policy, the Insider Trading Policy, the Procurement Policy and the Delegation of Authority Policy, all of which are mentioned in the Code of Ethics.

The Corporate Governance Committee is responsible for examining any departure to the Code of Ethics by a director or a senior officer and to make recommendations to the Board regarding any measures to be taken with respect thereto. The Board did not grant any waivers with respect to the Code of Ethics to any directors, executives or officers during the last fiscal year. Therefore, no material change report was filed.

The Code of Ethics includes a section on conflicts of interest as well as a statement regarding an actual or potential conflict of interest that must be completed and signed by all employees, including senior officers as well as all the directors.

The Corporate Governance Committee ensures that no director participates in a discussion or gives his approval on an issue in which the director has a major interest and such director will refrain from voting on such issue.

The Board of Directors has adopted several policies and procedures relating to the management of the Corporation's affairs with respect to sound corporate governance.

Moreover, a communications program with employees was adopted regarding the implementation of the Code of Ethics, which will ensure its uniform dissemination throughout the Corporation and its subsidiaries.

A copy of the Code of Ethics was filed on SEDAR on October 17, 2005 and can be obtained on SEDAR's Internet site (www.sedar.com). A copy this document can also be obtained from our Corporate Secretary at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

6. Selection of Candidates to the Board of Directors

The Board of Directors has given the Corporate Governance Committee a mandate to recommend new candidates to the Board. The Committee is responsible for reviewing the size and the composition of the Board of Directors, with a view to facilitate effective decision-making and to ensure a diversity of opinions and experience, all the while maintaining the Board's independence vis-a-vis management. This review is carried out on an annual basis. The competencies and skills that the Board should possess have been considered by the Corporate Governance Committee and approved by the Board of Directors.

The Board of Directors did not appoint a nominating committee and the responsibilities that are normally attributed to such committee are part of the responsibilities of the Corporate Governance Committee. The Corporate Governance Committee is composed of three directors, all of whom are independent. The Executive Chairman of the Board attended in 2007, upon invitation, all meetings of the Corporate Governance Committee as an observer. In connection with the candidacy of Mr. Lino A. Saputo, Jr. as a director, the Corporate Governance Committee, after review of his candidacy, recommended his candidacy to the Board of Directors who approved it.

The mandate of the Corporate Governance Committee provides that such committee is responsible for establishing the competencies and skills that the Board of Directors, as a whole, should possess, for compiling the competencies and skills of each director, establishing the complementary or desired competencies and skills for any new candidate to the Board of Directors and for making recommendations to the Board of Directors regarding the nomination of new candidates. The Corporate Governance Committee also reviews the size of the Board of Directors and implements a system for the assessment of the Board of Directors and its committees.

A copy of the mandate of the Corporate Governance Committee can be obtained from our Corporate Secretary of the Corporation, 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

7. Compensation

The Board of Directors has given the Corporate Governance Committee a mandate to review on a regular basis, and at least annually, the compensation of directors and to make recommendations to the Board of Directors in order that the compensation realistically reflects the risks and responsibilities related to the position of directors of the Corporation. The only directors entitled to receive the directors' compensation are the independent directors. Details regarding the directors compensation are set forth under the heading "Compensation of Directors" in this Circular.

With respect to the compensation of executive officers, the Board of Directors has given the Human Resources and Compensation Committee a mandate to examine the compensation of executive officers and make recommendations with respect thereto. For more detailed information, see the heading "Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers" in this Circular. The Human Resources and Compensation Committee is composed of three directors, all of whom are independent.

The mandate of the Human Resources and Compensation Committee sets forth the general responsibilities of the Committee. The mandate of the Committee is to ensure the assessment and the implementation of the Corporation's wage and compensation policies, its Stock Option Plan and Share Unit Plan as well as its pension plans and programs, and to ensure that a succession plan is put in place to deal with the Corporation's future needs regarding human resources. A copy of the mandate of the Human Resources and Compensation Committee can be obtained from our Corporate Secretary at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2.

