

**Notice of Annual Meeting of Shareholders,
February 16, 2012**

Management Proxy Circular



January 9, 2012



Notice of 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 Salon Windsor, Le Windsor, 1170 Peel Street, Montréal, Québec, Canada, on Thursday, February 16, 2012 at 10 a.m. for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the fiscal year ended October 31, 2011 with the auditors' report thereon;
2. to elect the Corporation's directors for the coming year;
3. to appoint KPMG 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 2011 Annual Report, which includes the consolidated financial statements, the auditors' 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.tc.tc.

The directors have by resolution fixed the close of business on January 13, 2012 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, Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon) at 320 Bay Street, B1 Level, Toronto (Ontario) M5H 4A6, no later than 4 p.m. (Montréal time), the business day 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, 2012.

By order of the Board of Directors,

A handwritten signature in black ink that reads 'Christine Desaulniers'.

Christine Desaulniers
Vice President, Chief Legal Officer and Corporate Secretary

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**TRANSCONTINENTAL INC.
MANAGEMENT PROXY CIRCULAR**

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 Thursday, February 16, 2012 at Le Windsor at 10 a.m., for the purposes set forth in the notice of such Meeting. Unless otherwise specified, the information herein contained is given as at January 9, 2012.

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 13, 2012 (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 at the close of business on January 9, 2012, the Corporation had 65,885,582 Class A Shares, 15,151,235 Class B Shares and 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series D (the "Series D Preferred Shares") outstanding. Class A Shares carry one vote per share and Class B shares carry 20 votes per share. The Series D Preferred Shares do not carry any vote.

What am I voting on?

Shareholders will be voting on (i) the election of directors; and (ii) the appointment of KPMG 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 and 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 as 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, Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon), 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: Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon), 320 Bay Street, B1 Level, Toronto (Ontario) M5H 4A6, by telephone at 1-800-387-0825 (toll free throughout Canada and the United States), or by fax at 1-866-781-3111 (toll free throughout Canada and the United States), or by email at inquiries@canstockta.com; or at its Montréal office at: Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon), 2001 University Street, Suite 1600, Montréal, Québec H3A 2A6, or by fax at 514-285-8846.

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 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 your proxyholder in the space provided. **If you return your form of proxy and do not tell us how you want to vote your shares, your vote will be exercised: (i) FOR the election as a director of each person listed in this Circular; and ii) FOR the appointment of KPMG LLP as auditor and the authorization to be given to the directors to fix its remuneration.** Your proxyholder will vote your shares as he or she sees fit 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 Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon).

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 15, 2012;**
- 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 Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon) so that it is received **before 4:00 p.m. (Montréal time) on February 15, 2012;**
- 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 15, 2012;**
- by giving a notice in writing from you or your authorized attorney to the Chair of the Meeting prior to the Meeting or any adjournment; or
- 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 instructions of the shareholders appointing them. **In the absence of such instructions, 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 KPMG 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 will 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 65,885,582 Class A Shares and 15,151,235 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 attached to the Class A Shares represent in the aggregate 17.86% of the voting rights attached to all of the Corporation's issued and outstanding securities.

To the knowledge of the 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 Class A Shares	Number of Class B Shares / % of outstanding Class B Shares	Percentage of outstanding shares ⁽¹⁾
Capinabel Inc. ⁽²⁾	154,400 / 0.23%	13,209,840 / 87.19%	16.49%
Jarislowsky, Fraser Limited ⁽³⁾	8,230,272 / 12.49%	76,200 / 0.50%	10.25%
Mackenzie Financial Corporation ⁽⁴⁾	6,788,628 / 10.30%	513,835 / 3.39%	9.01%

(1) Excluding the Series D Preferred Shares.

(2) Of which 4,000,000 Class B Shares are held by 7506333 Canada Inc., a corporation controlled by Capinabel Inc. All of 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 held by Capinabel Inc. and 7506333 Canada Inc. represent 71.62% of the voting rights attached to all outstanding equity shares of the Corporation. Capinabel Inc. has also issued to a third party debentures exchangeable for 600,000 Class B Shares held by Capinabel Inc. The debentures may be repaid in cash or through the transfer of Class B Shares.

(3) These shares are held by Jarislowsky, 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.

(4) 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.

Each Class B Share shall carry only one vote as at 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 Mr. Rémi Marcoux, his spouse, his direct descendants born or to be born, his 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 offeror 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. The Series D Preferred Shares are non-voting shares.

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 any other 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 1-866-249-5130. To vote electronically, you must go to the following Internet site: **www.proxypush.ca/tcl** and enter your personalized 12-digit e-voting control number printed on your form of proxy and follow the instructions on the screen.

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 wish to attend the Meeting and vote in person?

If you wish to attend the Meeting on February 16, 2012 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, Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon), 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, Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon), in the envelope provided, so that it arrives no later than 4:00 p.m. on February 15, 2012. All shares represented by a properly executed proxy received by Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon) prior to such time will be voted or be withheld from voting, in accordance with your instructions as specified in the proxy.

<h3>How do I vote if I am a non-registered shareholder?</h3>
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You are a "non-registered" (or a "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 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 directives are communicated to the appropriate person well before the Meeting or any adjournment thereof.** Without specific directives, 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 Canadian Stock Transfer Company Inc. (CST), as administrative agent for CIBC Mellon Trust Company (CIBC Mellon). 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 strictly follow these instructions 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"). A beneficial holder who receives 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 such broker or other 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
Highlights

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Election of Directors	8	Appointment of Auditor	9
➔ Management of the Corporation proposes the election of 14 directors at the Meeting, of which 9 are independent.		➔ The Board of Directors and the Audit Committee recommend the appointment of KPMG LLP as auditor of the Corporation.	
➔ All nominees are presently directors of the Corporation.		➔ Management recommends that shareholders vote FOR this resolution.	
➔ Management recommends that shareholders vote FOR this resolution.			

Business of the Meeting

Financial Statements

Our consolidated financial statements for the year ended October 31, 2011, together with the auditors' report thereon, are included in the 2011 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. As at January 9, 2012, the Board of Directors consisted of 15 directors. Ms. Monique Lefebvre, a director, recently decided not seek to be re-elected as a director. Management of the Corporation proposes the election of 14 directors at the Meeting, of which 9 are independent, each to remain in office until the next annual meeting of shareholders or until the election or appointment of his or her successor. The Corporation intends to add a director during the year to replace Ms. Monique Lefebvre.

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 nominees are presently directors of the Corporation.

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. The Board of Directors currently has 15 members and the membership of the Board Committees is as follows:

Audit Committee

Richard Fortin (Chair)
Pierre Fitzgibbon
François R. Roy

Corporate Governance Committee

Lucien Bouchard (Chair)
Claude Dubois
Harold "Sonny" Gordon

Human Resources and Compensation Committee

André Tremblay (Chair)
Monique Lefebvre
Anna Martini
Lino A. Saputo, Jr.

The attendance record of each director at meetings of the Board and its committees held during the fiscal year ended October 31, 2011 is shown in a table under "Nominees for Election to the Board - Board of Directors' Attendance Record" on page 20.

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 shareholders will be asked to authorize the directors to fix the remuneration of the auditor appointed. The Board of Directors and the Audit Committee recommend the appointment of KPMG LLP as auditor of the Corporation.

KPMG LLP has acted as auditor of the Corporation since the fiscal year commencing on November 1, 2008.

Unless otherwise specified by the shareholder, the persons named in the enclosed form of proxy intend to vote FOR the appointment of KPMG LLP, 600 de Maisonneuve Blvd. West, Suite 1500, Montréal, Québec, H3A 0A3, as auditor of the Corporation and to authorize the directors to fix its remuneration.

During the fiscal year ended October 31, 2011, the Corporation retained its auditor, KPMG LLP, to provide certain services. The Audit Committee has determined that KPMG LLP's provision of non-audit services was compatible with maintaining KPMG 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 its external auditors KPMG LLP for the fiscal years ended October 31, 2011 and 2010.

Category of fees (in thousands of dollars)	2011 (\$)	2010 (\$)
Audit fees	670.4	849.6
Audit related fees	583.9	111.6
Compliance with taxation requirements and tax consulting services thereto	413.6	324.3
Other fees	102.0	268.2
Total	1,769.9	1,553.7

Nominees for Election to the Board

Highlights


	Page		Page
Nominees for Election to the Board	11	Board Interlocks	19
<ul style="list-style-type: none">➔ A table provides for information relating to all nominees as directors.➔ 9 nominees as directors are independent.➔ The table also sets forth attendance to meetings of the Board of Directors and its committees, the board memberships with other public corporations during the last five years and securities held by each nominee.		<ul style="list-style-type: none">➔ Messrs. Lucien Bouchard and Lino A. Saputo, Jr. both sit on the board of directors of Saputo Inc.➔ Messrs. Harold P. Gordon and François R. Roy both sit on the board of directors of Fibrek Inc.➔ Messrs. Pierre Fitzgibbon and François R. Roy both sit on the board of directors of Caisse de dépôt et placement du Québec.	
Additional Disclosure Relating to Directors	18	Board of Directors' Attendance Record	20
<ul style="list-style-type: none">➔ Certain directors of the Corporation have acted as directors or executive officers of other corporations having relied upon court protection in connection with legislation relating to bankruptcy or insolvency.		<ul style="list-style-type: none">➔ A summary table of the attendance of directors to meetings of the Board of Directors and committees of the Board is included.	

Nominees for Election to the Board

Description of Nominees

The following table sets out information regarding the nominees for election as directors as at January 9, 2012, unless otherwise indicated.

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

	<p>Lucien Bouchard, G.O.Q. Age: 73 Montréal, Québec</p> <p>Director since 2001</p> <p>Independent</p>	<p>Partner, Davies Ward Phillips & Vineberg LLP</p> <p>Mr. Lucien Bouchard is, since April 2001, a partner at the law firm 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.</p> <p>He is also the chairman of the board of directors of the Montreal Symphony Orchestra.</p>			
Member of:	Attendance up to October 31, 2011:	Board membership or trustee of public corporations during the last five years:			
Board Corporate Governance Committee	7 of 7 100%	<ul style="list-style-type: none"> ➤ Saputo Inc. (since 2004) ➤ BMTC Group Inc. (since 2004) ➤ TransForce Inc. (formerly TransForce Income Fund) (since 2007) 			
Total:	3 of 3 100% 10 of 10 100%				
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2011	1,128	–	–	32,341	425,056
2010	1,128	–	–	27,134	432,691



Claude Dubois

Age: 70
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 the Corporation until March 2004. He had held several positions at the Corporation since 1976.

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

Member of:	Attendance up to October 31, 2011:			Board membership or trustee of public corporations during the last five years:		
Board	7 of 7	100%	–			
Corporate Governance Committee	3 of 3	100%				
Total:	10 of 10	100%				
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾	
2011	142,572 ⁽³⁾	4,000 ⁽⁴⁾	–	30,849	2,254,247	
2010	142,572 ⁽³⁾	4,000 ⁽⁴⁾	–	25,934	2,642,307	



Pierre Fitzgibbon

Age: 57
Québec, Québec

Director since 2009

Independent

President and Chief Executive Officer of Atrium Innovations Inc.

Mr. Pierre Fitzgibbon is, since July 2007, President and Chief Executive Officer of Atrium Innovations Inc., a company leader in the development, manufacturing and marketing of added-value products for the health and nutrition industry. Prior to July 2007, Mr. Fitzgibbon was Senior Vice President, Finance, Technology and Corporate Affairs of National Bank of Canada and, prior to July 2005, responsible of advisory services and corporate financing at National Bank Financial, as Vice Chairman. From January 1998 until December 2001, Mr. Fitzgibbon was Chief Executive Officer of New World Mobility (wireless telecommunication sector) and, previously, he held various positions in Finance, Corporate and Business Development at Chase Capital Partners Hong Kong and Telesystem Wireless International Inc., amongst others.

Member of:	Attendance up to October 31, 2011:			Board membership or trustee of public corporations during the last five years:		
Board	7 of 7	100%	–	➤ Atrium Innovations Inc. (since 2007)		
Audit Committee	6 of 6	100%		➤ Caisse de dépôt et placement du Québec (since 2009)		
Total:	13 of 13	100%				
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾	
2011	2,000	–	–	4,345	80,582	
2010	2,000	–	–	2,141	63,399	



Richard Fortin

Age: 63
Longueuil, Québec

Director since 2004

Independent

Lead Director

Corporate Director

Mr. Richard Fortin is a corporate director. From October 2008 until September 2011, he was Chairman of the Board of Alimentation Couche-Tard Inc., a company operating convenience stores. From 1984 until October 2008, he was Executive Vice President and Chief Financial Officer of Alimentation Couche-Tard Inc. 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, 2011:	Board membership or trustee of public corporations during the last five years:			
Board	7 of 7	100%	➤	Alimentation Couche-Tard inc. (since 1988)	
Audit Committee	6 of 6	100%	➤	RONA Inc. (since 2009)	
Total:	13 of 13	100%			
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2011	6,000	–	4,000	31,936	583,787
2010	6,000	–	4,000	25,545	588,314



Harold "Sonny" Gordon, Q.C.

Age: 74
Sunny Isles (Florida)
United States

Director since 1993

Independent

Chairman of the Board of Dundee Corporation

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 ⁽⁵⁾ :	Attendance up to October 31, 2011:	Board membership or trustee of public corporations during the last five years:			
Board	7 of 7	100%	➤	Dundee Corporation (since 2000)	
Human Resources and Compensation Committee	3 of 3	100%	➤	Dorel Industries Inc. (since 2003)	
Corporate Governance Committee	2 of 2		➤	Pethealth Inc. (since 2005)	
Total:	12 of 12	100%	➤	Fibrex Inc. (formerly SFK Pulp Fund) (since 2007)	
			➤	DundeeWealth Inc. (2009-2011)	
			➤	Madacy Holding Inc. (2005-2009)	
			➤	Alliance Atlantis Communications Inc. (1992-2007)	
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2011	–	1,000	–	31,741	416,061
2010	–	1,000	–	26,649	423,616



Isabelle Marcoux
Age: 42
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. Immediately following the Annual Meeting, Ms. Marcoux will become Chair of the Board of the Corporation. Between 1997 and 2004, she held the positions of Director, Mergers and Acquisitions and Legal Counsel and Assistant Secretary of the Corporation. Before joining Transcontinental, Ms. Marcoux was a lawyer at McCarthy Tétrault LLP, a law firm.

Ms. Marcoux is a director of the Board of Trade of Metropolitan Montreal, a member of the board of trustees of The Montreal Museum of Fine Arts and Chair of its Educational Committee and a member of the Montreal Chapter of the International Women's Forum since 2011. Ms. Marcoux acts as Co-Chair of the 2011-2015 financing campaign of the Fondation Tel-jeunes, a non-profit organization who distinguishes itself through the excellence of its two principal services, Tel-jeunes and LigneParents. In 2011, Ms. Marcoux also acted as honorary Co-President of the Grand Bal des Vins-Coeurs of the Montreal Heart Institute Foundation.

Member of:	Attendance up to October 31, 2011:			Board membership or trustee of public corporations during the last five years:		
Board	7 of 7	100%		➤ George Weston Limited (since 2007)		
Total:	7 of 7	100%		➤ Rogers Communications Inc. (since 2008)		
				➤ Power Corporation of Canada (since 2010)		
Securities held ⁽¹⁾⁽⁶⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units ⁽⁷⁾	Total value of shares and deferred share units (\$) ⁽²⁾	
2011	4,000	1,000	–	4,515	121,091	
2010	4,000	1,000	–	2,634	117,187	



Nathalie Marcoux
Age: 43
Montréal, Québec

Director since 2011


Non-independent


Vice President, Finance of Capinabel Inc.

Ms. Nathalie Marcoux, a chartered accountant, is Vice President, Finance of Capinabel Inc., a private management company since 2001. From 1996 until 2001, she held various positions at Transcontinental Inc., including Director of Investor Relations between 2000 and 2001, member of the finance reengineering team from 1998 until 2000 and internal auditor from 1996 until 1998. Before then, from 1993 until 1996, Ms. Nathalie Marcoux was external auditor with Ernst & Young, a chartered accounting firm.

Ms. Marcoux is treasurer of "Toujours ensemble", a non-profit organization with a goal of lowering the high school drop out rate. Ms. Marcoux is also a member of the committee of the Carmelle and Rémi-Marcoux Chair in Arts Management. Ms. Marcoux is a director and active member of Anges Québec, a network of private investors that invest capital and expertise in promising start-up companies with high growth potential in.

Member of ⁽⁸⁾ :	Attendance up to October 31, 2011:			Board membership or trustee of public corporations during the last five years:		
Board	4 of 4	100%	–			
Total	4 of 4	100%				
Securities held ⁽¹⁾⁽⁶⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾	
2011	–	–	–	2,472	31,394	
2010	–	–	–	–	–	

	Pierre Marcoux Age: 40 North York, Ontario Director since 2005 Non-independent		Senior Vice President, Business and Consumer Solutions Group of TC Media Mr. Pierre Marcoux is Senior Vice President, Business and Consumer Solutions Group of TC Media since June 2009. He was Vice President, Business Solutions and Book Publishing Group of TC Media from 2006 until June 2009. From 2004 to 2006, he was assistant publisher and Editor in Chief of the newspaper <i>Les Affaires</i> , a newspaper belonging to TC Media. Prior thereto, he worked as a reporter, section manager and assistant editor before being appointed business development manager for business publications of TC 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. Mr. Pierre Marcoux sits on the board of directors of a number of corporations held by the Corporation in partnership with others, including of Publications Senior and Cedrom-SNI inc.			
	Member of:	Attendance up to October 31, 2011:	Board membership or trustee of public corporations during the last five years:			
Board	7 of 7	100%	-			
Total:	7 of 7	100%				
Securities held ⁽¹⁾⁽⁶⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units ⁽⁷⁾	Total value of shares and deferred share units (\$) ⁽²⁾	
2011	5,000	1,000	-	429	81,898	
2010	5,000	1,000	-	414	98,508	

	Rémi Marcoux, C.M., O.Q., F.C.A. Age: 71 Montréal, Québec Director since 1976 Non-independent		Executive Chairman of the Board of Transcontinental Inc. Mr. Rémi Marcoux, founder of Transcontinental, is Executive Chairman of the Board of Transcontinental Inc. since March 2004. Mr. Marcoux will cease to act as Executive Chairman of the Board following the Annual Meeting. 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 2006, he acted as Co-President of the fundraising campaign for Centraide of Greater Montréal. Mr. Marcoux is a member of the Board of directors of the Fondation Lucie and André Chagnon. The École des Hautes Études Commerciales of the University of Montréal has designated its arts management foundation the Carmelle and Rémi-Marcoux Chair in Arts Management in recognition of his support. Mr. Marcoux is a member of the International Advisory Committee of HEC Montreal since 2004. Founding member of the Council of Associate Governors of the Université de Montréal, Mr. Marcoux is also a member of such council since 2004. 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 and, in 2008, was invested as an Officer of the National Order of Québec.			
	Member of:	Attendance up to October 31, 2011:	Board membership or trustee of public corporations during the last five years:			
Board	7 of 7	100%	-			
Total:	7 of 7	100%				
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾	
2011	154,400	13,209 840 ⁽⁶⁾	4,000	-	173,130,308	
2010	-	13,209 840 ⁽⁶⁾	4,000	-	208,806,925	



Anna Martini, F.C.A.

Age: 49
Town of Mount-Royal,
Québec

Director since 2011

Independent

President of Groupe Dynamite Inc.

Ms. Anna Martini is President of Groupe Dynamite Inc., a specialized apparel retailer, since 2004. From 1985 until 2004, she worked at Deloitte & Touche LLP, a chartered accounting firm, including as partner since 1996.

Ms. Martini is member of the Advisory Committee to the President of Telus Quebec since 2010, board member and member of the Finance Committee of the Retail Council of Canada since 2007, board member of the Royal Victoria Hospital Foundation, focusing on women's health initiatives, and member of the Montreal Chapter of the International Women's Forum since 2010.

Member of ⁽⁹⁾ :	Attendance up to October 31, 2011:	Board membership or trustee of public corporations during the last five years:			
Board	4 of 4	100%	➤ Velan Inc. (since 2008)		
Human Resources and Compensation Committee	2 of 2	100%			
Total:	6 of 6	100%			
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2011	—	—	—	2,878	36,551
2010	—	—	—	—	—



François Olivier

Age: 46
Montréal, Québec

Director since 2008

Non-independent

President and Chief Executive Officer of Transcontinental Inc.

Mr. François Olivier is President and Chief Executive Officer of Transcontinental Inc. since February 2008. Mr. Olivier was named Chief Operating Officer in September 2007. Prior thereto, he acted as President, Printing Products and Services from 2005 until 2007 and Senior Vice President, Newspaper Group of TC Transcontinental Printing from 1999 until 2005.

In 2010, Mr. Olivier acted as Co-Chair of the Honour Committee of the Lobster Luncheon of Générations, a non-profit organization who distinguishes itself through the excellence of its two principal services, Tel-jeunes and LigneParents. In 2009, Mr. Olivier was the honorary chair of the fundraising dinner for Portage and member of the Honour Committee of the "Recognition Dinner for Raymond Royer". Portage is an organization dedicated to helping people having drug addiction with their social reinsertion. Mr. Olivier was also the 2009 and 2010 campaign chair of the Communications Division of the annual Centraide of Greater Montreal campaign.

Member of:	Attendance up to October 31, 2011:	Board membership or trustee of public corporations during the last five years:			
Board	7 of 7	100%	—		
Total:	7 of 7	100%			
Securities held ⁽¹⁾⁽⁶⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units ⁽⁷⁾	Total value of shares and deferred share units (\$) ⁽²⁾
2011	2,740	—	—	98,977	1,291,806
2010	2,740	—	—	95,675	1,506,734



François R. Roy

Age: 56
Montréal, Québec

Director since 2008

Independent

Corporate Director

Mr. François R. Roy is a corporate director since June 2010. He was Vice Principal (Administration and Finance) of McGill University from June 2007 until June 2010. From March 2000 until May 2003, he was Chief Financial Officer of Telemedia Corporation, a private portfolio company. Prior thereto, he was Executive Vice President and Chief Financial Officer of Quebecor Inc. from August 1998 until March 2000, and Executive Vice President and Chief Financial Officer of Avenor Inc. from August 1997 until July 1998.

Member of:	Attendance up to October 31, 2011:			Board membership or trustee of public corporations during the last five years:		
Board	7 of 7	100%		<ul style="list-style-type: none"> ➤ Capstone Infrastructure Corporation (formerly Macquarie Power & Infrastructure Corporation) (since 2004) ➤ Fibrek Inc. (formerly SFK Pulp Fund) (since 2005) ➤ Caisse de dépôt et placement du Québec (since 2009) ➤ Noranda Income Fund (since 2010) ➤ Pixman Nomadic Media Inc. (2006-2009) ➤ Komunik Corporation (formerly Datamark Systems Group Inc.) (2007-2008) ➤ MDC Partners Inc. (1999-2007) 		
Audit Committee	6 of 6	100%				
Total:	13 of 13	100%				
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares		Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2011	–	–	–		9,246	117,424
2010	–	–	–	6,879	105,317	



Lino A. Saputo, Jr.

Age: 45
Westmount, Québec

Director since 2008

Independent

President and Chief Executive Officer and Vice Chairman of the Board of Saputo Inc.

Mr. Lino A. Saputo, Jr. is Vice Chairman of the Board since June 2011 and 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).

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.

Member of ⁽¹⁰⁾ :	Attendance up to October 31, 2011:			Board membership or trustee of public corporations during the last five years:		
Board	7 of 7	100%		<ul style="list-style-type: none"> ➤ Saputo Inc. (since 2001) 		
Corporate Governance Committee	0 of 1	0%				
Human Resources and Compensation Committee	2 of 2	100%				
Total:	9 of 10	90%				
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾	
2011	–	–	–	17,736	225,247	
2010	–	–	–	13,372	204,725	



André Tremblay

Age: 57
Montréal, Québec

Director since 2007

Independent

Managing Partner of Trio Capital Inc.

Mr. André Tremblay is the founder and managing partner of Trio Capital Inc., a private equity fund management company, since January 2006. He is also President and Chief Executive Officer of Terrestar Solutions Inc., a leading-edge provider of satellite telecommunications services since June 2010. 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 Ltd. between 1992 and 1998.

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.

Member of:	Attendance up to October 31, 2011:	Board membership or trustee of public corporations during last the five years:			
Board	7 of 7 100%	➤ EXFO Inc. (formerly EXFO Electro-Optical Engineering Inc.) (2000-2011)			
Human Resources and Compensation Committee	5 of 5 100%				
Total:	12 of 12 100%				
Securities held ⁽¹⁾ :	Class A Shares	Class B Shares	Series D Preferred Shares	Deferred share units	Total value of shares and deferred share units (\$) ⁽²⁾
2011	—	—	—	19,337	245,580
2010	—	—	—	16,406	251,176

- (1) The number of Class A Shares, Class B Shares, Series D Preferred Shares and deferred share units was determined at the end of each fiscal year ended October 31 (except for the deferred share units held by directors who are also employees of the Corporation where, for the 2011 and 2010 fiscal years, the number of deferred share units was determined as at January 9, 2012 and January 6, 2011, respectively, and, with respect to deferred share units, only includes vested deferred share units).
- (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, the Series D Preferred Shares and the deferred share units was calculated based on the closing prices of such shares on October 31. For 2011, the closing prices of the Class A Shares was \$12.70, \$12.95 for the Class B Shares, and \$25.50 for the Series D Preferred Shares. For 2010, the closing prices of the Class A Shares was \$15.31, \$15.62 for the Class B Shares and \$26.34 for the Series D Preferred Shares.
- (3) Of which 137,572 Class A 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) Mr. Harold "Sonny" Gordon was a member of the Human Resources and Compensation Committee until February 17, 2011; he is a member of the Corporate Governance Committee since February 17, 2011. Since then, there were 3 meetings of the Human Resources and Compensation Committee and 2 meetings of the Corporate Governance Committee.
- (6) Of which 9,209,840 Class B Shares are held by Capinabel Inc. and 4,000,000 Class B Shares are held by 7506333 Canada Inc., a corporation controlled by Capinabel Inc. Capinabel Inc. has also issued to a third party debentures exchangeable for 600,000 Class B Shares held by Capinabel Inc. The debentures may be repaid in cash or through the transfer of Class B Shares. The shares of Capinabel Inc. are held directly and indirectly by Mr. Rémi Marcoux and members of his immediate family. Mr. Rémi Marcoux controls Capinabel Inc. The shares of Capinabel Inc., and 7506333 Canada Inc. represent 71.62% of the voting rights attached to the outstanding equity shares of the Corporation. Ms. Isabelle Marcoux, Ms. Nathalie Marcoux and Mr. Pierre Marcoux are members of Mr. Rémi Marcoux's immediate family. Mr. François Olivier is the husband of Ms. Isabelle Marcoux.
- (7) The deferred share units held by Ms. Isabelle Marcoux and Messrs. Pierre Marcoux and François Olivier were granted pursuant to the Share Unit Plan of Transcontinental Inc. for executives. The numbers for 2011 include the deferred share units granted on January 8, 2009 which vested on December 13, 2011; and the numbers for 2010 include the deferred share units granted on January 9, 2008 which vested on December 13, 2010. See the heading "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP") - Vesting of the 2009 Grant" on page 47.
- (8) Ms. Nathalie Marcoux was elected as a director on February 17, 2011. Since then, there were 4 meetings of the Board.
- (9) Ms. Anna Martini was elected as a director and a member of the Human Resources and Compensation Committee on February 17, 2011. Since then, there were 4 meetings of the Board and 2 meetings of the Human Resources and Compensation Committee.
- (10) Mr. Lino A. Saputo, Jr. was a member of Governance Committee until February 17, 2011; he is a member of the Human Resources and Compensation Committee since February 17, 2011. Since then, there were 1 meeting of the Corporate Governance Committee and 2 meetings of the Human Resources and Compensation Committee.

Additional Disclosure Relating to Directors

To the best knowledge of the Corporation, no proposed director is, as at the date hereof, or, within 10 years before the date hereof: (a) is or has been subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) is or has been subject to a cease trade order, an

order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) is or has been a director or executive officer of any company that, while that person was acting in such capacity, or within a year of that person ceasing to act in such 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 or by 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. 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 11 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.;
- (ii) Mr. Roy who was a director of Komunik Corporation until April 1, 2008, approximately eight months before such corporation voluntarily filed for protection under the *Companies' Creditors Arrangement Act* (the "CCAA") on November 18, 2008. Mr. Roy is no longer a director of Komunik Corporation;
- (iii) Mr. Roy who was a director of Pixman Nomadic Media Inc. until November 27, 2009, more than two months before such corporation filed a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada). Between November 3, 2009 and February 17, 2010, the Alberta Securities Commission, the British Columbia Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers issued cease trade orders in respect of Pixman Nomadic Media Inc. in connection with its failure to file certain financial statements and other continuous disclosure documents within the prescribed delays. Mr. Roy is no longer a director of Pixman Nomadic Media Inc.; and
- (iv) Mr. Tremblay who was President and Chief Executive Officer and a director of Microcell Telecommunications Inc., when it asked for and was granted protection under the CCAA on January 3, 2003. On May 1, 2003, Microcell Telecommunications Inc. successfully emerged from the CCAA proceedings. Mr. Tremblay is no longer a director of Microcell Telecommunications Inc.

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

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., who sit on the board of directors of Saputo Inc., Messrs. Harold P. Gordon and François R. Roy who both sit on the board of directors Fibrek Inc. and Messrs. Pierre Fitzgibbon and François R. Roy who both sit on the board of directors of Caisse de dépôt et placement du Québec, it has determined that no proposed nominees sit on the same board of directors of a listed or public company.

Board of Directors' Attendance Record

For the fiscal year ended October 31, 2011, the total attendance record of directors was 100% for Board meetings, 100% for the Audit Committee meetings, 100% for the Human Resources and Compensation Committee meetings and 89% for the Corporate Governance Committee meetings.

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

Director	Board of Directors (7 meetings)		Audit Committee (6 meetings)		Human Resources and Compensation Committee (5 meetings)		Corporate Governance Committee (3 meetings)		Total Attendance
	Number	%	Number	%	Number	%	Number	%	%
Lucien Bouchard	7	100%	–	–	–	–	3	100%	100%
Claude Dubois	7	100%	–	–	–	–	3	100%	100%
Pierre Fitzgibbon	7	100%	6	100%	–	–	–	–	100%
Richard Fortin	7	100%	6	100%	–	–	–	–	100%
Harold « Sonny » Gordon ⁽¹⁾	7	100%	–	–	3	100%	2	100%	100%
Monique Lefebvre	7	100%	–	–	5	100%	–	–	100%
Isabelle Marcoux	7	100%	–	–	–	–	–	–	100%
Nathalie Marcoux ⁽²⁾	4	100%	–	–	–	–	–	–	100%
Pierre Marcoux	7	100%	–	–	–	–	–	–	100%
Rémi Marcoux	7	100%	–	–	–	–	–	–	100%
Anna Martini ⁽³⁾	4	100%	–	–	2	100%	–	–	100%
François Olivier	7	100%	–	–	–	–	–	–	100%
François R. Roy	7	100%	6	100%	–	–	–	–	100%
Lino A. Saputo, Jr. ⁽⁴⁾	7	100%	–	–	2	100%	0	0%	90%
André Tremblay	7	100%	–	–	5	100%	–	–	100%

(1) Mr. Harold “Sonny” Gordon was a member of the Human Resources and Compensation Committee until February 17, 2011; he is a member of the Corporate Governance Committee since February 17, 2011. Since then, there were 3 meetings of the Human Resources and Compensation Committee and 2 meetings of the Corporate Governance Committee.

(2) Ms. Nathalie Marcoux was elected as a director on February 17, 2011. Since then, there were 4 meetings of the Board.

(3) Ms. Anna Martini was elected as a director and a member of the Human Resources and Compensation Committee on February 17, 2011. Since then, there were 4 meetings of the Board and 2 meetings of the Human Resources and Compensation Committee.

(4) Mr. Lino A. Saputo, Jr. was a member of Governance Committee until February 17, 2011; he is a member of the Human Resources and Compensation Committee since February 17, 2011. Since then, there were 1 meeting of the Corporate Governance Committee and 2 meetings of the Human Resources and Compensation Committee.

Compensation of Directors Analysis

Highlights

	Page		Page
Compensation of Directors	22	➔ In accordance with the Corporation's ownership guidelines for directors, the directors (other than directors who are also senior executives of the Corporation) must hold shares or deferred share units in an amount equal to at least three times the directors' annual compensation.	
➔ Compensation levels are below that of comparable corporations.			
Summary of Compensation of Directors	22		
➔ A table showing the compensation paid to each director in such capacity is shown on page 23.			
➔ A Deferred Share Unit Plan was implemented for the benefit of independent directors in order to motivate their involvement in the growth and development of the Corporation and to help the Corporation attract and retain experienced and competent directors.			

Compensation of Directors Analysis

Compensation of Directors

Compensation of directors is established in order to allow the Corporation to attract and retain highly qualified and devoted directors with a varied and relevant experience, taking into account the numerous segments of activities which the Corporation exploits, and to align the interests of the directors with those of the shareholders.

The Corporate Governance Committee reviews on an annual basis the compensation of the directors who are not employees of the Corporation and recommends to the Board of Directors the level of compensation and any adjustments necessary to take into account the level of work and the responsibilities of the members of the Board of Directors and its committees.

In order to do this, management of the Corporation prepares, based on information contained in management proxy circulars, a summary of compensation practices of certain companies, the shares of which are listed on an exchange. With respect to the compensation payable to directors during the fiscal year ended October 31, 2011, the comparative group was composed of the following 27 Canadian companies.

Companies forming part of the comparison group		
Companies with a head office in Canada		
Alimentation Couche-Tard Inc.	Cogeco Inc.	Saputo Inc.
Astral Media Inc.	Dorel Industries Inc.	Shoppers Drug Mart Corporation
BCE Inc.	Gildan Activewear Inc.	SNC-Lavalin Group Inc.
BELLUS Health Inc.	Jean Coutu Group (PJC) Inc.	Torstar Corporation
CAE Inc.	Lassonde Industries Inc.	Transat A.T. Inc.
Cascades Inc.	Metro inc.	TransForce Inc.
CGI Group Inc.	Quebecor Inc.	Uni-Select Inc.
Cinram International Income Fund	RONA Inc.	World Color Press Inc.
Cogeco Cable Inc.	Rogers Communications Inc.	Yellow Media Inc.

With respect to the compensation that will be payable to directors for the fiscal year ending October 31, 2012, the comparison group was composed of the same Canadian companies, other than World Color Press Inc.

The Board of Directors is of the view that it can derive certain trends from this analysis relating to the compensation for companies of comparable size or with whom the Corporation competes to attract directors. Compensation of the directors was also compared to that of a more limited number of companies from this comparison group having their head offices in Québec and the revenues of which ranged from 50% to twice the revenues of the Corporation. Within all these groups, the total compensation of directors of the Corporation who are not employees of the Corporation was below the average of the compensation offered by these companies.

Directors receive annual fees and additional compensation which varies depending on their attendance to meetings of the Board or of its committees. Compensation is paid quarterly.

The following table presents the different components of the compensation the directors may be entitled to receive, with the exception of the directors who are also employees of the Corporation (Ms. Isabelle Marcoux and Messrs. Pierre Marcoux, Rémi Marcoux and François Olivier) who do not receive any compensation for serving as directors as they are executives of the Corporation.

Type of compensation	Amount (up to October 31, 2011)	Amount (since November 1, 2011)
Annual amount		
Annual retainer fees	\$40,000	\$45,000
Member of a committee of the Board of Directors	\$3,000	\$3,000
Chair of the Audit Committee and of the Human Resources and Compensation Committee	\$10,000	\$10,000
Chair of the Corporate Governance Committee	\$6,000	\$6,000
Lead Director	\$8,000	\$8,000
Other compensation		
Attendance fees for each meeting of the Board of Directors and committees	\$1,500 (\$1,000 by telephone)	\$1,500 (\$1,000 by telephone)

On September 7, 2011, the Board of Directors approved, effective November 1, 2011, an increase of the annual fees of \$5,000, to reach \$45,000.

The Corporation has implemented a Deferred Share Unit Plan (the "DSUP") with the express purpose of granting to 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. A director can therefore elect to receive his compensation in deferred share units, cash or a combination thereof. 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 to serve as a director. Upon payment, the value attributed to each unit is 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.

The Corporation does not have a retirement plan for directors who are not employees of the Corporation.

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

In accordance with the Corporation's ownership guidelines for directors (other than directors who are also senior executives of the Corporation), as at January 9, 2012, all directors held shares or deferred share units representing an amount equal to at least three times the sum of a director's annual compensation, with the exception of Mr. Pierre Fitzgibbon who has until October 6, 2012, and Ms. Nathalie Marcoux and Anna Martini who have until February 17, 2014, namely three years after their nomination, to comply with these requirements. Directors who are also senior executives of the Corporation are subject to the share ownership guidelines applicable to senior executives. See "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Share Ownership Guidelines". For calculation purposes, in relation to ownership of shares, we use the higher of the amount paid for such shares (or the price at the time of grant of the relevant share units) or the closing price of such shares on the Toronto Stock Exchange on October 31, 2011.

Summary of Compensation of Directors

The following table presents the details of the compensation paid to the directors of the Corporation for the fiscal year ended October 31, 2011 (except for Messrs. Rémi Marcoux and François Olivier who are Named Executive Officers).

Director ⁽¹⁾	Fees earned (\$)	Share-based awards (\$) ⁽²⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$) ⁽³⁾	All other compensation (\$) ⁽⁴⁾	Total (\$)
Lucien Bouchard	–	74,654	–	–	–	–	74,654
Claude Dubois	–	71,059	–	–	–	–	71,059
Pierre Fitzgibbon	30,500	31,941	–	–	–	–	62,441
Richard Fortin	–	89,421	–	–	–	–	89,421
Harold « Sonny » Gordon	–	73,970	–	–	–	–	73,970
Monique Lefebvre	30,000	38,192	–	–	–	–	68,192
Isabelle Marcoux	–	–	–	–	–	739,546	739,546
Nathalie Marcoux	–	34,395	–	–	–	–	34,395
Pierre Marcoux	–	–	–	–	–	464,794	464,794
Anna Martini	–	39,534	–	–	–	–	39,534
François R. Roy	30,500	34,289	–	–	–	–	64,789
Lino A. Saputo, Jr.	–	62,804	–	–	–	–	62,804
André Tremblay	33,250	41,765	–	–	–	–	75,015

- (1) Ms. Isabelle Marcoux and Messrs. Pierre Marcoux, Rémi Marcoux and François Olivier are senior executives of the Corporation and receive no compensation for serving as directors. Mr. Rémi Marcoux' compensation as Executive Chairman of the Board is disclosed under the heading "Compensation of Executive Officers Analysis - Summary Compensation for Executive Officers - Summary Compensation Table" on page 55. Mr. François Olivier's compensation as President and Chief Executive Officer is disclosed under the "Compensation of Executive Officers Analysis - Summary Compensation for Executive Officers - Summary Compensation Table" on page 55. The compensation for Ms. Isabelle Marcoux and Mr. Pierre Marcoux is disclosed under the column of the table above "All other compensation" (see also note 4 below).
- (2) On March 26, 2002, the Board of Directors adopted the Deferred Share Unit Plan of Transcontinental Inc. for directors. Directors have the option to receive either 0%, 50% or 100% of their compensation in DSUs. A DSU has the same value as one Class A Share. Additional DSUs accumulate with the payment of dividends with respect to Class A Shares. For purposes of this table, the numbers of DSUs and the value thereof have been rounded up.