At the end of 2006, the Corporation retained the services of Mercer Human Resources Consulting ("Mercer"), an external consulting firm, to conduct a comprehensive review of the compensation philosophy for its senior executives and members of senior management. The review covered all compensation components. During the fiscal year ended October 31, 2007, the Corporation paid fees of \$42,600 for services relating to compensation matters. The Corporation and/or the retirement funds paid an additional amount of \$166,500 to Mercer for actuarial services regarding pension plans. The Committee considers it obtains independent executive compensation advice from Mercer in that the executive compensation consultants report directly to the Human

Resources and Compensation Committee and all material work for management of the Corporation is preapproved by its Committee Chair. In addition, Mercer's Human Capital business is organized separately from Mercer's Retirement and Health and Benefits business. Executive compensation consultants are not compensated based upon client revenue from other lines of business of Mercer.

8. Other Committees of the Board

The Board has three committees, namely (i) the Audit Committee; (ii) the Human Resources and Compensation Committee; and (iii) the Corporate Governance Committee. As mentioned in Item 6, the responsibilities of the nominating committee are assumed by the Corporate Governance Committee. All the members of each committee are independent directors. See the heading "Statement Regarding Corporate Governance Practices" on page 17 of this Circular for a description of the composition of the committees and the role and responsibilities of each committee chair. See the heading "Board of Directors' Attendance Record" on page 15 of this Circular for the attendance record of each director of each committee. Copies of the mandates of each committee can be obtained from our Corporate Secretary at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2, or on the Corporation's internet site (www.transcontinental.com).

9. Assessment

The Corporate Governance Committee prepared questionnaires to assess the performance both of the Board of Directors and the committees of the Board of Directors, which questionnaires were approved by the Board of Directors. A self-assessment form, approved by the Board of Directors, has been added and is used by directors to prepare their assessment and their meeting with the Executive Chairman of the Board.

The Corporate Governance Committee prepared a questionnaire with respect to the assessment of the Executive Chairman of the Board, which questionnaire was approved by the Board of Directors. This questionnaire must be completed by all of the other directors.

The assessment of the Board of Directors, the committees of the Board and each director is carried out every two years, alternating with the assessment of the Executive Chairman of the Board.

The Board of Directors has retained the services of a law firm to receive and compile all of the documents pertaining to the assessments in order to protect the confidentiality of the answers given by each director. A detailed report of the answers is given to the Chairman of the Corporate Governance Committee and the report is then studied by the Corporate Governance Committee. Thereafter, the Chairman of the Corporate Governance Committee gives an account thereof to the Board of Directors with its recommendations.

With respect to the assessment of the Executive Chairman of the Board, the Chairman of the Corporate Governance Committee meets with him personally to discuss the results obtained.

Schedule B

Mandate of the Board of Directors

Transcontinental Inc. (the "Corporation") is a company with values founded on sound corporate governance. The mission of its Board of Directors (the "Board") is to see that senior management of the Corporation acts in a manner that not only protects these values but guarantees their compliance, thus ensuring that the Corporation is managed in the best interests of the "Three Pillars" of the business, namely its employees, its customers and its shareholders.

BOARD OF DIRECTORS

Selection and Number of Directors

Based on the Corporation's articles, the Board can be composed of a minimum of three (3) and of a maximum of fifteen (15) directors. The Corporate Governance Committee has been assigned the role of selecting new director nominees and it believes that a Board composed of a minimum of eleven (11) directors is ideal to ensure sound management. Any candidate proposed by the Corporate Governance Committee must be approved by the Board before being elected by shareholders.

Term of the Mandate

Directors are elected annually at the Corporation's annual meeting. Directors are elected for a one (1) year term, subject to re-election by shareholders at the next annual meeting. Any vacancy on the Board can be filled during the year.

Training

Upon taking office, each director receives a Director Handbook containing information on the Corporation and its policies. The Handbook, prepared by the Secretary of the Corporation, is updated continually. It contains, among other things, a description of the mandates of the Board of Directors and of each of its committees as well as various policies, including the Insider Policy, the Financial Information Disclosure Policy, the Whistle-Blower Policy and the Code of Ethics applicable to directors, senior executives and employees of the Corporation. It also contains a summary of the directors' civil liability insurance policy.

During the year, some Board meetings are held at the Corporation's operating sites which allow directors to meet with the staff and to have a better understanding of the Corporation's operations.

Presentations on general or specific topics are used for the ongoing training of directors. These training sessions allow directors to understand the operations of the Corporation and can be useful tools giving them a better insight into the Corporation's overall strategic planning.

Qualification Criteria

The Corporate Governance Committee is responsible for recruiting directors with competencies and skills that complement those already existing on the Board. Directors are recruited for their merit, their knowledge and their experience as well as their availability to devote sufficient time to the affairs of the Corporation.

Essential Qualities of a Director

The Corporate Governance Committee has been entrusted with the mission of recruiting directors who are committed to meeting the highest level of professional standards, who have a track record of integrity and rigour and are independent of management. They are also expected to have sound judgement to make timely decisions and to demonstrate their commitment by their active and dedicated participation at each meeting and their personal attendance.

Executive Chairman of the Board

The roles and responsibilities of the Executive Chairman of the Board are defined by the Board.

The principal role of the Executive Chairman of the Board is to ensure that the Corporation carries out its responsibilities efficiently and it has a clear comprehension of the limits between the responsibilities of the Board and those of management and respects them. The Executive Chairman of the Board chairs Board meetings and annual shareholder meetings and, if convenient, he can attend meetings of the committees of the Board as an invited guest. He sets the agenda for Board meetings in collaboration with the Chief Executive Officer and the Secretary of the Board and ensures that the strategic orientation is defined and communicated to the Board for its approval and that all material issues are dealt with by the Board during the year. The Executive Chairman of the Board is not only responsible for ensuring that the Corporation implements sound management practices, but he must also see to it that they are continuously improved upon.

Lead Director

The roles and responsibilities of the Lead Director are defined by the Board.

The primary role of the Lead Director is to ensure that Board members can function independently from management and therefore allow them to meet to ensure that the concerns of the independent directors are income to the Executive Chairman of the Board.

President and Chief Executive Officer

The roles and responsibilities of the President and Chief Executive Officer have been defined by the Board.

The President and Chief Executive Officer, a member of the Board, falls under the authority of the Board. He is ultimately responsible for directing the business to maximize the return on invested capital for shareholders and for ensuring the profitability of the business as well as the proper functioning of its operations and its sustained growth. He is responsible for developing and implementing the corporate strategy approved by the Board. He identifies the short, mid and long-term objectives of the Corporation and ensures that policies and action plans are put in place to attain these goals. He recruits, develops and retains competent and productive management teams and ensures that the dealings between the teams are transparent and constructive. He assumes the direct leadership of his management team by reviewing and approving all hirings and promotions as well as salary conditions and obtains the approval of the Board regarding such measures, if necessary. He is responsible for developing and maintaining good relations with employees as well as with external and internal customers of the Corporation, the financial community, shareholders, the general public and governments. As a guardian of the Corporation's values, he also ensures that these values are disseminated throughout the organization and to all employees.

Shareholdings

Based on recommendations made by the Corporate Governance Committee, the Board has approved the principle whereby each director must own the equivalent of three (3) times his annual basic compensation in deferred share units for a period of three (3) years.

Retirement Age

The Board has not fixed a mandatory retirement age for directors.

Board Mandate

- The principal mandate of the Board is to represent the interests of all shareholders. For this purpose, the Board has established committees composed of independent directors to ensure that the Corporation operates through a financial system that is ethical and of superior quality and takes into account its employees, customers, suppliers and shareholders. The major responsibilities of the Board are the following:

- Ensure that the Corporation is governed so as to maintain its financial integrity in compliance with the policies approved by the Board;
- Appoint the President and Chief Executive Officer, determine his roles, tasks and responsibilities and ensure that a succession plan is put in place;
- Ensure, to the extent possible, that the President and Chief Executive Officer and other members of senior management are honest and are creating a culture of integrity throughout the organization;
- Adopt a strategic planning process, participate in the process and approve the strategic plans and priorities identified by senior management; review the strategic plan on an annual basis in light of the risks and business opportunities of the Corporation and approve the implementation program developed by senior management;
- Ensure the implementation of an adequate system to identify risks, evaluate the major risks to which the Corporation is exposed and ensure that the Corporation has the appropriate systems to manage these risks. Ensure the quality and integrity of financial systems following the implementation of internal control systems;
- Review and approve the Corporation's annual budget, including the capital expenditure budget. Approve major acquisitions and dispositions as well as major decisions;
- Review the organizational structure, the succession plan and the training and performance levels of senior executives;
- Ensure that the right people are in the right place and that all senior management members are adequately remunerated;
- Ensure the adoption of the Corporation's major policies regarding security, conflicts of interest and relations with customers and suppliers. Ensure the adoption of a Code of Ethics applicable to all employees without distinction, including senior executives and directors and ensure its enforcement. Only the Board is authorized to consent to any departure from the Code of Ethics by a director or members of senior management;
- Monitor communications between the Corporation, shareholders and the general public and ensure the effectiveness of the Corporation's communications policy. Monitor the adoption of the financial disclosure process and ensure that all financial information is disclosed on a timely basis, as well as in an accurate and comprehensive manner. Set up measures to gather feedback from interested parties through direct communication channels between these parties and independent directors;
- Develop the Corporation's vision with respect to corporate governance, in particular develop a set of principles and guidelines regarding corporate governance and ensure that the Corporate Governance Committee addresses any governance-related issues;
- Implement an assessment process for the Board, its members and its committees and carry out these assessments on a regular basis;
- Review regularly the mandate of the Board and of the various Board committees. Appoint the Chairman of the Board and of each committee as well as the committee members;
- Ensure that the competencies of Board members complement one another in order to stimulate discussion and contribute new ideas, thus encouraging management to excel;
- Provide an orientation and education program for Board members and ensure that all new directors have access to a full education program. Provide all these directors with access to ongoing education programs in order that they may maintain or enhance their competencies and skills as directors. Ensure that the levels of