Name	January 21, 2011 (dividends)	February 1, 2011 (conversion of quarterly compensation)	April 21, 2011 (dividends)	May 1, 2011 (conversion of quarterly compensation)	July 22, 2011 (dividends)	August 1, 2011 (conversion of quarterly compensation)	October 21, 2011 (dividends)	November 1, 2011 (conversion of quarterly compensation)
Price for share units awards	\$16.84	\$16.90	\$14.67	\$14.59	\$16.14	\$15.76	\$11.52	\$12.00
Lucien Bouchard	\$2,985 (177 DSU)	\$15,500 (917 DSU)	\$3,105 (212 DSU)	\$13,000 (891 DSU)	\$3,960 (245 DSU)	\$13,000 (825 DSU)	\$4,104 (356 DSU)	\$19,000 (1,583 DSU)
Claude Dubois	\$2,853 (169 DSU)	\$15,500 (917 DSU)	\$2,972 (203 DSU)	\$13,000 (891 DSU)	\$3,795 (235 DSU)	\$13,000 (825 DSU)	\$3,938 (342 DSU)	\$16,000 (1,333 DSU)
Pierre Fitzgibbon	\$236 (14 DSU)	\$7,750 (459 DSU)	\$288 (20 DSU)	\$7,750 (531 DSU)	\$427 (26 DSU)	\$7,000 (444 DSU)	\$491 (43 DSU)	\$8,000 (667 DSU)
Richard Fortin	\$2,810 (167 DSU)	\$15,500 (917 DSU)	\$2,929 (200 DSU)	\$15,500 (1,062 DSU)	\$3,765 (233 DSU)	\$14,000 (888 DSU)	\$3,917 (340 DSU)	\$31,000 (2,583 DSU)
Harold « Sonny » Gordon	\$2,931 (174 DSU)	\$18,000 (1,065 DSU)	\$3,068 (209 DSU)	\$13,000 (891 DSU)	\$3,913 (242 DSU)	\$13,000 (825 DSU)	\$4,057 (352 DSU)	\$16,000 (1,333 DSU)
Monique Lefebvre	\$1,732 (103 DSU)	\$9,000 (533 DSU)	\$1,802 (123 DSU)	\$7,250 (497 DSU)	\$2,295 (142 DSU)	\$5,750 (365 DSU)	\$2,363 (205 DSU)	\$8,000 (667 DSU)
Isabelle Marcoux	–	–	–	–	–	–	–	–
Nathalie Marcoux	–	–	–	\$11,090 (760 DSU)	\$103 (6 DSU)	\$11,500 (730 DSU)	\$202 (18 DSU)	\$11,500 (958 DSU)
Pierre Marcoux	–	–	–	–	–	–	–	–
Anna Martini	–	–	–	\$12,590 (863 DSU)	\$116 (7 DSU)	\$11,500 (730 DSU)	\$216 (19 DSU)	\$15,112 (1,259 DSU)
François R. Roy	\$757 (45 DSU)	\$7,750 (459 DSU)	\$812 (55 DSU)	\$7,750 (531 DSU)	\$1,076 (67 DSU)	\$7,000 (444 DSU)	\$1,145 (99 DSU)	\$8,000 (667 DSU)
Lino A. Saputo, Jr.	\$1,470 (87 DSU)	\$14,000 (828 DSU)	\$1,572 (107 DSU)	\$14,000 (960 DSU)	\$2,072 (128 DSU)	\$11,500 (730 DSU)	\$2,189 (190 DSU)	\$16,000 (1,333 DSU)
André Tremblay	\$1,805 (107 DSU)	\$9,000 (533 DSU)	\$1,875 (128 DSU)	\$7,000 (480 DSU)	\$2,383 (148 DSU)	\$5,750 (365 DSU)	\$2,452 (213 DSU)	\$11,500 (958 DSU)

- (3) The Corporation does not have a retirement plan for directors who are not employees of the Corporation.
- (4) Ms. Isabelle Marcoux was compensated in the form of a salary, an annual bonus, a grant of share units, a grant of stock options and benefits pursuant to a supplemental retirement plan for her services as an executive of the Corporation in accordance with programs offered to executives. Mr. Pierre Marcoux was compensated in the form of a salary, an annual bonus, a grant of share units and benefits pursuant to a supplemental retirement plan; in connection with his move to Toronto, Mr. Marcoux received a housing allowance pursuant to programs offered to executives.

The following table presents the fees paid to each director as such for the fiscal year ended October 31, 2011, excluding the dividends payable in deferred share units.

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	40,000	–	6,000	14,500	60,500	100%
Claude Dubois	40,000	3,000	–	14,500	57,500	100%
Pierre Fitzgibbon	40,000	3,000	–	18,000	61,000	50%
Richard Fortin ⁽¹⁾	40,000	–	18,000	18,000	76,000	100%
Harold "Sonny" Gordon	40,000	3,000	–	17,000	60,000	100%
Monique Lefebvre	40,000	3,000	–	17,000	60,000	50%
Isabelle Marcoux	–	–	–	–	–	–
Nathalie Marcoux ⁽²⁾	28,090	–	–	6,000	34,090	100%
Pierre Marcoux	–	–	–	–	–	–
Rémi Marcoux	–	–	–	–	–	–
Anna Martini ⁽³⁾	28,090	2,112	–	9,000	39,202	100%
François Olivier	–	–	–	–	–	–
François R. Roy	40,000	3,000	–	18,000	61,000	50%
Lino A. Saputo, Jr.	40,000	3,000	–	12,500	55,500	100%
André Tremblay	40,000	–	10,000	16,500	66,500	50%

(1) Compensation of Mr. Fortin as Committee Chair includes his compensation for acting as Lead Director and as Chair of the Audit Committee.

(2) Ms. Nathalie Marcoux was elected as a director on February 17, 2011. Her annual compensation was prorated.

(3) Ms. Anna Martini was elected as a director and appointed as a member of Human Resources and Compensation Committee on February 17, 2011. Her annual compensation and her compensation as a member of Human Resources and Compensation Committee were prorated.

Outstanding Share-Based Awards and Option-Based Awards for the Fiscal Year Ended October 31, 2011

The following table presents for each director all outstanding awards at the end of the fiscal year ended October 31, 2011 (except for Messrs. Rémi Marcoux and François Olivier who are Named Executive Officers, see the heading "Compensation of Executive Officers Analysis - Summary Compensation for Executive Officers - Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards" on page 58).

Director	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (number)	Option exercise price (\$)	Option expiration date (dd/mm/yyyy)	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (number)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽³⁾
Lucien Bouchard	–	–	–	–	–	–	410,731
Claude Dubois	–	–	–	–	–	–	391,782
Pierre Fitzgibbon	–	–	–	–	–	–	55,182
Richard Fortin	–	–	–	–	–	–	405,587

Director	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (number)	Option exercise price (\$)	Option expiration date (dd/mm/yyyy)	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (number)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽³⁾
Harold « Sonny » Gordon	–	–	–	–	–	–	403,111
Monique Lefebvre	–	–	–	–	–	–	233,401
Isabelle Marcoux	2,000 3,000 5,700 10,000 4,500 7,000 11,800 8,800 7,220	19.695 21.97 22.41 19.29 20.90 15.51 9.64 13.09 16.20	11/12/2012 09/12/2013 14/12/2014 14/12/2012 09/01/2014 09/01/2015 08/01/2016 07/01/2017 06/01/2018	– – – – – – 36,108 – –	16,494 ⁽⁴⁾	151,369	34,608
Nathalie Marcoux	–	–	–	–	–	–	31,394
Pierre Marcoux	3,500	19.29	14/12/2012	–	16,506 ⁽⁵⁾	133,132	5,448
Anna Martini	–	–	–	–	–	–	36,551
François R. Roy	–	–	–	–	–	–	117,424
Lino A. Saputo, Jr.	–	–	–	–	–	–	225,247
André Tremblay	–	–	–	–	–	–	245,580

- (1) The aggregate dollar amount of the in-the-money unexercised options is the difference between the exercise price and the closing price of the Class A Shares on the Toronto Stock Exchange on October 31, 2011, the last business day of the fiscal year, which closing price was \$12.70 per share. Actual gains, if any, on exercise will depend on the value of the Class A Shares on the date of exercise. There is no guarantee that gains will be realized.
- (2) The market value of the share units is calculated as if payment of the share units that are not contingent on the achievement of performance objectives was made on the basis of the closing price of the Class A Shares on the Toronto Stock Exchange on October 31, 2011, being the last business day of the fiscal year, which closing price was \$12.70 per share. The market value of the share units that are contingent upon the achievement of performance objectives is calculated based on the minimum payment that could be made. For the share units granted on January 7, 2010, the performance objectives being exceptionally retention based, the value was calculated based on the closing price of the Class A Shares on the Toronto Stock Exchange on October 31, 2011, being the last business day of the fiscal year, which closing price was \$12.70 per share.
- (3) The market value of the share units is calculated on the basis of the closing price of the Class A Shares on the Toronto Stock Exchange on October 31, 2011, being the last business day of the fiscal year, which closing price was \$12.70 per share.
- (4) Including 6,874 retention based RSUs and 9,620 performance based RSUs (including 3,032 RSUs with a performance objective being retention based) as at October 31, 2011. Share units were granted pursuant to the Share Unit Plan for executives described under "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP")" on page 46. On December 13, 2011, the vesting date for the share units granted on January 8, 2009, 2,902 retention based RSUs vested, 1,857 performance based RSUs vested (of which 1,790 RSUs were converted in vested DSUs) and 2,786 performance based RSUs were cancelled as the performance objectives for the 2009 to 2011 cycle were not satisfied in full.
- (5) Including 4,647 retention based RSUs and 11,859 performance based RSUs (including 4,513 RSUs with a performance objective being retention based) as at October 31, 2011. Share units were granted pursuant to the Share Unit Plan for executives described under "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP")" on page 46. On December 13, 2011, the vesting date for the share units granted on January 8, 2009, 1,102 retention based RSUs vested, 1,323 performance based RSUs vested and 1,984 performance based RSUs were cancelled as the performance objectives for the 2009 to 2011 cycle were not satisfied in full.

Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan for the Fiscal Year Ended October 31, 2011

The following table presents for each director the value on vesting of all options-based and share-based awards and any non-equity incentive plan during the fiscal year ended October 31, 2011 (except for Messrs. Rémi Marcoux and François Olivier who are Named Executive Officers, see the heading "Compensation of Executive Officers Analysis - Summary Compensation for Executive Officers - Incentive Plan Awards - Value Vested or Earned During the Fiscal Year Ended October 31, 2011" on page 60).

Director	Option-based awards - Value vested during the year (\$) ⁽¹⁾	Share-based awards - Value vested during the year (\$) ⁽⁴⁾	Non-equity incentive plan compensation - Value earned during the year (\$) ⁽⁶⁾
Lucien Bouchard	–	74,654	–
Claude Dubois	–	71,059	–
Pierre Fitzgibbon	–	31,941	–
Richard Fortin	–	89,421	–
Harold « Sonny » Gordon	–	73,970	–
Monique Lefebvre	–	38,192	–
Isabelle Marcoux	28,851 ⁽²⁾	51,060 ⁽⁵⁾	280,680
Nathalie Marcoux	–	34,395	–
Pierre Marcoux	– ⁽³⁾	27,903 ⁽⁵⁾	60,632
		39,534	–
François R. Roy	–	34,289	–
Lino A. Saputo, Jr.	–	62,804	–
André Tremblay	–	41,765	–

(1) The value is calculated as if stock options were exercised on the vesting date for each relevant grant. The value is equal to the excess of the closing price of the Class A Shares on the vesting date over the exercise price.

(2) For Ms. Isabelle Marcoux:

Number of options which vested during the fiscal year ended October 31, 2011	Value per share on vesting date (\$)
2,200	3.32
2,950	6.77
1,750	0.90
1,125	–

The actual value earned, if any, will be different and will be based on the closing price of the Class A Shares on the date of exercise.

(3) For Mr. Pierre Marcoux, none of these options vested during the fiscal year ended October 31, 2011.

(4) For directors other than Ms. Isabelle Marcoux and Mr. Pierre Marcoux, the value of the share units which vested during the fiscal year ended October 31, 2011 is calculated in accordance with the provisions of the Deferred Share Unit Plan for the directors of Transcontinental Inc. and is equal to the average of the closing prices of a board lot of Class A Shares on the Toronto Stock Exchange for the last five trading days preceding the vesting date. Details of the share units that vested during the year are set forth under note 2 of the summary compensation of directors table on page 23.

(5) For Ms. Isabelle Marcoux and Mr. Pierre Marcoux, the value of the share units which vested during the fiscal year ended October 31, 2011 is calculated in accordance with the provisions of the Share Unit Plan for executives of Transcontinental Inc. and is equal to the weighted average price for transactions of the Class A Shares on the Toronto Stock Exchange during the five trading days preceding the vesting date. For purposes of this table, the numbers of DSUs and the value thereof have been rounded to the higher whole number.

Name	December 13, 2010 (vesting/ payment)	December 13, 2010 (vesting/ conversion)	January 21, 2011 (dividends)	April 21, 2011 (dividends)	July 22, 2011 (dividends)	October 21, 2011 (dividends)
Price for share units awards	\$15.80	\$15.80	\$16.87	\$14.78	\$16.11	\$11.49
Isabelle Marcoux	\$24,079 (1,524 RSU)	\$25,675 (1,625 DSU)	\$290 (17 DSU)	\$292 (20 DSU)	\$360 (22 DSU)	\$364 (32 DSU)
Pierre Marcoux	\$27,967 (584 RSU)	–	\$46 (3 DSU)	\$46 (3 DSU)	\$57 (4 DSU)	\$57 (5 DSU)
	(1,169 PSU)					

(6) The compensation shown for Ms. Isabelle Marcoux and Mr. Pierre Marcoux represents the annual bonus payable pursuant to the short term incentive plan in their capacity as executives of the Corporation.

Disclosure of Corporate Governance Practices

Highlights

	Page		Page
Board of Directors	29	Corporate Governance Initiatives	33
➔ 7 meetings of the Board of Directors were held during the year, at which independent directors met "in camera".		➔ Over the last years, the Corporation adopted a number of corporate governance initiatives.	
Human Resources and Compensation Committee	29	➔ Full details are included in Schedule A.	
➔ The Human Resources and Compensation Committee is composed of 4 independent directors.		Code of Ethics	33
➔ The Human Resources and Compensation Committee held 5 meetings during the year.		➔ The Board of Directors has approved a code of ethics of the Corporation.	
Audit Committee	32	➔ A copy is available on the Corporation's website or may be obtained upon request made to the Corporate Secretary.	
➔ The Audit Committee is composed of 3 independent directors.		Interest of Insiders in Material Transactions	34
➔ The Audit Committee held 6 meetings during the year.		➔ No insider had any interest in any material transactions since the beginning of the last fiscal year of the Corporation.	
Corporate Governance Committee	31		
➔ The Corporate Governance Committee is composed of 3 independent directors.			
➔ The Corporate Governance Committee held 3 meetings during the year.			

Disclosure of Corporate Governance Practices

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

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, Policy Statement 58-201 and National Instrument and Policy Statement 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, 2011, the Board of Directors held seven meetings. 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 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 two-thirds of the Corporation's directors (10 out of 15) were independent during the fiscal year ended October 31, 2011. The Corporation is proposing 14 nominees for election as directors at the next annual meeting, of which 64% are independent (9 out of 14). The Board of Directors intends to appoint an additional independent director during the year to replace a director who recently decided not to seek re-election as a director. These independent directors have no interest in the Corporation or in the management thereof (otherwise than as a shareholder or holder of deferred share units), or any other relationship with them. Furthermore, Messrs. Pierre Fitzgibbon and François R. Roy are directors of Caisse de dépôt et placement du Québec, a former lender to the Corporation. Mr. Fitzgibbon was not a director of the Corporation at the time when the Corporation obtained its loan from Caisse de dépôt et placement du Québec; Mr. Roy was not a director of Caisse de dépôt et placement du Québec when the Corporation obtained its loan from Caisse de dépôt et placement du Québec. Messrs. Fitzgibbon and Roy are not employees of Caisse de dépôt et placement du Québec. During the fiscal year ended October 31, 2011, the Corporation repaid the loan from Caisse de dépôt et placement du Québec. Moreover, at least 64% 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. The Corporate Governance Committee reviews, on an annual basis, the size and composition of the Board of Directors. For more details, see Item 1 in Schedule A.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is composed of four independent directors:

Chairman: André Tremblay
Members: Monique Lefebvre, Anna Martini, Lino A. Saputo, Jr.

The members of the Human Resources and Compensation Committee were selected according to their experience and their knowledge of matters to be dealt with by the Committee.

Each member of the Human Resources and Compensation Committee has direct experience that is relevant to his or her responsibilities in executive compensation, as well as the skills and experience necessary to enable him or her to make decisions as to the suitability of the Corporation's policies and practices. These skills were acquired, among other things, through their experience in large part as president of a business or president and chief executive officer where human resources was directly reporting to such person. Two members of the Committee, Ms. Martini and Mr. Saputo, are currently president and/or chief executive officer of corporations. Please see "Nominees for Election to the Board - Description of Nominees" on page 10 of this Circular for more detailed biographical information concerning members of the Human Resources and Compensation Committee. Ms. Martini is also a member of the Governance and Human Resource Committee of Velan Inc. and Mr. Tremblay was a member of the Human Resources Committee of Exfo Inc. until January 2011; both of these companies are publicly listed. In addition, Ms. Martini has financial skills relating to management compensation and is a member of the Audit Committee of Velan Inc. In connection with their various responsibilities, all of these directors have also implemented and managed compensation policies and practices, including with respect to wage policies, components of management compensation, succession plans, pension plans and share based incentive programs.

No executive officers of the Corporation also serve as a director or member of the compensation committee of another issuer, one of whose executive officers is a member of the Board or of the Compensation and Human Resources Committee.

The Committee reviews compensation policies and practices of the Corporation taking into account risks associated with these policies and practices. The Committee has not identified risks associated with the Corporation's compensation policies which could have material adverse consequences on the Corporation. Those risks and uncertainties which may have material adverse consequences on the Corporation are reviewed on a quarterly basis by management and the Audit Committee and are disclosed in the management's discussion and analysis of the Corporation accompanying the financial statements. None of these risks relates to compensation policies and practices of the Corporation.

The duties and responsibilities of the Human Resources and Compensation Committee are established by the Board of Directors and include, amongst others, the following: (i) examining and making recommendations to the Board of Directors of wage and compensation policies; (ii) assessing the competitiveness of the Corporation's compensation policies and practices; (iii) examining and administering the Corporation's Stock Option Plan, the Share Unit Plan and the Deferred Share Unit Plan; (iv) examining the pension plans offered to employees, executives and members of senior management; (v) reviewing the organizational structure and the succession planning program with respect to senior management; (vi) reviewing the role and responsibilities of the President and Chief Executive Officer and determining the elements of his compensation; and (vii) approving the hiring, the compensation and the other employment conditions of senior management.

The Human Resources and Compensation Committee has the authority appropriate to retain, at the expense of the Corporation, external consultants and experts to discharge its responsibilities.

A copy of the mandate of the Human Resources and Compensation Committee is available on the Corporation's website (www.tc.tc) 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 37 of this Circular under the heading "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers".

During the fiscal year ended October 31, 2011, the Human Resources and Compensation Committee held five meetings. During such fiscal year, the Human Resources and Compensation Committee, amongst others, reviewed the organizational structure of the Corporation's operating sectors and head office, reviewed the short term incentive program of the various operating sectors and head office, reviewed the actuarial valuations of the pension plans, approved the wage and salary increase policy, reviewed and approved the compensation of the Named Executive Officers and of the Chair of the Board commencing in February 2012, the retirement agreement with the Executive Chairman of the Board and the

value of the option and share units awards, reviewed the succession plans for senior management and approved amendments to the compensation programs, which amendments are described under "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers" on page 37.

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 the 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.

His main 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 of Directors 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, Human Resources.

Corporate Governance Committee

The Corporate Governance Committee is composed of three independent directors:

Chairman: Lucien Bouchard
Members: Claude Dubois, Harold "Sonny" Gordon

The members of the Corporate Governance Committee were selected based on their experience and their knowledge of matters to be dealt with by the Committee.

The duties and responsibilities of the Corporate Governance Committee are established by the Board of Directors and include, amongst others, the following: (i) proposing candidates for election to the Board of Directors; (ii) reviewing the Corporation's corporate governance policies and practices; (iii) implementing a system for the assessment of the Board of Directors and its committees; (iv) reviewing the size and composition of the Board of Directors; (v) reviewing the compensation of directors; and (vi) reviewing the procedures implemented to ensure compliance with the Code of Ethics and reviewing any waiver to the Code of Ethics.

The Corporate Governance Committee has the authority appropriate to retain, at the expense of the Corporation, external consultants and experts to discharge its responsibilities.

A copy of the mandate of the Corporate Governance Committee is available on the Corporation's website (www.tc.tc) 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, 2011, the Corporate Governance Committee held three meetings. During such fiscal year, the Corporate Governance Committee conducted, inter alia, the assessment of Executive Chairman, approved amendments to the compensation of directors, recommended the nomination of Ms. Isabelle Marcoux as the Chair of the Board commencing in February 2012, and reviewed the mandates and other roles and responsibilities of the Board, of the Committees of the Board, of their Chairs and of the Lead Director.

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 the 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.

His 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 of Directors 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

The Audit Committee is composed of three independent directors:

Chairman:	Richard Fortin
Members:	Pierre Fitzgibbon, François R. Roy

The duties and responsibilities of the Audit Committee are established by the Board of Directors and include the functions customarily performed by audit committees, such as the following: (i) overseeing the financial information production and reporting process; (ii) ensuring itself of the independence of the external auditor; (iii) satisfying itself of the credibility and objectivity of financial reports; (iv) facilitating in-depth discussion among directors, management and the external auditor; (v) approving the mandate of the external auditors as well as the nature and scope of the audit to be conducted by the external auditor; (vi) approving the compensation of the external auditor; (vii) approving the mandate, the organization and the independence of the internal auditor; (viii) pre-approving a budget for all non-auditing services that the external auditor must carry out for the Corporation; (ix) reviewing and recommending to the Board of Directors the annual and quarterly financial statements of the Corporation, the management's discussion and analysis and the press releases relating thereto; (x) reviewing the accounting policies followed by the Corporation; (xi) reviewing, in conjunction with management and the external auditor, any new financial or regulatory requirements that could affect the presentation of the Corporation's financial information; (xii) assessing the efficiency and integrity of the Corporation's internal controls; (xiii) reviewing the recommendations of the internal auditor and the external auditor which it considers material; (xiv) ensuring that procedures are established for the treatment of complaints received regarding accounting and internal controls; (xv) ensuring that a process allowing management to identify the major risks the Corporation is facing is implemented and ensuring that necessary measures are taken to manage such risks; and (xvi) ensuring that a corporate disclosure policy is in place for the review of the Corporation's public disclosure.

The Audit Committee has the authority appropriate to retain, at the expense of the Corporation, external consultants and experts to discharge its responsibilities.