knowledge and understanding of the Corporation's directors are continuously updated through an adequate program consisting of visits to operating sites and of reports and presentations on business-related topics;

- Ensure that the information given to Board members is as complete and as accurate as possible;
- Ensure that directors have sufficient time to read the documentation prepared for Board meetings and committee meetings;
- Ensure that directors remain independent of senior management;
- Ensure that an "in camera" session is held at the end of each Board meeting or at any other time deemed appropriate by the Lead Director and at which members of management are not in attendance and that an "in camera" meeting is held at least twice a year with only independent directors in attendance;
- Appoint a Lead Director whose primary responsibility should consist in ensuring the independence of the Board from senior management.

Qualities and Personal Attributes of Directors

The Corporation expects its directors to have the following qualities and attributes:

- Integrity

The Corporation expects its directors to demonstrate the highest level of integrity. The Corporation also expects its directors to demonstrate sound business acumen and that their deliberations and decisions will reflect this integrity. The Corporation expects its directors to assume responsibility for their decisions.

- Adequate Preparation

In order to be able to provide sound advice, directors must carefully prepare for each Board meeting and ask pertinent questions to senior management so as to be in a position to understand or challenge the assumptions underlying management's recommendations regarding the projects or decisions submitted to the Board for its approval. The Board should benefit from the personal experience of each director as well as from his general knowledge and financial competency.

- Ability to Communicate

Directors should be able to communicate well with other Board members while being receptive to their opinions and input. They must also be good listeners and capable of addressing sensitive issues so as to encourage free and open discussions.

Running of Board Meetings

The Executive Chairman of the Board and the Secretary of the Corporation are responsible for setting the agenda for each Board meeting in collaboration with senior management members. Reasonable efforts are made to ensure that the documentation is made available to Board members several days before a meeting.

The dates of Board meetings are determined sufficiently in advance to ensure that Board members are available. The Board has statutory meetings to approve the annual and quarterly financial statements and the budgets and, if required, to approve any major acquisition or disposition or any transaction not falling within the Corporation's normal course of business.

Board members attend meetings in person. They may also attend by teleconference. At Board meetings, members of senior management are sometimes invited to make presentations on topics related to their sector of activity, thus providing Board members with an opportunity to enhance their knowledge of the Corporation's activities.

Code of Ethics

The Corporation adopted a Code of Ethics which applies to all employees of the Corporation, without exception. A copy of the Code of Ethics is given to each employee upon his hiring and whenever changes are made. Directors, managers and professionals employed by the Corporation must confirm that they have received and read the Code of Ethics and that they agree to respect it. Managers of the Corporation, in collaboration with the human resources and legal affairs departments, must see to it that all employees receive a copy of the Code of Ethics and that adequate measures are taken to ensure that they fully understand its contents and its scope.



Notice of Annual Meeting of Shareholders

Transcontinental Inc.'s Annual Meeting of Shareholders will be held at 4:00 p.m. on February 20, 2008 at the Hotel Omni Mont-Royal, Salon des Saisons, 1050 Sherbrooke Street West, Montréal, Québec, Canada.

www.transcontinental.com