A copy of the mandate of the Audit Committee is available on the Corporation's website (www.tc.tc) 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, 2011, the Audit Committee held six meetings, during which, *inter alia*, the Audit Committee recommended to the Board of Directors the approval of the quarterly and annual financial statements, the management's discussions and financial analysis and the press releases relating thereto, reviewed the status of many projects, including the changeover to International Financial Reporting Standards (IFRS), risk management (whether relating to operations, finance, environmental and litigation) and hedging programs, financing projects and a number of policies.

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 the 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.

His 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 matters are clearly identified and communicated to the Committee and ultimately to the Board of Directors for approval and that all material issues falling under the mandate of the Committee are dealt with by the Committee and the Board of Directors 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 auditor and internal auditor 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 on matters assigned by the Board of Directors to the Audit Committee and, if required, entrust the execution of certain matters to an internal work committee of the Corporation or to outside consultants in order to submit complete files to Committee members for discussion; (vi) act as a representative of the Committee to negotiate and settle any auditing issues relating to the accounts of the Corporation during discussions with the external auditor 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 Corporation's 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, 2011. A copy of the Annual Information Form can be obtained on SEDAR's Internet site (www.sedar.com), on the Corporation's website (www.tc.tc) or by making a request therefore 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 and reviewed written mandates for the Executive Chairman of the Board, the President and Chief Executive Officer, the Lead Director, the Board of Directors (containing details, amongst others, relating to expectations for directors), each committee of the Board of Directors and the chair of the committees 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 Deferred 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 website (www.tc.tc). 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. However, Messrs. Pierre Fitzgibbon and François R. Roy are directors of Caisse de dépôt et placement du Québec, a former lender to the Corporation. Mr. Fitzgibbon was not a director of the Corporation when the Corporation obtained its loan from Caisse de dépôt et placement du Québec; Mr. Roy was not a director of Caisse de dépôt et placement du Québec when the Corporation obtained its loan from Caisse de dépôt et placement du Québec. Messrs. Fitzgibbon and Roy are not employees of Caisse de dépôt et placement du Québec. During the fiscal year ended October 31, 2011, the Corporation repaid the loan from Caisse de dépôt et placement du Québec.

Compensation of Executive Officers Analysis

Highlights

	Page		Page
<p>REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE ON THE COMPENSATION OF EXECUTIVE OFFICERS</p>			
<p>Compensation Philosophy</p> <ul style="list-style-type: none"> ➔ The Human Resources and Compensation Committee reviews annually the performance of the executives. ➔ A significant portion of the executives' compensation is linked to the performance of the Corporation. ➔ The Committee takes into account compensation paid for equivalent positions within comparative groups. The target for the global compensation for the senior management team is at the median of the market. 	38	<ul style="list-style-type: none"> ➔ For 2011, the Named Executive Officers are: <ul style="list-style-type: none"> ➔ Rémi Marcoux Executive Chairman of the Board ➔ François Olivier President and Chief Executive Officer ➔ Benoît Huard Vice President and Chief Financial Officer ➔ Natalie Larivière President, TC Media ➔ Brian Reid President, TC Transcontinental Printing ➔ The short term incentive compensation depends on the level of achievement of predetermined objectives for the Corporation (annual bonus). A table showing the short term incentive compensation is included on page 44. ➔ The medium term incentive compensation, through the Share Unit Plan (the "SUP"), is intended to favour value creation in the medium term and compliance with the strategic plan. Vesting of share units generally depends on achieving three year objectives and continuing to be employees of the Corporation. ➔ The long term incentive compensation, through the grant of stock options, is aimed at tying a portion of the compensation of executives with the long-term success of the Corporation, measured by the increase in the value of the Corporation's shares. Stock options are now granted to solely members of the Management Committee and certain senior executives. 	
<p>Compensation Consultation Services</p> <ul style="list-style-type: none"> ➔ The Committee retains from time to time the services of an external consulting firm to provide it with advice to support its recommendations. 	37		
<p>Compensation Structure and Composition</p> <ul style="list-style-type: none"> ➔ The compensation program for executives focuses on global compensation. ➔ A table identifying the components of the executives' compensation is included on page 39. ➔ The composition of the global compensation varies at each hierarchic level. A table showing the actual target compensation is included on page 42. 	41		

	Page		Page
Share Ownership Guidelines	49	➔ Pursuant to the Policy regarding the ownership of shares, certain senior executives and members of senior management must hold up to three times their annual base compensation, depending upon their hierarchic level.	
Compensation of the Executive Chairman of the Board	51	➔ In 2009, the Executive Chairman of the Board signed an agreement for an indefinite term. This agreement sets out principally the amounts relating to his retirement agreement, his salary and annual bonus. In 2011, an agreement was entered with the Corporation regarding the Executive Chairman of the Board ceasing to act in such capacity.	➔ During the 2011 fiscal year, 279,546 share units were granted, namely 95,484 retention based restricted share units, 137,899 performance based restricted share units, 40,123 vested deferred share units granted in partial payment of bonuses and 6,040 vested deferred share units granted in payment of dividends payable with respect to vested deferred share units.
Compensation of the President and Chief Executive Officer	52	➔ For 2011, the annual base salary of Mr. Olivier was \$793,254; the Corporation granted to Mr. Olivier 23,648 retention based restricted share units, 23,648 performance based restricted share units and options to purchase 74,192 Class A Shares at a price of \$16.20 per share. The annual bonus of Mr. Olivier was \$1,538,245.	➔ Vesting of the share units is determined over a three year cycle.
SUMMARY COMPENSATION FOR EXECUTIVE OFFICERS			➔ Retention based units granted on January 9, 2007 vested on December 18, 2009. Performance based share units granted on January 9, 2007 were cancelled as the performance objective for the years 2007 to 2009 was not achieved.
Summary Compensation Table	55	➔ A table setting forth information on the compensation of certain executive officers is included on page 55.	➔ Retention based share units granted on January 9, 2008 vested on December 13, 2010. Two-thirds of the performance based share units granted on January 9, 2008 vested and one-third of such units were cancelled as the performance objectives for the years 2008 to 2010 were not satisfied in full.
Options and Share Units Granted to the Named Executive Officers During the Last Fiscal Year	56	➔ During the 2011 fiscal year, 164,672 stock options (0.20% of the issued and outstanding voting shares) were granted at an exercise price of \$16.20 per share.	➔ Retention based share units granted on January 8, 2009 vested on December 13, 2011. 40% of the performance based share units granted on January 8, 2009 vested and 60% of such units were cancelled as the performance objectives for the years 2009 to 2011 were not satisfied in full.
			Pension Plans
			61
			➔ Tables setting forth estimated benefits payable upon retirement of the Named Executive Officers are included on page 63.
			Termination and Change of Control Benefits
			63
			➔ Tables showing amounts which the Named Executive Officers could receive pursuant to various compensation plans upon termination of employment and change of control are included on page 67.

Compensation of Executive Officers Analysis

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

Review and Approval

The Human Resources and Compensation Committee (the "Committee") is entirely composed of independent directors. The Committee reviews annually the performance of the executives 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.

Compensation Consultation Services

Since 2002, the Committee has retained the services of Mercer (Canada) Limited ("Mercer") for advice relating to the competitiveness and appropriateness of the compensation programs of the Corporation for the President and Chief Executive Officer and members of senior management, as the case may be. The services may include, but are not limited to, advice on base salaries, short term, medium term and long term incentive programs, pension plans, social benefits, awards and provisions regarding employment and change of control. In connection with these services, Mercer may review the Corporation's compensation policies (including choosing the companies forming part of the comparative groups, positioning regarding compensation and performance, performance measures, etc.), the design of the programs and the levels of compensation compared to market and may make observations and recommendations regarding amendments where appropriate. In connection with these services to the Corporation, Mercer has, among other things, provided market information for certain components of the compensation used in the preparation of the employment agreements of Messrs. Rémi Marcoux and François Olivier.

During the fiscal year ended October 31, 2011, the Corporation paid fees of \$75,368 (\$94,199 for the fiscal year ended October 31, 2010) for services relating to the compensation of senior management. The Corporation also paid fees amounting to \$962,798 (\$390,008 for the fiscal year ended October 31, 2010) for actuarial and consulting services relating to pension plans. These fees were substantially higher in 2011 compared to the previous year, mainly due to the actuarial evaluations of the Corporation's pension plans which had to be prepared as at December 31, 2010 as well as evaluation and consulting services relating to pension plans in the context of various mergers and acquisitions files. The Committee considers it obtains independent executive compensation advice from Mercer because the executive compensation consultants report directly to the Committee, a letter agreement sets forth the principal details of the relationship, including as to how and to whom Mercer communicates the information and recommendations and all significant work for management of the Corporation is pre-approved by the Committee Chair.

Role of Management

In addition to the external advisory services received from Mercer, the Committee requests and evaluates on their merit studies and recommendations made by management as to the design, development, management and operation of human resources programs for senior executives and senior management.

The President and Chief Executive Officer, together with the most senior ranking members from the human resources, finance, legal and other services, join up for the elaboration of these recommendations, depending on the nature of the matter.

The Committee independently evaluates these studies and recommendations and decides if they will be the object of a recommendation to the Board of Directors.

Compensation Philosophy

The compensation philosophy for senior management of the Corporation aims at optimizing the Corporation's performance by focusing on compensation which is based on performance and the achievement of predetermined objectives. The compensation strategy favours variable components linked to short term, medium term and long term performance and depends on the achievement of financial objectives set for the Corporation or its business units or objectives tied to the achievement of strategic or priority activities to the development of the Corporation. Members of the senior management team also receive social benefits described hereinafter.

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

- recruit, develop and retain talented executives;
- reward executives that stand out by achieving predetermined and quantifiable objectives 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, medium and long term value at all levels of the organization;
- encourage teamwork and company ethics; and
- support the Corporation's business strategy.

The Committee reviews periodically all of the components of management's compensation to ensure their adequacy with its challenges issues and competitiveness of its practices compared to market. The compensation philosophy around management's compensation aims at not enticing them in taking inappropriate or excessive risks which would reasonably be likely to have material adverse consequences on the Corporation. The following components of management's compensation support this philosophy:

- The compensation structure includes a fixed portion which is sufficient (positioned at the median for the relevant comparative group) and a variable portion composed of cash and stock;
- The variable compensation is based on short term and long term performance objectives of the organization; this allows balancing the consequences of decisions taken by management (vesting under the medium term incentive compensation program depends, as to the majority of the grant, on achieving financial objectives over a three year cycle and vesting under the long term incentive compensation program takes place gradually over a four year period; in both cases, the realized value depends on the price of the Class A Shares);
- The short term and medium term variable compensation is subject to achieving performance objectives aligned with the interests of the shareholders. More particularly, it largely depends on achieving earnings per share and earnings before interest and taxes targets, therefore avoiding undue focus on sales without regard to the cost structure;
- Payments under the short term compensation incentive program are limited to two times the payment at target;
- The number of vested share units at the end of a cycle is limited to 100% of the number of units granted if all objectives are achieved; options granted only have value at the time of vesting if the stock price of the Class A Shares has increased during their term;
- The ownership guidelines provide that managers must own a minimum of stock or share units and the Policy on Insider Trading prohibits managers from short selling or trading any put or call options with respect to securities of the Corporation.

In connexion with the periodic review by the Committee of the competitiveness of the compensation, each component of the total compensation (base salary, short term incentive compensation, medium term incentive compensation, long term incentive compensation, participation to pension plans, social benefits and ancillary benefits) is reviewed separately in any benchmarking exercise in view of bringing it closer with general market practices. The Committee approves the formula and the target amount for each component of the compensation depending on the objectives of the Corporation. The following table sets out key components of the compensation and their respective form:

Component	Type	Form	Performance period
Base salary	Fixed	Cash	One year
Short term incentive compensation (annual bonus)	Variable	Cash	One year
Medium term incentive compensation (Share Unit Plan of Transcontinental Inc.)	Variable	Performance based and retention based share units	Three years
Long term incentive compensation (Stock Option Plan of Transcontinental Inc.)	Variable	Stock options	Vesting over four years; term: seven years

For purposes of designing a global compensation structure to benefit the senior management team, the Committee has taken into account compensation paid for equivalent positions within comparative groups composed of businesses competing with the Corporation in connection with the recruitment of senior executives. For the Named Executive Officers, the Committee also considers compensation data included in management proxy circulars of selected publicly listed companies with an objective that the target total compensation for the senior management team be at the median of the market, the latter being composed of these comparative groups.

In 2010, the Committee initiated a comprehensive review of the comparison groups used for total compensation of its senior executives. In connection with this review, the Committee decided to use specific comparison groups to reflect the key differences between the senior talent pool for each position.

For the President and Chief Executive Officer and senior management of each sector, the Committee has agreed to use a comparison group formed of publicly listed companies of the same industry sector and, in most of cases, of companies with revenues ranging from 50% to two times the revenues of the Corporation or of the relevant sector of the Corporation, as the case may be. Using a particular industry sector is appropriate when choosing comparables as the Corporation is in direct competition with them for sales to customers, senior talent pool and capital. The use of revenues as an indicator of the extent of the role and level of complexity and responsibilities associated with senior executive positions is also appropriate when choosing comparable companies given the correlation between compensation paid and the size of a company. Given the very limited number of Canadian companies which meet this selection criteria chosen, the comparison groups include American companies with whom the Corporation competes for executive talent pool.

For the compensation of the Vice President and Chief Financial Officer, it was decided to use a comparison group formed of Quebec based companies of similar size, excluding companies in the financial services, petroleum and gas sectors.

These new comparison groups were used in the benchmarking exercise made at the end of 2010 for purposes of reviewing the total compensation for the 2011 year. With the exception of the President and Chief Executive Officer, no new benchmarking exercise was conducted in 2011, the one conducted at the end of 2010 having also been used in connection with the review of the total compensation for 2012.

In 2011, the Committee reviewed the comparison group for the President and Chief Executive Officer in order to add representation from companies in the packaging sector, increase the proportion of Canadian based companies and reduce the revenue spectrum of the companies forming part of the group to \$4 billion. A new benchmarking exercise was conducted in the fall of 2011 based on this new comparison group and was used in connection with the review of the total compensation for 2012.

**Companies forming part of the comparative group for 2011
President and Chief Executive Officer (initial group)**

Alliance Data Systems Corporation	Meredith Corporation	The McGraw-Hill Companies, Inc.
Cenveo, Inc.	Quad/Graphics, Inc.	The Washington Post Company
Clear Channel Outdoor Holdings, Inc.	Quebecor Inc.	Torstar Corporation
Deluxe Corporation	R.R. Donnelley & Sons Company	Valassis Communications, Inc.
M & F Worldwide Corp.	SuperMedia Inc.	Yellow Media Inc.

**Companies forming part of the comparative group for 2012
President and Chief Executive Officer (revised group)**

Astral Media Inc.	John Wiley & Sons, Inc.	Rock-Tenn Company
Boise Inc.	M & F Worldwide Corp.	SuperMedia Inc.
Cascades Inc.	The McClatchy Company	Temple-Inland Inc.
Cenveo, Inc.	Meredith Corporation	Torstar Corporation
Consolidated Graphics, Inc.	Packaging Corporation of America	Valassis Communications, Inc.
Corus Entertainment Inc.	Quad/Graphics, Inc.	Yellow Media Inc.
Deluxe Corporation	Quebecor Inc.	

**Companies forming part of the comparative group for 2011 and 2012
Vice President et and Chief Financial Officer**

Astral Media Inc.	Dorel Industries Inc.	Transat A.T. Inc.
CAE Inc.	Groupe Aeroplan Inc.	Transforce Inc.
Cascades Inc.	Gildan Activewear Inc.	Uni-Select Inc.
Cogeco Inc.	Quebecor Inc.	Yellow Media Inc.
CGI Group Inc.	The Jean Coutu Group (PJC) Inc.	

**Companies forming part of the comparative group for 2011 and 2012
President, TC Media**

Arbitron Inc.	Harte-Hanks, Inc.	Quebecor Inc.
Astral Media Inc.	Journal Communications, Inc.	Torstar Corporation
CanWest Global Communications Corp.	McGraw-Hill Ryerson Limited	Yellow Media Inc.
Corus Entertainment Inc.	MDC Partners Inc.	
Glacier Media Inc.	Meredith Corporation	

**Companies forming part of the comparative group for 2011 and 2012
President, TC Transcontinental Printing**

Bowne & Co., Inc.	Deluxe Corporation	Multi-Color Corporation
Cenveo, Inc.	Ennis, Inc.	Quad/Graphics, Inc.
Courier Corporation	InnerWorkings, Inc.	R.R. Donnelley & Sons Company
Consolidated Graphics, Inc.	M & F Worldwide Corp.	The DATA Group Income Fund

For the Executive Chairman of the Board, given that he is expected to retire in February 2012, no new benchmarking exercise was conducted since the last one made in 2009. The comparison group used included companies with an executive chair, that were included in the TSX Composite Index and that had revenues of at least \$700 million. All companies satisfying these conditions and included in Mercer's database are included in the comparison group used.

**Companies forming part of the comparative groups in 2009
Chairman of the Board of Canadian companies**

Brookfield Properties Corporation	Loblaw Companies Limited	Power Financial Corporation
Canadian Natural Resources Limited	Linamar Corporation	Shaw Communications Inc.
Canwel Building Materials Group Ltd.	Martinrea International Inc.	Sherritt International Corporation
CGI Goup Inc.	Metro Inc.	The Jean Coutu Group (PJC) Inc.
CORUS Entertainment Inc.	Molson Coors Canada Inc.	Tim Hortons Inc.
Leon Furniture Limited	Open Text Corporation	

Compensation Structure and Composition

The compensation program for the Corporation's executives focuses on total compensation, being the aggregate of all compensation paid to executives. Total 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 (stock options), participation to pension plans, social benefits and ancillary benefits.

The following table sets forth a summary of the principal components of the executive's compensation, the manner in which grants are determined as well as the objectives underlying each component.

Base Salary

Description	Benchmarking	Objectives and purpose
<ul style="list-style-type: none"> Determined based upon the inherent responsibilities of the position, the expertise and performance of the individual 	<ul style="list-style-type: none"> Median of salaries for the companies being part of the comparative groups 	<ul style="list-style-type: none"> Recognition of the individual's performance Attraction and retention of management with talent

Short Term Incentive Compensation (Annual Bonus)

Description	Benchmarking	Objectives and purpose
<ul style="list-style-type: none"> Based upon achieving financial objectives and objectives tied to the execution of certain strategic or priority initiatives to the development of the Corporation Target payment corresponds to a percentage of the salary depending on the position occupied; maximum payment equivalent to two times the target payment Final payment depends on the satisfaction of the objectives set out at the beginning of the year 	<ul style="list-style-type: none"> Target percentage are based on total direct compensation target (base salary + annual bonus at target + SUP + SOP) at the median for the companies being part of the comparative groups 	<ul style="list-style-type: none"> Compensation for the achievement of financial objectives and objectives in line with priorities of the Corporation Stimulation of performance of the Corporation and achievement of superior return

Share Unit Plan of Transcontinental Inc. (SUP)

Description	Benchmarking	Objectives and purpose
<ul style="list-style-type: none"> Annual grant according to a target percentage of the base salary and based on the position occupied and the individual's performance Grant of performance based share units (PSUs) and restricted share units (RSUs), over a three year cycle PSUs granted vest principally upon the achievement of financial performance targets. Vesting is determined at the end of the three year cycle PSUs are converted on the vesting date in deferred share units (DSUs) payable upon termination of employment, retirement or death of the executive so long as minimum ownership guidelines are not satisfied; when minimum ownership guidelines are satisfied, conversion in DSUs is at the option of the executive Vesting of the RSUs is conditional upon the executive remaining with the Corporation at the end of the three year cycle Share units are granted based on the weighted average price of transactions of the Class A Shares on the Toronto Stock Exchange during the five trading days immediately preceding the date of grant 	<ul style="list-style-type: none"> Grants based on a target total direct compensation (base salary + annual bonus at target + SUP + SOP) at the median for the companies being part of the comparative groups 	<ul style="list-style-type: none"> Closer alignment of the interests of the executives with those of the shareholders Retention of executives Recognition of the input of the executives and their active contribution to the success and medium term performance of the Corporation A more direct link between compensation of the executives and the consequences of their decisions made today on the future results of the Corporation

Stock Option Plan of Transcontinental Inc. (SOP)

Description	Benchmarking	Objectives and purpose
<ul style="list-style-type: none"> Annual grant according to a target percentage of the base salary, based on the position occupied and the individual's performance and calculated pursuant to the Black-Scholes method Grants limited to a restricted number of executives who sit on the Management Committee and certain senior executives (10 individuals in 2011) since the fiscal year ended October 31, 2006 Vesting of options granted before March 30, 2005: 20% per year over a five-year period commencing on the first anniversary date of the grant; their term is 10 years Since March 30, 2005, vesting of options: 25% per year over a four-year period, commencing on the first anniversary date of the grant; their term is 7 years Options granted at the weighted average price of transactions of the Class A Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the date of grant 	<ul style="list-style-type: none"> Grants based on a target total direct compensation (base salary + annual bonus at target + SUP + SOP) at the median for the companies being part of the comparative groups 	<ul style="list-style-type: none"> Closer alignment of the interests of the executives with those of the shareholders by favouring growth in the price of the shares Recognition of the contribution and potential of each individual

For the fiscal year ended on October 31, 2011, the target compensation of the Named Executive Officers was as follows:

	Fixed compensation	At risk variable compensation		
	Base salary	Annual bonus ⁽¹⁾	Share units ⁽¹⁾	Stock options
Executive Chairman of the Board ⁽²⁾	50%	50%	–	–
President and Chief Executive Officer	31%	31%	26%	12%
Other Named Executive Officers	49%	22%	19%	10%

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

(2) Since the fiscal year beginning on November 1, 2009, the Executive Chairman of the Board is no longer eligible to receive grants of stock options.

The benchmarking exercise which was conducted for the Named Executive Officers other than the Executive Chairman of the Board based upon the new comparison groups having revealed that their compensation was not aligned with the benchmarking policy, the Committee decided to modify in 2011 its composition for the next fiscal year. More precisely, the annual target for the bonus and grant targets under the SUP and the SOP were adjusted to align with the total direct compensation at the median. These adjustments to the compensation composition also allow increasing the focus on the at risk variable compensation, as opposed to the fixed compensation.

The target compensation of the Named Executive Officers for the fiscal year ending October 31, 2012 will be as follows:

	Fixed compensation	At risk variable compensation		
	Base salary	Annual bonus ⁽¹⁾	Share units ⁽¹⁾	Stock options
President and Chief Executive Officer	25%	25%	32.5%	17.5%
Other Named Executive Officers	42%	26%	21%	11%

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

Base Salary

Base salary takes into account the breadth of the position and the responsibilities attached thereto, as well as the performance of the executive. Base salaries are compared to the median of the salaries paid for equivalent positions within the comparative groups and to salaries for equivalent positions within the Corporation. Such salaries are reviewed at least on an annual basis and annual adjustments generally come into effect on January 1st following the end of the fiscal year. For the 2011 and 2012 years, the Committee has approved a budget for salary increases of 3%. For 2012, it has specifically provided that the budget of 3% was to be distributed as follows: a budget ranging from 2% to 2.5% for the Corporation as a whole and an additional budget ranging from 0.5% to 1% for employees in development or having exceeded expectations. For the Executive Chairman of the Board, the annual salary adjustment is made as at September 9 of each year in accordance with the provisions of his agreement. However, given that he is expected to retire in February 2012, no adjustment was made to his salary on September 9, 2011. Salaries paid to the Named Executive Officers are disclosed under the column “Salary” of the “Summary Compensation Table” on page 55.

Short Term Incentive Compensation

Bonuses paid pursuant to the short term incentive compensation program depend on the level of achievement of financial objectives and objectives tied to the achievement of certain strategic and priority activities to the development of the Corporation. The Corporation attributes to each executive, depending on his or her hierarchic level, a bonus target level set as a percentage of his or her salary, representing the amount which will be paid if all objectives are achieved according to the targets set. Actual bonuses may vary between zero and twice the target bonus, based on the level of achievement of the predetermined objectives set out at the beginning of the fiscal year. The objectives and weight attached thereto are re-evaluated on an annual basis by the Human Resources and Compensation Committee and communicated to the relevant individuals.

For the fiscal year ended October 31, 2011, the performance measures used for purposes of the short term incentive compensation were:

- (i) Financial objectives: the performance measures chosen were earnings per share and earnings before interest and taxes at different levels of the organization (sector, Group and business unit). These objectives are meant to tie the performance of the executive with the financial performance of the Corporation.
- (ii) Operational objectives: the performance measures chosen vary depending on the business sector. The performance measures related to cost reductions for the Print sector and sales on the digital side for the Media sector. For the Interactive sector, the short term incentive compensation was based on a scorecard comprised of six objectives: earnings per share of the Corporation and five sector objectives: revenues, earnings before interest and taxes, mergers and acquisitions, implementation of a performance culture and transformation of the sector. This last objective was also the operational objective for the Interactive sector and covered the development of portfolios of products and the go-to-market strategy, as well as the establishment of a new strategic plan and the realization of synergies arising from the transformation of the sector and the integration of its various business units.
- (iii) Functional objectives: the performance measures chosen vary with the position occupied. This objective is only for support positions and permits a prioritization of the efforts of certain senior executives towards priorities and issues specific to support positions (e.g. finance, human resources, etc.).
- (iv) Talent management and development objective: the performance measures chosen aimed at completing performance and leadership reviews and the quality of the development plans for succession candidates.

The weight of the financial indicators in determining the amount the executive is entitled to receive is designed to enhance synergies between the sectors and reinforce the accountability of the Corporation's managers.

The following table presents the target incentive compensation as a percentage of salary, the indicators used in 2011 to measure the Corporation's performance for purposes of the short term incentive compensation program and their relative weight.

		Rémi Marcoux Executive Chairman of the Board	François Olivier President and Chief Executive Officer	Benoît Huard Vice President and Chief Financial Officer	Natalie Larivière President, TC Media	Brian Reid President, TC Transcontinental Printing
Incentive compensation as a percentage of salary:	Minimum Target ⁽¹⁾	0%	0%	0%	0%	0%
	Maximum	100%	100%	45%	45%	45%
		200%	200%	90%	90%	90%
Relative weight of financial indicators						
	<i>Earnings per share</i>	75%	75%	70%	40%	40%
	<i>Earnings before interest and taxes</i>	–	–	–	35%	35%
					(sector)	(sector)
	<i>Operational objective</i> ⁽²⁾	20%	20%	–	20%	20%
	<i>Functional objective</i>	–	–	25%	–	–
	<i>Talent objective</i>	5%	5%	5%	5%	5%
Total		100%	100%	100%	100%	100%

(1) Target for the short term incentive compensation will increase from 45% to 60% as at November 1, 2011 for the presidents of the sectors.

- (2) For the Executive Chairman of the Board and the President and Chief Executive Officer, this objective is defined as the average of the operational objectives of the three sectors.

The bonus is calculated using, for each set objective, the following formula and is equal to the sum of all results:

$$\frac{\text{Annual salary} \times \text{number of applicable months}}{12 \text{ months}} \times \text{Target bonus} \times \text{Weight of objective} \times \text{Applicable multiplier}$$

Short Term Incentive Compensation Paid for the 2011 Fiscal Year

For the fiscal year ended October 31, 2011, certain objectives were surpassed and others were not achieved.

The following table presents the objectives for 2011 approved by the Board of Directors and the results achieved by the Corporation:

Performance measure	Objective	Results	Evaluation of performance
Earnings per share (\$) ⁽¹⁾	1.829	1.937	105.9%
Earnings before interest and taxes for the Print sector (millions of dollars)	187.0	199.2	106.5%
Earnings before interest and taxes for the Media sector (millions of dollars)	90.4	79.9	88.4%
Operational objective for the Print sector - Cost reductions (millions of dollars)	17.8	19.4	109.0%
Operational objective for the Media sector - sales on the digital side (millions of dollars)	60.0	56.3	93.8%
Operational objective for the Interactive sector - Transformation of the sector	(2)	(2)	100%
Functional objective	(3)	(3)	87%
Talent objective	(4)	(4)	(4)

(1) Earnings per share were based on the earnings per share published by the Corporation, normalized to exclude variations in the exchange rate.

(2) For the Interactive sector, the short term incentive compensation was based on a scorecard comprised of six objectives: earnings per share of the Corporation and five sector objectives: revenues, earnings before interest and taxes, mergers and acquisitions, implementation of a performance culture and transformation of the sector. This last objective was also the operational objective for the Interactive sector and covered the development of portfolios of products and the go-to-market strategy, as well as the establishment of a new strategic plan and the realization of synergies arising from the transformation of the sector and the integration of its various business units. Based on management's evaluation, this objective was achieved at a rate of 100% and the objective of implementing a performance culture was achieved slightly above target. However, the financial objectives as to revenues and earnings before interest and taxes and as to mergers and acquisitions did not achieve the minimum level for payment; total achievement for the Interactive sector was set at 50.6%.

(3) For the Vice President and Chief Financial Officer, 40% of the objective related to the establishment of an action plan to allow simplification and improvement of the efficiency of the internal processes and generate cost reductions; the remaining 60% was principally linked to the realization of economies from the rationalization of the finance department resources at the sector level. Based on management's evaluation, this objective was achieved at a rate of 87%.

(4) Based on the evaluation of the performance reviews conducted, leadership reviews made and the quality of the development plans for succession candidates, this objective was achieved at a rate of 100% for all sectors.

Medium and Long Term Incentive Compensation

The objectives of the medium term incentive plan (see "Share Unit Plan (the "SUP")") and the long term incentive plan (see "Stock Option Plan (the "SOP")") are: (i) align the interests of management with the increase in shareholder value; and (ii) attract and retain executives with key competencies. The plans are described below.

The Committee reviews annually the provisions of the medium and long term incentive plans and recommends, if applicable, amendments thereto to the Board of Directors.

The Committee determines the value of each grant as a percentage target of the base salary determined based on the hierarchic level of the executive and his individual performance.

Grants approved pursuant to the medium and long term incentive plans are recommended annually by the President and Chief Executive Officer, taking into account the hierarchic level of the relevant executive, the appropriate percentage target, as well as the contribution of the executive to the achievement of the performance objectives. The Committee reviews the grants, adjusts them where appropriate and/or recommends their approval to the Board of Directors.

Share Unit Plan (the "SUP")

The purpose of the SUP is to ensure a better alignment between the interests of management and those of the shareholders by granting to designated executives share units, the value of which will increase or decrease based on the value of the Corporation's Class A Shares. The SUP also aims at encouraging executives to remain with the Corporation. The Corporation implemented the SUP in order to grant share units to various executive officers, senior executives and key members of the management team in recognition of their active contribution to the mid-term performance and success of the Corporation. The SUP is intended to favor value creation in the medium term and compliance with the strategic plan.

The SUP was approved by the Board of Directors of the Corporation on June 14, 2005 and was amended on December 14, 2006 and on June 11, 2009. The SUP is non-dilutive and is settled in cash or shares purchased on the open market on the Toronto Stock Exchange.

The Committee has the authority to make recommendations to the Board of Directors regarding participants to 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, the vesting date and the vesting conditions.

Vesting of the performance based share units (PSUs) granted in January 2008 and January 2009 depended on achieving three year objectives: sales growth, growth of the earnings per share and increase of the return on capital employed. For units granted in January 2007, vesting of the share units depended on achieving three year objectives set in terms of economic value creation.

Even though the Corporation performed better than its peers over the last years, none of the PSUs granted in January 2007 vested, mostly due to the economic conditions and factors not within the control of management. In order to favour retention of key executives, in a different economic environment and a highly competitive employment market, vesting of the PSUs granted in January 2010 was exceptionally tied solely to the participant still being employed by Transcontinental on the date of vesting.

Vesting of PSUs granted in January 2011 and January 2012 is based on the average cumulated performance over a three year period of the results achieved with respect to the short term incentive compensation program and applicable to the respective sector President, and to the Chief Executive Officer for the head office employees.

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 of the Corporation at the end of a three year cycle and does not depend upon any performance objective.

For executives who are not eligible to receive awards pursuant to the Stock Option Plan (SOP), the portion made in PSUs represented, until January 2010, 75% of the total grant. The balance, namely 25%, was made in RSUs. For the few senior executives who are also eligible to receive awards pursuant to the SOP, the portion of the award being performance based was calculated based on the same percentage of 75%; however, this percentage is applied with respect to the aggregate value of the awards pursuant to the SUP and SOP (the value of the award pursuant to the SOP being considered within the percentage of 75% (72% for the President and Chief Executive Officer)). Since January 2011, the portion of the award which is performance based represent two-thirds of the total grant (SOP and SUP) and vesting of this portion is tied even more to the strategies of the various sectors. Therefore, for senior executives of each sector, vesting depends on the cumulated performance over a three year cycle based on the results achieved by the sector President with respect to his short term incentive compensation program. For other members of the Management Committee and other executives of the head office, the vesting conditions will be based on the same objectives as those of the President and Chief Executive Officer pursuant to the short term incentive compensation program during such three year cycle.

Share Unit Plan (the "SUP") - Grants During the Last Fiscal Year and Recent Grants

On January 6, 2011, a total of 233,383 share units were granted to 50 persons, of which 137,899 restricted share units were performance based (*PSUs*) and 95,484 restricted share units were retention based (*RSUs*). In addition, on January 6, 2011, a total of 40,123 deferred share units (*DSUs*) were awarded to three executives who had elected to convert a portion of their short term annual bonuses in vested *DSUs*. On January 9, 2012, a total of 309,097 share units were granted to 42 persons.

An executive who holds *RSUs* or *PSUs* may receive payment at the end of a three year cycle following the grant of such *RSUs* if the vesting conditions have been satisfied; an executive who holds *DSUs* may only receive payment upon leaving the Corporation, provided that the vesting conditions have been satisfied. All *PSUs* granted to executives subject to the share ownership guidelines are converted in *DSUs* on the date of vesting if the share ownership guidelines have not been satisfied at the time of vesting. Vesting of *RSUs* which are retention based depends only upon the executive remaining in the employment of the Corporation over the three year cycle.

The price of the share unit grant is calculated based on the weighted average price of transactions of 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 at the date of payment in the case of *DSUs*, or as at the date of vesting in the case of *RSUs* and *PSUs*, a value equal to the Market Value of the Class A Shares on that date. The Board of Directors then determines if the payment will be made in shares acquired on the open market or in cash. Vested *DSUs* are paid at the time of the termination of employment while *RSUs* and *PSUs* must be paid out or converted when rights vest, three years after the date of the grant.

Details of the SUP are presented in note 19 to the Corporation's audited consolidated financial statements for the year ended October 31, 2011, which are included in the 2011 Annual Report. These documents can be found on the Internet site of SEDAR (www.sedar.com) as well as on the Corporation's website (www.tc.tc).

Share Unit Plan (the "SUP") - Vesting of the 2009 Grant

On January 8, 2009, the Corporation granted 384,865 share units of which 268,795 share units were performance based and 116,070 share units were retention based. Vesting of the performance based share units depended upon the Corporation achieving in accordance with its strategic plan three year objectives expressed in terms achievement by the Corporation (on a consolidated basis) of a yearly growth of total revenues of at least 4%, of the earnings per share of at least 7% and of the return on capital employed (ROCE) of at least 2%, compared to the results for the fiscal year ended October 31, 2008. In accordance with the provisions of the plan, on December 13, 2011, all of the then outstanding retention based vested, 40% of the performance based share units vested and 60% of the performance based share units were cancelled.

The following table presents a summary of the objectives and conditions to the payment of the PSUs granted on January 8, 2009.

Performance objectives	Objective (target after 3 years)	Results
Achievement for the period from November 1, 2008 until October 31, 2011 by the Corporation (on a consolidated basis) of:		
a yearly growth of 4% of total revenues	\$2,726,800,000	\$2,046,000,000
a yearly growth of 7% of the earnings per share	\$2.09 / share	\$1.94 / share
a yearly growth of 2% of ROCE	7.96%	8.67%

Of the 116,070 retention based share units granted on January 8, 2009, the value of 84,791 RSUs (\$940,332.19) was paid to their holders and, at the request of the participant, 340 RSUs (value of \$3,770.60) were converted in vested DSUs on December 13, 2011. Of the 268,795 performance based share units granted on January 8, 2009, the value of 54,715 PSUs (\$606,789.35) was paid to their holders, 17,616 PSUs (value of \$195,361.44) were converted in vested DSUs on December 13, 2011 and 227,403 PSUs (value of \$2,521,899.27) were cancelled as the performance objectives for the 2009-2011 cycle were not satisfied in full. The remaining retention based RSUs were cancelled upon cessation of employment of employees.

Stock Option Plan (the "SOP")

Stock options are granted annually to certain executives who sit on the Management Committee and certain senior executives. They aim at better aligning the interests of executives with those of the shareholders. Since the fiscal year ended October 31, 2006, stock options are only granted to a limited number of executives who sit on the Management Committee and certain senior executives (10 individuals in January 2011 and 8 individuals in January 2012).

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 Class A 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 are only granted to a limited group of persons composed only of members who sit on the Management Committee and certain senior 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 issuable following the exercise of any options granted under the SOP (the "Reserved Shares") is 6,078,562, representing 9.23% of the outstanding Class A Shares and 1.65% of the voting rights attached to the Corporation's outstanding equity shares. Of this number, a balance of 2,804,354 Reserved Shares may be issued for future option grants;
- (iii) the maximum number of Reserved Shares that may be subject to options granted in favor 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) 1,755,724 options were issued and outstanding at a weighted average exercise price of \$16.11, representing 2.66% of the outstanding Class A Shares and 0.48% of the voting rights attached to the Corporation's outstanding equity shares. Of this number, 1,219,130 options are exercisable at a weighted average exercise price of \$17.46;

- (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 transactions of the Class A Shares on the Toronto Stock Exchange for the five business days immediately preceding the date on which 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 at the first anniversary of the grant and expire at the latest 10 years after the date of the grant. Options granted after March 30, 2005 vest at a rate of 25% per year as at the first anniversary of their grant and expire at the latest seven years after the date of the grant;
- (viii) when a participant's employment ceases (except in the event of retirement), any vested options at the date of termination of employment must generally 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 options granted for a period of one year after the date of his retirement as well as an additional period of 90 days to exercise his options (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, if necessary.

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.

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 schedule 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 19 to the Corporation's audited consolidated financial statements for the year ended October 31, 2011, which are included in the 2011 Annual Report. These documents can be found on the Internet site of SEDAR (www.sedar.com) as well as on the Corporation's website (www.tc.tc). 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 shares of the Corporation, vested deferred share units and, since September 2010, retention based restricted share units not yet vested. 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. When his share ownership guidelines are satisfied, an executive

also has the option to convert at the date of vesting his performance based share units in vested DSUs. Share units which are retention based may, commencing with the January 2008 grant, be paid or converted in vested DSUs at the time of vesting, at the discretion of the executive.

In addition, the Corporation's executives being subject to the share ownership guidelines may convert all or a portion 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
Executive Chairman of the Board	—
President and Chief Executive Officer	3
Vice President and Chief Financial Officer and Sector Presidents	1.5
Corporate Vice Presidents and Senior Vice Presidents of business units	1
Other designated Vice Presidents of business units	0.5

As at October 31, 2011, the President and Chief Executive Officer satisfied the share ownership guidelines as he owned shares, vested deferred share units and retention based restricted share units representing 119% of his objective.

Pension Plans

The pension plans for senior management were amended on June 1, 2010 to include new defined contribution pension plans (the "DC Plans"). With the exception of Mr. Rémi Marcoux, all Named Executive Officers have joined the DC Plans on June 1, 2010.

Benefits accumulated before June 1, 2010 have been maintained in accordance with the defined benefit plans (the "DB Plans") that were in effect on that date. Future salary increases will continue to be used for calculating pension for service before June 1, 2010.

DC Plans for Service from June 1, 2010

Except with respect to Mr. Rémi Marcoux, the DC Plans include, for all Named Executive Officers, a funded basic plan covering DC contributions up to the eligible tax ceiling, as well as an unfunded supplemental plan and individual unfunded retirement agreements covering DC contributions in excess of the tax ceiling. These excess contributions are credited in notional accounts and are payable to the members upon termination of employment, in accordance with the rules of the plans.

Total contributions to the DC Plans vary between 14% and 18% of the member's salary, according to the member's age and continuous service, including 5% that is contributed by the member up to the ceiling provided for in the basic plan and based on tax rules. For senior executives who were at least 45 years of age and were members of the DB Plans on May 31, 2010, the Corporation pays a transitional additional contribution ranging between 1% and 4% of salary, based on the member's age. Salary pursuant to the DC Plans includes base salary paid by the Corporation, excluding special payments and bonuses. This salary is limited to \$255,222 in 2011 (increased on January 1 of each year based on the increase of the tax ceiling) for the supplemental plan, while the individual retirement agreements cover the portion of the salary in excess of \$255,222.

DB Plans for Service prior to June 1, 2010

The DB Plans include, for all Named Executive Officers, a funded basic plan covering pension benefits up to the tax ceiling as well as an unfunded supplemental plan and unfunded individual retirement agreements for benefits in excess of the tax ceiling.

Except for Messrs. Rémi Marcoux and François Olivier for whom details of the pension benefits are described in this Circular, total defined benefits pursuant to the DB Plans are equal to 1.7% of the average of the three highest annual salaries during the last 10 years, multiplied by the number of years of credited service up to May 31, 2010 pursuant to the pension plans for senior management. The average salary is limited to \$247,267 in 2011 (increased at a rate of 3.5% per year on each January 1st) for the supplemental plan and \$400,000 for the individual retirement agreements. Salary pursuant to the DB Plans includes the base salary paid by the Corporation, excluding special payments and bonuses.

The following provisions also apply to the DB Plans for senior management:

- *Retirement Age:* Normal retirement age is 65. However, a member may retire as early as age 62 and be entitled to non-reduced benefits (age 60 for service before January 1, 1998).
- *Benefits upon death during retirement:* The normal form of pension for a member with a spouse is a lifetime pension with a 60% survivor pension payable to the spouse. For members without spouses, the pension is paid for life, subject to a 10-year guarantee period.
- *Indexing during retirement:* Except for the portion payable pursuant to the individual retirement agreement, the pension is adjusted annually during retirement at a rate of 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%.

Insider Policy

The Corporation has a policy to ensure compliance with securities legislation regarding actions that may 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 approved by the Board of Directors on January 18, 2005, March 15, 2006, December 13, 2007 and September 8, 2010. On a quarterly basis, the Corporation reminds its insiders that all applicable trades must be reported to the competent authorities within five 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 during a period of 30 calendar days commencing on the third trading day following the release of the Corporation's annual and quarterly financial results. 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 the share price. The policy further prohibits insiders from short selling or trading any put or call options with respect to securities of the Corporation.

Compensation of the Executive Chairman of the Board

Pursuant to an agreement entered into in November 2009, the Executive Chairman of the Board receives a base salary of \$650,000 and, beginning with the fiscal year commencing on November 1, 2009, a target short term incentive compensation (annual bonus) equal to 100% of his base salary, up to a maximum of 200%. His base salary is reviewed annually in September and adjusted in accordance with the compensation policy of the Corporation; his salary was increased by 1% in September 2010 to reach \$656,500. The Executive Chairman of the Board is no longer eligible to receive grants of stock options. As he is expected to retire in February 2012 and given the new agreement entered into in November 2011, Mr. Marcoux did not receive any increase of his salary in September 2011. Pursuant to such new agreement, Mr. Marcoux is entitled to a total annual pension of \$712,000 since December 30, 2011. Mr. Marcoux has started receiving his pension a little earlier than his actual retirement in February 2012 as the legislation does not allow delaying it beyond the end of the year when the participant reaches 71 years of age.

Compensation of the President and Chief Executive Officer

As President and Chief Executive Officer, the base salary of Mr. François Olivier was, effective May 1, 2010, \$721,140. On January 1, 2011, Mr. Olivier's base salary was increased to \$793,254, an increase of 10%, the whole to recognize his contribution to the excellent performance of the Corporation during the fiscal year and to gradually fill the important gap with the median base salary for his comparison group. The annual bonus of Mr. Olivier for the fiscal year ended October 31, 2011 reached \$1,288,245 (162.4% of the target bonus). The objective as to earnings per share (75% of the total bonus) was achieved at a rate of 175%, the operational objective (20% of the total bonus) was achieved at a rate of 112% and, finally, the talent objective (5% of the total bonus) was achieved at a rate of 175%. Mr. Olivier also received a discretionary bonus of \$250,000 for his work on mergers and acquisitions projects.

The financial objectives used for purposes of the compensation of the President and Chief Executive Officer are determined by the Board of Directors at the beginning of the fiscal year. Thereafter, performance of the Corporation is tracked on a regular basis based on these objectives.

The benchmarking exercise in 2011 for the President and Chief Executive Officer having revealed that his compensation was not aligned with the benchmarking policy, the Human Resources and Compensation Committee decided to amend his package effective January 1, 2012. In order to fill a portion of the gap with the median salary for his comparison group, Mr. Olivier's base salary was increased to \$856,716 for the calendar year commencing January 1, 2012, representing an increase of 8%. In order to fill the gap with the total direct compensation for his comparison group, the Committee decided to focus more on the medium and long term at risk variable compensation by adjusting the target from 125% to 200%. This increases the at risk variable compensation from 38% to 50% of the total compensation. The majority of the share units granted pursuant to the medium term compensation program will only vest if certain financial objectives are satisfied and the value received from vested share units is a direct function of the stock price of the Class A Shares at the time of vesting. Moreover, stock options granted pursuant to the long term compensation program have a value only if the stock price of the Class A Shares increases during the period when they may be exercised. These characteristics of the medium and long term compensation programs demonstrate the important alignment of the compensation of the President and Chief Executive Officer with the interests of the shareholders.

Options were granted to Mr. Olivier pursuant to the terms and conditions of the SOP and the number of options was recommended by the Committee and approved by the Board of Directors. On January 6, 2011, the Corporation granted to Mr. Olivier options to purchase 74,192 Class A Shares (representing 125% of the target grant) at an exercise price of \$16.20 per share. On January 9, 2012, the Corporation granted to Mr. Olivier options to purchase 140,932 Class A Shares at an exercise price of \$12.40 per share (representing 100% of the target grant).

Mr. Olivier also participates to the SUP and the number of share units was recommended by the Committee and approved by the Board of Directors. On January 6, 2011, the Corporation granted to Mr. Olivier 23,648 retention based RSUs and 23,648 PSUs. Vesting of the PSUs granted pursuant to the SUP is based on the average cumulated performance (3 years) of the results achieved with respect to his short term incentive compensation program. In addition, on January 6, 2011, 30,864 vested DSUs were granted to Mr. Olivier as he elected to convert a portion of his annual bonus in vested DSUs and 3,303 vested DSUs were granted to Mr. Olivier during the fiscal year, representing the equivalent of the dividends paid on the number of Class A Shares equal to that held by Mr. Olivier in vested DSUs. On December 13, 2011, 25,411 retention based RSUs and 14,521 performance based RSUs granted to Mr. Olivier on January 8, 2009 vested. As the performance objectives for the 2009-2011 cycle were not satisfied in full, 21,781 performance based RSUs were cancelled. On January 9, 2012, the Corporation granted to Mr. Olivier 83,163 share units (100% of the target grant).

In the event of termination without sufficient reason, the Corporation has agreed to pay to Mr. Olivier an amount equal to two times his base salary and the sum of his bonuses paid during the last two completed years preceding his cessation of employment, to accelerate the vesting of all of his options and his retention based share units. In addition, in the event of termination of employment following a change of control or the sale of a substantial

portion of the assets of the Corporation, Mr. Olivier will receive an amount equal to two years of his base salary and the sum of his bonuses paid during the last two years preceding his cessation of employment and will benefit from an acceleration of the vesting of all of his options and share units. The employment agreement also contains non-competition undertakings.

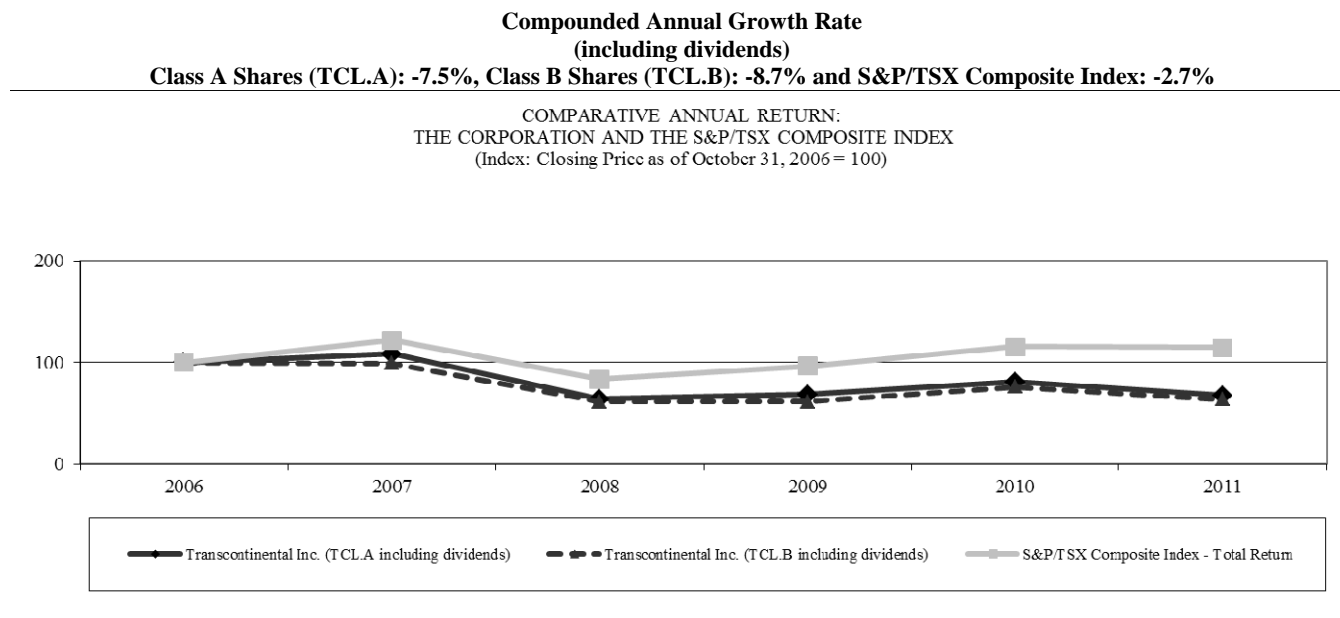
Mr. Olivier is eligible to the following pension benefits, depending upon his period of service:

- *Credited service commencing on June 1, 2010:* Total value of the DC accounts under the DC Plans; total annual contributions on behalf of Mr. Olivier are equal to 21.5% of his base salary, including an annual contribution paid by Mr. Olivier equal to 5% of his salary, subject to the ceiling provided for under the basic plan (\$21,970 in 2011).
- *Credited service from February 20, 2008 until May 31, 2010:* For each year, pension benefits are equal to 2% of the average of the three highest annual salaries during the last 10 years that exceed the ceiling provided for under the supplemental plan for senior management (\$247,267 in 2011, indexed at a rate of 3.5% annually on each January 1st), plus 1.7% of the average salary up to this ceiling.
- *Credited service from May 1, 1997 to February 19, 2008:* For each year, pension benefits are equal to 1.7% of the average of the three highest annual salaries during the last 10 years, subject to a maximum average salary of \$400,000.
- *Credited service from October 1, 1994 to May 1, 1997:* Mr. Olivier was a member of the retirement plan for management employees entitling him to a career earnings pension at a rate of 1.7%, up to the tax ceiling.

Provisions relating to the retirement age, benefits upon death during retirement, and indexation during retirement are identical to those described above for the other Named Executive Officers, with the exception of the benefits related to credited service before May 1, 1997 where the provisions of the retirement plan for management employees apply. See the heading "Compensation of Executive Officers Analysis - Summary Compensation for Executive Officers - Principal Pension Plans" on page 61.

Performance Graph

The following graph illustrates the total cumulative yield of a \$100 investment in the shares of the Corporation made on October 31, 2006 compared with the cumulative performance of the S&P/TSX Composite Index on the Toronto Stock Exchange for the last five fiscal years.



	As at October 31					
	2006	2007	2008	2009	2010	2011
Closing TCL.A	\$19.26	\$20.80	\$12.20	\$12.99	\$15.31	\$12.70
Closing TCL.B	\$20.95	\$20.70	\$12.75	\$12.66	\$15.62	\$12.95
Dividends	\$0.25	\$0.28	\$0.31	\$0.32	\$0.35	\$0.49
S&P/TSX Composite Index - Total Return	29,707.07	36,072.14	24,746.48	28,660.23	34,235.40	\$33,950.26

Graphic Illustration of the Performance

During the last five years, total direct compensation of the Named Executive Officers (base salary, short term incentive compensation and share based awards and option awards) went from \$5,090,315 in 2006 to \$7,884,815 in 2011, an annualized increase of 9.2%. During the same period, the price of the Class A Shares went from \$19.26 on October 31, 2006 to \$12.70 on October 31, 2011.

For a number of reasons, we cannot establish a direct relation between the evolution of the total compensation of the Named Executive Officers and the evolution of the price of the Class A Shares between two specific points in time.

Firstly, a portion of the compensation is composed of a fixed salary and a variable short term component which depends on the achievement of financial and operational objectives. As to the variable medium and long term portion, even if it is based on share units and stock options, the final value of which is directly tied to the price of the Class A Shares, the value of the variable medium and long term portion at the time of grant is not a function of the price as it depends on the hierarchic level and individual performance.

In addition, the price of the Class A Shares depends on a number of factors outside of the control of the Corporation, including the perception of investors of the industries in which the Corporation evolves in and the economic conjuncture, to name just a few.

The annualized increase of the payroll of the Named Executive Officers having only been 2.5%, the annualized increase of the total direct compensation of 9.2% is therefore due, in the most part, to the increase in the variable portion. The latter was principally due to the adjustments made in 2007 following the 2006 benchmarking exercise. Following such exercise, the Corporation made some amendments, including adding in 2007 a medium term incentive compensation component through the grant of share units as well as upwards amendments to the targets of the short term incentive program as the review had demonstrated that the compensation was then less than the market median.

With respect to the medium and long term variable compensation, values used for share units and stock options to determine total compensation do not match final values received by an individual; during the last five years, the final values were significantly less than the values used in determining total compensation. Vesting of a majority of the share units is conditional upon achieving financial performance objectives or is linked to the strategic plan of the Corporation; the final value received depends therefore on the actual percentage level vested based on the level of achievement of the financial objectives as well as the stock price of the Class A Shares at the time of vesting. Performance based share units granted in 2007 were all cancelled and did not vest; only two thirds of the performance based share units granted in 2008 vested and only 40% of the performance based share units granted in 2009 vested. As to the final value of the stock options included in total compensation, they directly depend on the stock price of the Class A Shares at the time of exercise. As at October 31, 2011, only the options granted in January 2009 had an exercise price below the stock price of the Class A Shares.

Finally, it should also be noted that the Named Executive Officers in 2011 were not all the same as those in 2006.

For purposes of this analysis and in order to avoid any duplication, amounts granted pursuant to arrangements relating to the termination of employment were excluded from the analysis, as well as information relating to individuals who served as President and Chief Executive Officer and Vice President and Chief Financial Officer and who have left the Corporation if two individuals occupied the same functions during the same fiscal year.

Conclusion

According to the Corporation's compensation policy, a significant portion of the compensation paid to executive officers is tied to the performance of the Corporation as well as at its operating sectors and that of the individual executive concerned. The Committee reviews the compensation programs for executive officers on a regular basis to ensure that they remain competitive and are in line with the objectives 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.

January 9, 2012

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

André Tremblay, Chairman Monique Lefebvre Anna Martini Lino A. Saputo, Jr.

Summary Compensation for Executive Officers

Summary Compensation Table

The following table details compensation information for the fiscal years ended October 31, 2011, October 31, 2010 and October 31, 2009, for the persons who acted as President and Chief Executive Officer, the Vice President and Chief Financial Officer and the three most highly compensated executive officers of the Corporation during the last fiscal year (the "Named Executive Officers").

Name and principal position	Year	Salary (\$) ⁽¹⁾	Share-based awards (\$) ⁽²⁾	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)			All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans	Pension value (\$)		
Rémi Marcoux Executive Chairman of the Board	2011	656,250	—	—	1,066,156	—	554,000	9,685	2,286,091
	2010	653,563	—	—	1,201,723	—	447,000	9,749	2,312,035
	2009	567,000	—	283,416	237,500	—	199,000	8,933	1,295,849
François Olivier President and Chief Executive Officer	2011	779,386	766,195	360,573	1,538,245 ⁽⁵⁾	—	167,764	40,911	3,653,073
	2010	717,433	678,887	285,493	1,320,047 ⁽⁶⁾	—	106,060	38,159	3,146,079
	2009	637,015	595,000	279,946	756,146 ⁽⁷⁾	—	115,000	48,226	2,431,333
Benoît Huard ⁽⁸⁾ Vice President and Chief Financial Officer	2011	338,125	126,749	68,254	310,001 ⁽⁹⁾	—	50,719	32,377	926,225
	2010	321,419	137,249	64,403	277,875 ⁽¹⁰⁾	—	39,174	32,159	872,279
	2009	293,123	140,398	63,046	145,622 ⁽¹¹⁾	—	25,000	32,778	699,967
Natalie Larivière President, TC Media	2011	395,284	152,669	82,212	185,400	—	55,813	31,528	902,906
	2010	389,463	151,150	81,289	229,894	—	32,918	31,589	916,303
	2009	371,289	148,198	79,819	162,948	—	13,000	31,288	806,542
Brian Reid President, TC Transcontinental Printing	2011	392,308	175,511	94,498	397,000 ⁽¹²⁾	—	59,046	29,216	1,147,579
	2010	355,289	150,234	70,293	324,000	—	39,346	28,799	967,961
	2009	316,365	130,651	70,276	165,448	—	37,000	25,762	745,502

(1) During the fiscal year ended October 31, 2009, senior executives participated in the cost reduction program by taking two weeks of unpaid leave but working during such period (the equivalent of a salary reduction of 4%). This reduction reached 10% for the Executive Chairman of the Board and the President and Chief Executive Officer.

- (2) Represents the value of the share-based awards pursuant to the Share Unit Plan based upon the value of the Class A Shares at the time of grant. It should be noted that the actual value received, if any, will be different as it will depend on the portion of the units that will vest at the expiry of the three year cycle and the price of the Class A Shares at the time of vesting. Vesting of a portion of the share units granted is contingent upon the achievement of performance objectives (exceptionally, in 2010, this portion was retention based).
- (3) Represents the value of the share-based awards pursuant to the Stock Option Plan at the time of grant. The value of each option for grant purposes is based on a Black-Scholes factor of 30%. It should be noted that the actual value received, if any, will be different and could also be nil, depending on variations in the prices of the Class A Shares. Even if the Corporation also uses the Black-Scholes method to determine the value for accounting purposes used for its consolidated financial statements, such value is different from the value appearing in the table above as the Corporation uses a specific Black-Scholes factor at each date of grant calculated based on assumptions as to the sensibility of the security, the risk-free interest rate, the dividend rate and the life expectancy appropriate as at such date, the whole as described in the notes to the consolidated financial statements.

	2011	2010	2009
Dividend rate	1.60%	1.50%	1.40%
Anticipated sensibility of Transcontinental's securities	39.80%	38.60%	32.20%
Risk-free interest rate	2.51%	2.74%	2.09%
Life expectancy	5 years	5 years	5 years

- (4) Includes the costs of the collective insurance.
- (5) Including a discretionary bonus of \$250,000 awarded to Mr. Olivier for his work on mergers and acquisitions matters.
- (6) An amount of \$820,047 was paid and the difference was converted in vested DSUs on January 6, 2011.
- (7) An amount of \$506,146 was paid and the difference was converted in vested DSUs on January 7, 2010.
- (8) As mutually agreed with the Corporation, Mr. Huard has decided to cease his functions as Vice President and Chief Financial Officer on October 31, 2011 and will be leaving the employment of the Corporation no later than the Annual Meeting in February 2012. Please see the heading "Termination and Change of Control Benefits" on page 63.
- (9) Including a discretionary bonus of \$50,000 awarded to Mr. Huard for his work on mergers and acquisitions matters.
- (10) An amount of \$177,875 was paid and the difference was converted in vested DSUs on January 6, 2011.
- (11) An amount of \$95,622 was paid and the difference was converted in vested DSUs on January 7, 2010.
- (12) Including a discretionary bonus of \$100,000 awarded to Mr. Reid for his work on mergers and acquisitions matters.

Incentive Plan Awards

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

The following table presents information regarding stock options and share units granted during the fiscal year ended October 31, 2011.

Name	Type of award	Date of award (dd/mm/yyyy)	Number of securities units or other rights	Date of payment or of vesting or date of expiry (dd/mm/yyyy)	Stock price on date of grant	Performance or vesting
Rémi Marcoux	RSU	–	–	–	–	
	Performance based RSU	–	–	–	–	
	Vested DSU	–	–	–	–	
	Stock options	–	–	–	–	
François Olivier	RSU	06/01/2011	23,648	10/12/2013	16.20	Note 1
	Performance based RSU	06/01/2011	23,648	10/12/2013	16.20	Note 2
	Vested DSU	06/01/2011	30,864	06/01/2011	16.20	Note 3
		21/01/2011	624	21/01/2011	16.87	Note 4
		21/04/2011	717	21/04/2011	14.78	Note 4
		22/07/2011	813	22/07/2011	16.11	Note 4
		21/10/2011	1,149	21/10/2011	11.49	Note 4
	Stock options	06/01/2011	74,192	06/01/2018	16.20	Note 5

Name	Type of award	Date of award (dd/mm/yyyy)	Number of securities units or other rights	Date of payment or of vesting or date of expiry (dd/mm/yyyy)	Stock price on date of grant	Performance or vesting
Benoît Huard ⁽⁶⁾	RSU	06/01/2011	4,012	10/12/2013	16.20	Note 1
	Performance based RSU	06/01/2011	3,812	10/12/2013	16.20	Note 2
	Vested DSU	06/01/2011	6,173	06/01/2011	16.20	Note 3
		21/01/2011	167	21/01/2011	16.87	Note 4
		21/04/2011	192	21/04/2011	14.78	Note 4
		22/07/2011	218	22/07/2011	16.11	Note 4
		21/10/2011	308	21/10/2011	11.49	Note 4
	Stock options	06/01/2011	14,044	06/01/2018	16.20	Note 5
Natalie Larivière	RSU	06/01/2011	4,833	10/12/2013	16.20	Note 1
	Performance based RSU	06/01/2011	4,591	10/12/2013	16.20	Note 2
	Vested DSU	21/01/2011	41	21/01/2011	16.87	Note 4
		21/04/2011	47	21/04/2011	14.78	Note 4
		22/07/2011	53	22/07/2011	16.11	Note 4
		21/10/2011	76	21/10/2011	11.49	Note 4
	Stock options	06/01/2011	16,916	06/01/2018	16.20	Note 5
	Brian Reid	RSU	06/01/2011	5,556	10/12/2013	16.20
Performance based RSU		06/01/2011	5,278	10/12/2013	16.20	Note 2
Vested DSU		21/01/2011	25	21/01/2011	16.87	Note 4
		21/04/2011	28	21/04/2011	14.78	Note 4
		22/07/2011	32	22/07/2011	16.11	Note 4
		21/10/2011	45	21/10/2011	11.49	Note 4
Stock options		06/01/2011	19,444	06/01/2018	16.20	Note 5

- (1) Vesting of these share units is subject to the executive continuing to be employed at the end of a three year cycle.
- (2) Pursuant to the Share Unit Plan, the value of these units will be paid on December 10, 2013 if the vesting conditions described under the heading "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP") - Grants During the Last Fiscal Year and Recent Grants" on page 47 are satisfied.
- (3) These DSUs were granted to the executive, the latter having chosen to convert a portion of his annual bonus for the fiscal year ended October 31, 2010 in DSUs.
- (4) The DSUs were granted in payment of dividends payable with respect to vested DSUs.
- (5) Pursuant to the Stock Option Plan, these options were granted at an exercise price equal to the weighted average price for transactions of the Class A Shares during the five trading days preceding the date of grant. Options vest at a rate of 25% per year. See "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Stock Option Plan (the "SOP")" on page 48.
- (6) As mutually agreed with the Corporation, Mr. Huard has decided to cease his functions as Vice President and Chief Financial Officer on October 31, 2011 and will be leaving the employment of the Corporation no later than the Annual Meeting in February 2012. Please see the heading "Termination and Change of Control Benefits" on page 63.

During the 2011 fiscal year, the Corporation granted a total of 164,672 options, representing 0.20% of the aggregate voting shares of the Corporation outstanding as at October 31, 2011. The table above presents the number of options granted pursuant to the Stock Option Plan of Transcontinental Inc. (the "SOP") to the Named Executive Officers during the fiscal year ended October 31, 2011. The principal terms and conditions of the SOP are set out in this Circular under the heading "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Stock Option Plan (the "SOP")" on page 48.

During the 2011 fiscal year, the Corporation granted a total of 279,546 share units, including 95,484 retention based restricted share units, 137,899 performance based restricted share units, 40,123 vested deferred share units in partial payment of bonuses and 6,040 vested deferred share units in payment of dividends with respect to vested deferred share units. The table above presents the grants of share units to Named Executive Officers during the fiscal year ended October 31, 2011. The principal provisions of the SUP are described in this Circular under the heading "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP")" on page 46.

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date (dd/mm/yyyy)	Value of unexercised in-the-money options(\$) ⁽¹⁾	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested(\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽³⁾
Rémi Marcoux	42,000	19.695	11/12/2012	—	N/A	N/A	N/A
	41,000	21.97	09/12/2013	—			
	42,200	22.41	14/12/2014	—			
	49,000	19.29	14/12/2012	—			
	45,200	20.90	09/01/2014	—			
	60,900	15.51	09/01/2015	—			
	98,000	9.64	08/01/2016	299,880			
François Olivier	7,200	19.695	11/12/2012	—	160,872 ⁽⁴⁾	1,490,150	1,257,021
	20,000	19.695	12/03/2013	—			
	10,000	21.97	09/12/2013	—			
	10,000	22.41	14/12/2014	—			
	30,000	19.29	14/12/2012	—			
	10,900	20.90	09/01/2014	—			
	18,700	15.51	09/01/2015	—			
	96,800	9.64	08/01/2016	296,208			
	72,700	13.09	07/01/2017	—			
74,192	16.20	06/01/2018	—				
Benoît Huard	2,000	18.775	29/05/2012	—	32,871 ⁽⁵⁾	304,639	336,626
	4,000	19.695	11/12/2012	—			
	3,800	21.97	09/12/2013	—			
	4,900	22.41	14/12/2014	—			
	4,600	19.29	14/12/2012	—			
	15,000	17.95	15/03/2013	—			
	8,400	20.90	09/01/2014	—			
	12,400	15.51	09/01/2015	—			
	21,800	9.64	08/01/2016	66,708			
	16,400	13.09	07/01/2017	—			
	14,044	16.20	06/01/2018	—			
Natalie Larivière	50,000	19.38	29/06/2013	—	36,342 ⁽⁶⁾	331,160	82,715
	11,700	20.90	09/01/2014	—			
	16,300	15.51	09/01/2015	—			
	27,600	9.64	08/01/2016	84,456			
	20,700	13.09	07/01/2017	—			
	16,916	16.20	06/01/2018	—			

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date (dd/mm/yyyy)	Value of unexercised in-the-money options(\$) ⁽¹⁾	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested(\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽³⁾
Brian Reid	3,600	18.775	29/05/2012	–	35,862 ⁽⁷⁾	331,577	49,492
	3,400	19.695	11/12/2012	–			
	5,000	21.97	09/12/2013	–			
	6,500	22.41	14/12/2014	–			
	6,700	19.29	14/12/2012	–			
	24,300	9.64	08/01/2016	74,358			
	17,900	13.09	07/01/2017	–			
	19,444	16.20	06/01/2018	–			

- (1) The aggregate value of unexercised in-the-money options is equal to 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, 2011, being the last business day of the fiscal year, which closing price was \$12.70 per share. Actual gains, if any, on exercise, will depend on the value of the Class A Shares on the date of exercise. There is no guarantee that gains will be realized.
- (2) The market value of the share units not contingent on the achievement of performance objectives is based on the closing prices of the Class A Shares on the Toronto Stock Exchange on October 31, 2011, being the last business day of the fiscal year, which closing price was \$12.70 per share. The market value of the performance based share units is calculated based on the minimum payment which could be made. For the share units granted on January 7, 2010, the performance objective consisting on the employee still being employed by Transcontinental on the date of vesting, the value is calculated based on the closing price of the Class A Shares on the Toronto Stock Exchange on October 31, 2011, being the last business day of the fiscal year, which closing price was \$12.70 per share.
- (3) The market value of the vested share units is based on the closing prices of the Class A Shares on the Toronto Stock Exchange on October 31, 2011, being the last business day of the fiscal year, which closing price was \$12.70 per share.
- (4) Including 73,650 retention based share units and 87,222 performance based share units (exceptionally, the share units granted in January 2010 were retention based) as at October 31, 2011. Share units were granted pursuant to the Share Unit Plan for executives described under "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP")" on page 46. On December 13, 2011, the scheduled vesting date for the units granted on January 8, 2009, 25,411 retention based RSUs vested, 14,521 performance based RSUs vested and 21,781 performance based RSUs were cancelled as the performance objectives for the 2009 to 2011 cycle were not achieved in full.
- (5) Including 13,646 retention based share units and 19,225 performance based share units (exceptionally, the share units granted in January 2010 were retention based) as at October 31, 2011. Share units were granted pursuant to the Share Unit Plan for executives described under "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP")" on page 46. On December 13, 2011, the scheduled vesting date for the units granted on January 8, 2009, 5,601 retention based RSUs vested, 3,584 performance based RSUs vested and 5,377 performance based RSUs were cancelled as the performance objectives for the 2009 to 2011 cycle were not achieved in full.
- (6) Including 15,186 retention based share units and 21,156 performance based share units (exceptionally, the share units granted in January 2010 were retention based) as at October 31, 2011. Share units were granted pursuant to the Share Unit Plan for executives described under "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP")" on page 46. On December 13, 2011, the scheduled vesting date for the units granted on January 8, 2009, 5,912 retention based RSUs vested, 3,784 performance based RSUs vested and were converted in DSUs and 5,675 performance based RSUs were cancelled as the performance objectives for the 2009 to 2011 cycle were not achieved in full.
- (7) Including 15,182 retention based share units and 20,680 performance based share units (exceptionally, the share units granted in January 2010 were retention based) as at October 31, 2011. Share units were granted pursuant to the Share Unit Plan for executives described under "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers - Compensation Structure and Composition - Medium and Long Term Incentive Compensation - Share Unit Plan (the "SUP")" on page 46. On December 13, 2011, the scheduled vesting date for the units granted on January 8, 2009, 5,212 retention based RSUs vested, 3,336 performance based RSUs vested and were converted in DSUs and 5,003 performance based RSUs were cancelled as the performance objectives for the 2009 to 2011 cycle were not achieved in full.

On January 9, 2012, the Corporation granted a total of 235,984 options at an exercise price of \$12.40 per share, 129,099 retention based share units and 179,998 performance based share units.

Incentive Plan Awards - Value Vested or Earned During the Fiscal Year Ended October 31, 2011

Name	Option-based awards - value vested during the year (\$) ⁽¹⁾	Share-based awards - value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation - value earned during the year (\$)
Rémi Marcoux	179,568	–	1,066,156
François Olivier	228,383	706,382	1,538,245
Benoît Huard	53,299	199,554	310,001
Natalie Larivière	67,562	116,975	185,400
Brian Reid	55,985	71,956	397,000

- (1) The value is calculated as if the stock options were exercised on the vesting date of each relevant grant. The value is equal to the excess of the closing price of the Class A Shares on the vesting date over the exercise price.

Vesting date	Value per share on vesting date (\$)
January 7, 2011	3.32
January 8, 2011	6.77
January 9, 2011	–
January 10, 2011	0.90

The actual value earned, if any, will be different and will be based on the closing prices of the Class A Shares on the actual date of exercise.

- (2) The value of the share units which vested during the year ended October 31, 2011 is calculated in accordance with the provisions of the Share Unit Plan for executives of Transcontinental Inc. and is equal to the weighted average price for transactions of the Class A Shares on the Toronto Stock Exchange during the five trading days preceding the vesting date. The RSUs and DSUs referred to were granted at the time of vesting of the units granted on January 9, 2008 and, for Messrs. François Olivier and Benoît Huard, in connection with the conversion of a portion of their annual bonus in DSUs. A vested DSU has the same value as a Class A Share. Additional DSUs cumulate upon payment of dividends with respect to Class A Shares. Vesting of the share units granted on January 8, 2009 was December 13, 2011. The value of these share units which then vested is not included in the amount shown in this table. The following table presents the details of the RSUs and DSUs that vested, including those vested on December 13, 2011. For purposes of this table, the numbers of share units and the value thereof have been rounded up.

Name	December 13, 2010 (vesting - payment - January 9, 2008 grant)	December 13, 2010 (vesting of January 9, 2008 grant)	January, 6 2011 (grant)	January 21, 2011 (dividends)	April 21, 2011 (dividends)	July 22, 2011 (dividends)	October 21, 2011 (dividends)	December 13, 2011 (vesting of January 8, 2009 grant)
Price for share units awards	\$15.80	\$15.80	\$16.20	\$16.87	\$14.78	\$16.11	\$11.49	\$11.09
Rémi Marcoux	–	–	–	–	–	–	–	–
François Olivier	–	\$158,964 (10,061 DSU)	\$500,000 (30,864 DSU)	\$10,524 (624 DSU)	\$10,593 (717 DSU)	\$13,097 (813 DSU)	\$13,207 (1,149 DSU)	\$442,846 (39,932 RSU)
Benoît Huard	–	\$86,853 (5,497 DSU)	\$100,003 (6,173 DSU)	\$2,818 (167 DSU)	\$2,837 (192 DSU)	\$3,507 (218 DSU)	\$3,537 (308 DSU)	\$101,862 (9,185 RSU)
Natalie Larivière	\$55,095 (3,487 RSU)	\$58,760 (3,719 DSU)	–	\$683 (41 DSU)	\$697 (47 DSU)	\$861 (53 DSU)	\$869 (76 DSU)	\$107,529 (5,912 RSU) (3,784 DSU)
Brian Reid	\$23,368 (1,479 RSU)	\$46,721 (2,957 DSU)	–	\$414 (25 DSU)	\$417 (28 DSU)	\$516 (32 DSU)	\$520 (45 DSU)	\$94,797 (5,212 RSU) (3,336 DSU)

Equity Shares Issuable Pursuant to Stock Option Plan

On October 31, 2011, the number of Class A Shares available for future issuances pursuant to the Stock Option Plan was 2,999,838.

Type of plan	Number of securities issuable upon exercise of outstanding options, warrants or rights at October 31, 2011	Average weighted exercise price of outstanding options, warrants and rights at October 31, 2011 (\$)	Number of remaining securities issuable pursuant to equity share based compensation plans at October 31, 2011
Share based compensation plan approved by security holders ⁽¹⁾ Class A Shares	1,118,885	18.10	4,572,478
Share based compensation plan not approved by security holders	—	—	—

(1) Pursuant to the Stock Option Plan.

Principal Pension Plans

Pension Plans

The pension plans for senior management were amended as at June 1, 2010 to include new defined contribution pension plans (the "DC Plans"). With the exception of Mr. Rémi Marcoux, all Named Executive Officers have joined the DC Plans on June 1, 2010.

Benefits accumulated before June 1, 2010 have been maintained in accordance with the provisions of the defined benefit plans (the "DB Plans") that were in effect on that date. Future salary increases will continue to be used for calculating pension for service before June 1, 2010.

DC Plans for Service from June 1, 2010

Except with respect to Mr. Rémi Marcoux, the DC Plans include, for all Named Executive Officers, a funded basic plan covering DC contributions up to the tax ceiling, as well as an unfunded supplemental plan and unfunded individual retirement agreements covering DC contributions in excess of the tax ceiling. The excess contributions are credited in notional accounts and are payable to the members upon termination of employment, in accordance with the rules of the plans.

Total contributions to the DC Plans vary between 14% and 18% of the member's salary, according to the member's age and continuous service, including 5% that is contributed by the member up to the ceiling provided for under the basic plan and based on the tax rules. For senior executives who were at least 45 years of age and were members of the DB Plans on May 31, 2010, the Corporation pays a transitional additional contribution ranging between 1% and 4% of salary, based on the member's age. Salary pursuant to the DC Plans includes base salary paid by the Corporation, excluding special payments and bonuses. This salary is limited to \$255,222 in 2011 (increased on January 1 of each year based on the increase in the tax ceiling) for the supplemental plan, while the individual retirement agreements cover the portion of the salary exceeding \$255,222.

DB Plans for Service prior to June 1, 2010

The DB Plans include, for all Named Executive Officers, a funded basic plan covering pension benefits up to the tax ceiling as well as an unfunded supplemental plan and unfunded individual retirement agreements covering pension benefits in excess of the tax ceiling.

Except for Messrs. Rémi Marcoux and François Olivier, whose pension benefit details are provided for hereinafter, total defined benefits pursuant to the DB Plans are equal to 1.7% of the average of the three highest

annual salaries during the last 10 years, multiplied by the number of years of credited service up to May 31, 2010 pursuant to the pension plans for senior management. The average salary is limited to \$247,267 in 2011 (increased at a rate of 3.5% per year on each January 1st) for the supplemental plan and \$400,000 for individual retirement agreements. Salary pursuant to the DB Plans includes the base salary paid by the Corporation, excluding special payments and bonuses.

The following provisions also apply to the DB Plans for senior management:

- *Retirement age:* Normal retirement age is 65. However, a member may retire as early as age 62 and be entitled to non-reduced benefits (age 60 for service before January 1, 1998).
- *Benefits upon death during retirement:* The normal form of pension for a member with a spouse is a lifetime pension with a 60% survivor pension payable to the spouse. For members without spouses, the pension is paid for life, subject to a 10-year guarantee period.
- *Indexing during retirement:* Except for the portion payable pursuant to the individual retirement agreement, the pensions is adjusted annually during retirement at a rate of 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%.

Mr. Rémi Marcoux

As Mr. Marcoux is expected to retire in February 2012 and given the agreement entered into in November 2011, Mr. Marcoux is entitled to an annual total pension of \$712,000 since December 30, 2011. Mr. Marcoux has started receiving his pension a little earlier than his actual retirement in February 2012 as the legislation does not allow delaying beyond the end of the year during which he reaches 71 years of age.

Provisions relating to benefits upon death and indexation during retirement are identical to those described above for the other Named Executive Officers with respect to their benefits accumulated before June 1, 2010.

Mr. François Olivier

Mr. Olivier is eligible to the following pension benefits, depending on his period of service:

- *Credited service commencing on June 1, 2010:* Total value of the DC accounts under the DC Plans; total annual contributions on behalf of Mr. Olivier are equal to 21.5% of his base salary, including an annual contribution paid by Mr. Olivier equal to 5% of his salary, subject to the ceiling provided for under the basic plan (\$21,970 in 2011).
- *Credited service from February 20, 2008 to May 31, 2010:* For each year, pension benefits are equal to 2% of the average of the three highest annual salaries during the last 10 years that exceed the ceiling provided for under the supplemental plan for senior management (\$247,267 in 2011, indexed at a rate of 3.5% annually on each January 1st), plus 1.7% of the average salary up to this ceiling.
- *Credited service from May 1, 1997 to February 19, 2008:* For each year, pension benefits are equal to 1.7% of the average of the three highest annual salaries during the last 10 years, subject to a maximum average salary of \$400,000.
- *Credited service from October 1, 1994 to May 1, 1997:* Mr. Olivier was a member of the retirement plan for management employees entitling him to a career earnings pension at a rate of 1.7%, up to the tax ceiling.

Provisions relating to retirement age, benefits upon death during retirement and indexation during retirement are identical to those described above for the other Named Executive Officers, with the exception of the benefits related to credited service before May 1, 1997 where the provisions of the retirement plan for management employees apply.

Table for DB Plans

The following table presents a summary of the estimated total benefits payable pursuant to the Corporation's defined benefits plans. Benefits identified in this table reflect those benefits payable pursuant to those provisions in effect at the end of the fiscal year ended October 31, 2011.

Name	Number of years credited service	Annual benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Accrued obligation at year end (\$)
		At year end	At age 65 ⁽²⁾				
Rémi Marcoux ⁽¹⁾	35.84	712,000	712,000	7,350,000	554,000	382,000	8,286,000
François Olivier	15.66	109,000	109,000	916,000	22,000	79,000	1,017,000
Benoît Huard ⁽³⁾	8.31	45,000	45,000	523,000	–	48,000	571,000
Natalie Larivière	3.84	26,000	26,000	189,000	–	19,000	208,000
Brian Reid	18.17	62,000	62,000	603,000	–	44,000	647,000

(1) For Mr. Rémi Marcoux, benefits and obligations set forth exclude voluntary contributions made by Mr. Marcoux. Benefits at age 65 represent those benefits payable at Mr. Marcoux as at December 30, 2011 being the expected date for the payment of the pension.

(2) Based on the average salary for the previous three years ending at the end of the fiscal year ended on October 31, 2011.

(3) As mutually agreed with the Corporation, Mr. Huard has decided to cease his functions as Vice President and Chief Financial Officer on October 31, 2011 and will be leaving the employment of the Corporation no later than the Annual Meeting in February 2012. Please see the heading "Termination and Change of Control Benefits" on page 63.

Table for DC Plans

The following table summarizes the estimated total benefits payable pursuant to the Corporation's defined contribution plans. Benefits identified in the table reflect the benefits payable pursuant to the provisions in effect at the end of the fiscal year ended October 31, 2011.

Name	Accumulated value at start of year (\$)	Compensatory change (\$)	Accumulation value at year end (\$)
Rémi Marcoux ⁽¹⁾	–	–	–
François Olivier	66,716	145,764	236,765
Benoît Huard	27,911	50,719	97,448
Natalie Larivière	30,130	55,813	107,420
Brian Reid	30,936	59,046	111,222

(1) Mr. Rémi Marcoux is not a member of the Corporation's DC Plans.

Termination and Change of Control Benefits

Generally, executive officers of the Corporation or of its subsidiaries do not have employment contracts. However, employment proposals made to external candidates or made in connection with 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 base annual salary, plus performance bonuses for certain individuals. Amongst the Named Executive Officers, other than the President and Chief Executive Officer, as at December 31, 2011, the Corporation had not entered any employment contract containing termination of employment provisions.

President and Chief Executive Officer

Compensation plan	Resignation	Involuntary termination	Retirement	Termination of employment following a change of control	Termination for cause
Short term incentive compensation (annual bonus)	No bonus payable except if employed by the Corporation at the end of the fiscal year	Sum of performance based bonuses paid during the last two completed years prior to the termination of employment	Entitled to a bonus based on the results of the Corporation prorated based on the length of service during the fiscal year	Sum of performance based bonuses paid during the last two completed years prior to the termination of employment	No bonus payable
PSUs/DSUs	Not later than 90 days following the termination of employment, payment to be made with respect to vested DSUs at the time of termination of employment. Other share units are cancelled	Payment of the value of the deferred share units shall be made in accordance with the provisions of the Share Unit Plan. Other performance based share units are cancelled	Vesting continues until the earlier of the first anniversary of the date of termination of employment or December 20 of the year following that during which the termination of employment occurred. Non vested PSUs and DSUs are cancelled. Payment with respect to PSUs is made not later than 30 days following the vesting date and payment with respect to vested DSUs is made not later than one year following the date of retirement	Acceleration of the vesting of all unvested share units	Not later than 90 days following the termination of employment, payment for all vested DSUs at the date of termination of employment. All other share units are cancelled.
RSUs	Non vested RSUs at the date of termination of employment are cancelled	Non-performance based share units that have not vested by the last working day immediately vest on the last day of work	Vesting continues until the earlier of the first anniversary of the date of retirement or December 20 of the year following that during which the retirement occurred. Non vested RSUs are cancelled. Payment with respect to RSUs is made not later than 30 days following the vesting date	Acceleration of the vesting of all unvested share units	Share units which have not vested at the date of termination of employment are cancelled
Stock Option Plan ("SOP")	Right to exercise within 90 days following termination of employment all options which have vested at the date of termination of employment. Non vested options are cancelled	Immediate vesting on the last working day of all non vested options. Options may be exercised until the 90 th day after the last day of work	Vesting continues for one year following the date of retirement. Other options are cancelled. All options which are not exercised within 90 days thereof, unless otherwise expired, are cancelled	Acceleration of the vesting of all unvested options	Right to exercise within 90 days following termination of employment all options which have vested at the date of termination of employment. All other options are cancelled

Compensation plan	Resignation	Involuntary termination	Retirement	Termination of employment following a change of control	Termination for cause
Pension plans	Accumulated benefits as at the date of resignation in accordance with the provisions of the plans	Accumulated benefits as at the date of termination of employment in accordance with the provisions of the plans	Accumulated benefits as at the date of retirement in accordance with the provisions of the plans	No specific provision	Accumulated benefits as at the date of termination of employment in accordance with the provisions of the basic and supplemental plans; no benefits payable pursuant to the individual retirement agreements
Severance	No specific provision (unless termination occurs within 6 months following a change of control)	Two times his base salary in effect of the time of his termination of employment	No specific provision	Two times his base salary in effect at the time of his termination of employment	No specific provision
Other benefits	No specific provision	No specific provision	No specific provision	No specific provision	No specific provision

Other Named Executive Officers

Compensation plan	Resignation	Involuntary termination	Retirement	Termination following a change of control	Termination for cause
Short term incentive compensation (annual bonus)	No bonus payable except if employee of the Corporation at the end of the fiscal year	No bonus payable unless employee of the Corporation at the end of the fiscal year	Entitled to a bonus based on the results of the Corporation prorated based on the length of service during the fiscal year	No specific provision	No bonus payable
DSUs	Not later than 90 days following the termination of employment, payment to be made with respect to vested DSUs at the time of termination of employment. All other share units are cancelled	Not later than 90 days following the termination of employment, payment to be made with respect to vested DSUs at the time of termination of employment. All other share units are cancelled	Vesting continues until the earlier of the first anniversary of the date of retirement or December 20 of the year following the year during which the retirement occurred. Non vested DSUs are cancelled. Payment with respect to vested DSUs is made not later than one year following the date of retirement	No specific provision	Not later than 90 days following the termination of employment, payment to be made with respect to vested DSUs at the time of termination of employment. All other share units are cancelled

Compensation plan	Resignation	Involuntary termination	Retirement	Termination following a change of control	Termination for cause
RSUs / PSUs	Non vested share units at the date of termination of employment are cancelled	Non vested share units at the date of termination of employment are cancelled	Vesting continues until the earlier of the first anniversary of the date of retirement or December 20 of the year following the year during which the retirement occurred. Non vested RSUs and PSUs are cancelled. Payment with respect to vested RSUs and PSUs is made not later than 30 days following the vesting date	No specific provision	Share units which have not vested at the time of termination of employment are cancelled
Stock Option Plan (SOP)	Right to exercise within 90 days following termination of employment all options which have vested at the date of termination of employment. All other options are cancelled	Right to exercise within 90 days following termination of employment all options which have vested at the time of termination of employment. All other options are cancelled	Vesting continues for one year following the date of retirement. All other options are cancelled. All options which are not exercised within 90 days thereof, unless otherwise expired, are cancelled	No specific provision	Right to exercise within 90 days following termination of employment all options which have vested at the date of termination of employment. All other options are cancelled
Pension plans	Accumulated benefits at the date of resignation in accordance with the provisions of the basic and supplemental plans; no benefits payable pursuant to the individual agreement if the resignation is before age 55	Accumulated benefits at the time of termination of employment in accordance with the provisions of the plans	Accumulated benefits at the time of retirement in accordance with the provisions of the plans	No specific provision	Accumulated benefits at the time of termination of employment in accordance with the provisions of the basic and supplemental plans; no benefits payable pursuant to the individual retirement agreement
Severance	No specific provision	No specific provision	No specific provision	No specific provision	No specific provision
Other benefits	No specific provision	No specific provision	No specific provision	No specific provision	No specific provision

The following table sets forth estimates of the amounts which would be payable to each Named Executive Officer as if such events occurred on October 31, 2011. The table does not quantify amounts to be paid as severance to individuals other than to the President and Chief Executive Officer and the Vice President and Chief financial Officer given that there are no agreements between the Corporation and such individual as to any amount to be paid.

	Rémi Marcoux	François Olivier	Benoît Huard⁽⁴⁾	Natalie Larivière	Brian Reid
	\$	\$	\$	\$	\$
Involuntary termination					
Severance	–	1,586,508	–	–	–
Annual bonus ⁽¹⁾	1,066,156	2,608,292	–	185,400	297,000
Share units ⁽²⁾	–	2,192,376	–	82,715	49,492
Stock options ⁽³⁾	149,940	296,208	–	42,228	37,179
Value of accrued obligation	8,286,000	1,253,765	–	315,420	758,222
Total	9,502,096	7,937,149	–	625,763	1,141,893
Termination of employment following a change of control					
Severance	–	1,586,508	–	–	–
Annual bonus ⁽¹⁾	1,066,156	2,608,292	–	185,400	297,000
Share units ⁽²⁾	–	3,300,095	–	82,715	49,492
Stock options ⁽³⁾	149,940	296,208	–	42,228	37,179
Value of accrued obligation	8,286,000	1,253,765	–	315,420	758,222
Total	9,502,096	9,044,868	–	625,763	1,141,893

(1) According to the provisions of the program regarding the annual bonuses for senior executives.

(2) Including vested deferred share units granted upon conversion of a portion of the annual bonuses and payment of dividends on the Class A Shares in accordance with the Share Unit Plan of Transcontinental Inc. for executives. The value is calculated based on the closing price of the Class A Shares on October 31, 2011 of \$12.70 per share.

(3) Including the vested stock options as October 31, 2011 and based on the closing price of the Class A Shares on October 31, 2011 of \$12.70 per share.

(4) As mutually agreed with the Corporation, Mr. Huard has decided to cease his functions as Vice President and Chief Financial Officer on October 31, 2011 and will be leaving the employment of the Corporation no later than the Annual Meeting in February 2012. Pursuant to this agreement, the Corporation will pay to Mr. Huard an amount of \$850,608. With respect to the Share Unit Plan, Mr. Huard will be entitled to receive the full benefit of his deferred share units vested at the date of his cessation of employment (representing a value of \$336,626 as at October 31, 2011) in accordance with the terms of the plan. With respect to the Stock Option Plan, Mr. Huard will be entitled to exercise his options which have vested at the time of his cessation of employment (representing a value of \$50,031 based on the price of the Class A Shares as at October 31, 2011) in accordance with the rules of the plan. As for his pension, Mr. Huard will be entitled to those benefits that are applicable in the event of involuntary termination (representing an estimated value of \$925,000 as at October 31, 2011).

Indebtedness of Directors or Officers

Neither the Corporation nor any of its subsidiaries grants any loans to any of its directors or executive 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 \$228,125.

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 for the fiscal year ended October 31, 2011. 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 website (www.tc.tc).

Shareholder Proposals

The *Canada Business Corporations Act* allows certain eligible shareholders to submit shareholder proposals to the Corporation, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive any such shareholder proposal for the next annual meeting of shareholders of the Corporation is October 11, 2012.

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, 2012.



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.

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, 64% 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 64% of the directors proposed as nominees by management for election as directors are independent of the Corporation, namely:

Lucien Bouchard
Claude Dubois
Pierre Fitzgibbon
Richard Fortin
Harold "Sonny" Gordon
Anna Martini
François R. Roy
Lino A. Saputo, Jr.
André Tremblay

Ms. Monique Lefebvre, an independent director, recently decided not to seek re-election as a director. The Corporation intends to appoint another independent director during the year to replace Ms. Lefebvre.

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 executive 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 executive 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 (other than for acting as director).

In addition, 64% of the proposed nominees, namely 9 of the 14 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 five following directors, of the 14 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, President and Chief Executive Officer and husband of Ms. Isabelle Marcoux;
- Pierre Marcoux, Senior Vice President, Business and Consumer Solutions Group for TC Media and son of Mr. Rémi Marcoux; and
- Nathalie Marcoux, Vice President, Finance of Capinabel Inc. and daughter of Mr. Rémi Marcoux.

For more detailed biographical information regarding each director, see the heading "Nominees for Election to the Board - Description of Nominees" on page 11 of this Circular.

All of the directors sitting on boards of directors of other public corporations (reporting issuers) are identified under the heading "Nominees for Election to the Board - Description of Nominees" on page 11 of this Circular.

Independent directors systematically hold in camera meetings during each meeting of the Board of Directors. Such meetings are chaired by the Lead Director. During the fiscal year ended October 31, 2011, the independent directors held seven such in camera meetings. 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. Mr. Richard Fortin was appointed as Lead Director on November 12, 2009.

During the fiscal year ended October 31, 2011, the Board of Directors held seven meetings, the Corporate Governance Committee held three meetings, the Human Resources and Compensation Committee held five meetings and the Audit Committee held six meetings. Overall directors attended 99% of the meetings held by the Board of Directors and its committees. See the heading "Nominees for Election to the Board - Board of Directors' Attendance Record" on page 20 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, 2011.

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 objectives, including in connection with the compensation of senior management; (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 management; (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 the 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.

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 meetings of the independent directors and must ensure that the Board of Directors functions independently from management.

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.

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 managing 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 approved by the Board of Directors, in line with the Corporation's values: innovation, teamwork, respect and performance. 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 sound 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 or on the Corporation's website at www.tc.tc.

4. Orientation and Continuing Education

The Corporation has 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 of 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 mandate of the Board of Directors and its committees, descriptions of the role and responsibilities of each committee chair and of the Executive Chairman of the Board, details of directors' compensation, including the text of the Deferred Share Unit Plan, details regarding the directors' liability insurance, the role and responsibilities of the President and Chief Executive Officer, 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 certain of the Corporation's business units.

Moreover, the Corporate Governance Committee is in charge of recommending and organizing with management of the Corporation continuing education activities 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 of the business units are organized to provide directors with additional insight regarding the Corporation's activities.

The Corporate Governance Committee plans training activities to be held at certain Board meetings, in addition to regularly presentations made to the Board of Directors. Amongst others, in 2011, presentations relating to certain specific business units and their industry, recent developments and strategic planning were made. Directors may also participate to external education activities at the Corporation's expense. In this respect, the Corporation has provided a list of the principal education activities which are aimed at the media, interactive and printing industries and corporate governance issues. All directors attending any such education activity is invited to report thereon at the next meeting of the Board of Directors.

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 executive 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, the Social Media 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 from the Code of Ethics by a director or a senior executive 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 executive 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 actual or potential conflicts of interest that must be completed and signed by all employees, including senior executives as well as all of 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 significant 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 ensures 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 or on the Corporation's website at www.tc.tc.

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 from 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 and Vice Chair of the Board and Vice President Corporate Development of the Corporation attend meetings of the Corporate Governance Committee.

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.

The Corporate Governance Committee reviews annually the size and composition of the Board of Directors. An assessment of the performance of the Board of Directors and of its Committees is carried out in writing by the directors every second year. Answers are thereafter compiled by an external cabinet who delivers a nominative report to the Corporate Governance Committee. This assessment allows the identification, *inter alia*, of competencies and skills that the Board of Directors should consider if and when a new director will be added to the Board of Directors. At least on an annual basis and after having reviewed the foregoing report, *inter alia*, the Corporate Governance Committee holds discussions with the Executive Chairman of the Board and the Vice Chair and Vice President, Corporate Development regarding potential candidacies should candidates be needed. In the event of a vacancy on the Board of Directors, members of the Committee then discuss potential nominees identified depending on the skills sought and requirements at the committee level as a result of the departure of the board member. Potential candidates are met by the Chair of the Corporate Governance Committee, the Executive Chairman of the Board and the Vice Chair and Vice President, Corporate Development. A recommendation is thereafter made to the Corporate Governance Committee who reviews the candidacy. Finally, the Corporate Governance Committee recommends to the Board of Directors a candidate to be appointed or elected to the Board of Directors. A discussion follows with all members of the Board of Directors. A favourable decision will result in an invitation to join the Board of Directors at the next annual meeting of shareholders, subject to the vote of the shareholders, or at the next board meeting, as the case may be.

A copy of the mandate of the Corporate Governance Committee can be obtained from our Corporate Secretary of the Corporation at 1 Place Ville Marie, Suite 3315, Montréal, Québec H3B 3N2 or on the Corporation's website (www.tc.tc).

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 directors who are not employees of the Corporation and its subsidiaries. Details regarding the directors compensation are set forth under the heading "Compensation of Directors Analysis - Compensation of Directors" in this Circular on page 22.

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 "Compensation of Executive Officers Analysis - Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers" in this Circular on page 37. The Human Resources and Compensation Committee is composed of four 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 or on the Corporation's website (www.tc.tc).

Since 2002, the Committee has retained the services of Mercer (Canada) Limited ("Mercer") for advice relating to the competitiveness and appropriateness of the compensation programs of the Corporation for the President and Chief Executive Officer and members of senior management, as the case may be. The services may include, but are not limited to, advice on base salaries, short term, medium term and long term incentive programs, pension plans, social benefits, awards and provisions regarding employment and change of control. In connection with these services, Mercer may review the Corporation's compensation policies (including choosing the companies forming part of the comparative groups, positioning regarding compensation and performance, performance measures, etc.), the design of the programs and the levels of compensation compared to market and may make observations and recommendations regarding amendments where appropriate. In connection with these services to the Corporation, Mercer has, among other things, provided market information for certain components of the compensation used in the preparation of the employment agreements of Messrs. Rémi Marcoux and François Olivier.

During the fiscal year ended October 31, 2011, the Corporation paid fees of \$75,368 (\$94,199 for the fiscal year ended October 31, 2010) for services relating to the compensation of senior management. The Corporation also paid fees amounting to \$962,798 (\$390,008 for the fiscal year ended October 31, 2010) for actuarial and consulting services relating to pension plans. These fees were substantially higher in 2011 compared to the previous year, mainly due to the actuarial evaluations of the Corporation's pension plans which had to be prepared as at December 31, 2010 as well as evaluation and consulting services relating to pension plans in the context of various mergers and acquisitions files. The Committee considers it obtains independent executive compensation advice from Mercer because the executive compensation consultants report directly to the Committee, a letter agreement sets forth the principal details of the relationship, including as to how and to whom Mercer communicates the information and recommendations and all significant work for management of the Corporation is pre-approved by the Committee Chair.

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 members of the committees are independent directors. See the heading "Disclosure of Corporate Governance Practices" on page 29 of this Circular for a description of the composition of the committees and the role and responsibilities of each committee chair. See the heading "Nominees for Election to the Board - Board of Directors' Attendance Record" on page 20 of this Circular for the attendance record of each director at each committee meeting. 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 website (www.tc.tc).

9. Assessment

The Corporate Governance Committee has 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 has 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 Chair of the Corporate Governance Committee and the report is then studied by the Corporate Governance Committee. Thereafter, the Chair of the Corporate Governance Committee gives an account thereof to the Board of Directors with recommendations.

With respect to the assessment of the Executive Chairman of the Board, the Chair 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 corporation with values founded on sound corporate governance. The mission of its Board of Directors (the "Board") is to ensure that senior management of the Corporation acts in a manner that not only protects these values but the compliance therewith, thus ensuring that the Corporation is managed in the best interests of the "Four Pillars" of the business, namely its employees, its customers, its shareholders and its communities.

1. BOARD OF DIRECTORS

1.1 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 director nominees and it believes that a Board composed of a minimum of eleven (11) directors is ideal to ensure sound management. All candidates proposed by the Corporate Governance Committee must be approved by the Board before being elected by the shareholders.

1.2 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. Vacancies can be filled during the year.

1.3 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 regularly. 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 Trading Policy, the Corporate Disclosure Policy, the Whistle-Blowing 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, certain Board meetings are held at the Corporation's operating sites to allow directors to meet with staff and 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 in giving them a better insight into the Corporation's overall strategic planning.

1.4 Qualification Criteria

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

1.5 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.

1.6 Executive Chairman of the Board

The role 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 understanding 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 the annual shareholders meeting and, if convenient, can attend meetings of the committees of the Board as an invited guest. He sets the agenda for Board meetings in cooperation with the President and 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.

1.7 Lead Director

The role 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 independent directors are known to the Executive Chairman of the Board.

1.8 President and Chief Executive Officer

The role and responsibilities of the President and Chief Executive Officer are defined by the Board.

The President and Chief Executive Officer, a member of the Board, is subject to the authority of the Board. He is ultimately responsible for managing 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 objectives. He recruits, develops and mobilizes 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 approving all hirings and promotions, as well as salary conditions, and obtains the approval of the Board regarding such measures, if applicable. 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.

1.9 Shareholdings

Based on recommendations made by the Corporate Governance Committee, the Board has approved the principle whereby each director (other than a director who are also an executive of the Corporation) must own, within three years following his appointment to the Board, the equivalent of three (3) times his annual basic compensation in shares or deferred share units.

1.10 Retirement Age

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

2. 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 principal responsibilities of the Board are the following:

- (i) Ensure that the Corporation is governed so as to maintain its financial integrity in compliance with the policies approved by the Board;
- (ii) Appoint the President and Chief Executive Officer, determine his role and responsibilities and ensure that a succession plan is put in place;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) Review and approve the Corporation's annual budget, including the capital expenditure budget. Approve major acquisitions and dispositions as well as material transactions outside the ordinary course of business;
- (vii) Review the organizational structure, succession plans and training and performance levels of senior executives;

- (viii) Ensure that the right people are in the right place and that senior management members are adequately remunerated;
- (ix) Ensure the adoption of the Corporation's principal 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;
- (x) 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;
- (xi) 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;
- (xii) Implement an assessment process for the Board, its members and its committees and carry out these assessments on a regular basis;
- (xiii) 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;
- (xiv) Ensure that the competencies of Board members complement one another in order to stimulate discussion and contribute new ideas, thus encouraging management to excel;
- (xv) 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;
- (xvi) Ensure that the information given to Board members is as complete and as accurate as possible;
- (xvii) Ensure that directors have sufficient time to read the documentation prepared for Board meetings and committee meetings;
- (xviii) Ensure that directors remain independent of senior management;
- (xix) 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
- (xx) Appoint a Lead Director whose primary responsibility should consist in ensuring the independence of the Board from senior management.

3. QUALITIES AND PERSONAL ATTRIBUTES OF DIRECTORS

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

3.1 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.

3.2 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.

3.3 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.

4. CONDUCT OF BOARD MEETINGS

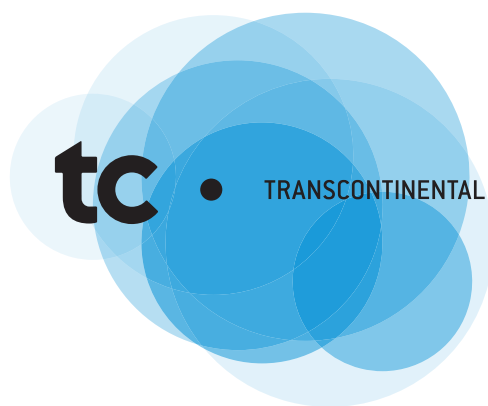
The Executive Chairman of the Board and the Secretary of the Corporation are responsible for setting the agenda for each Board meeting in collaboration with senior management members. Reasonable efforts are made to ensure that the documentation is made available to Board members several days before a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

5. CODE OF ETHICS

The Corporation has 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 at the time of his hiring and whenever changes are made thereto. Directors, managers and professionals employed by the Corporation must confirm that they have received and have read the Code of Ethics and that they agree to comply with it. Managers of the Corporation, in cooperation 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 content and its scope.



Notice of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Transcontinental Inc.
will be held at 10:00 a.m. on February 16, 2012 at the Salon Windsor, Le Windsor,
1170 Peel Street, Montréal, Québec, Canada.

www.tc.tc