



ACTIVITY REPORT 2009



GREAT FUN TO WATCH!



IN THE MIDDLE OF
THE MULTIPLATFORM
STRATEGY

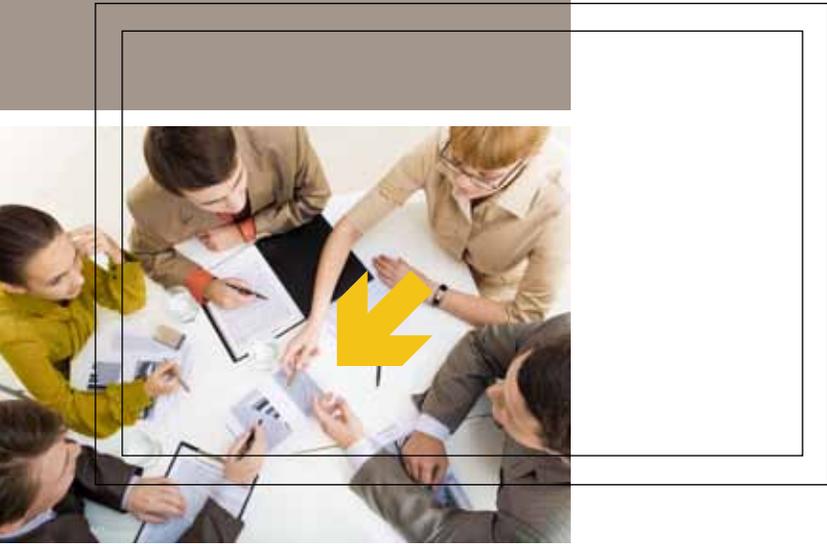
TELEVISION 
PUBLISHING
DISTRIBUTION

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TVA Group is a communications company with three lines of business: television, publishing, and distribution. In the television sector, TVA Group develops, produces and broadcasts entertainment, news and public affairs programming, and is also engaged in commercial production and teleshopping services. It operates the TVA Network, the largest French-language private television network in Québec (and in North America), as well as seven specialty channels in Québec and an English-language

conventional television station in Toronto. Its TVA Publishing subsidiary, the largest publisher of French-language magazines in Québec, publishes general-interest, fashion, decorating, health and beauty, and entertainment weeklies and monthlies. Its TVA Films division, which holds distribution rights to an extensive catalogue of titles, distributes movies for multiple platforms: theatrical, video, pay television, pay-per-view, over-the-air television, and specialty channels.



STAND-OUT PERFORMANCE IN A TIME OF CRISIS

Despite the difficult economic environment, which has had a dramatic impact on Canada's conventional broadcasters, the TVA Network emerged from the crisis with a healthy balance sheet and it remains the top network in Québec. While many competitors suffered steep revenue declines and some placed themselves under the protection of the *Companies' Creditors Arrangement Act*, the TVA Network held its market share, stabilized advertising revenues and increased operating income. It continued to lead the way in advertising convergence by offering advertisers complete, innovative, integrated solutions, successfully maintaining advertiser confidence. The concentration of advertising spending on the TVA Network and its platforms confirms that advertisers regard it as a safe bet.

Despite audience fragmentation and the growing popularity of new media, the TVA Network continues to top Québec ratings by a wide margin. In 2009, viewers spent nearly nine

hours per week watching the TVA Network, almost twice as much as its closest rival. With a 27% audience share, the TVA Network has a long lead over its competitors. This strong audience loyalty attests to the quality of the programming the TVA Network airs, year after year.

In 2009, the TVA Network boasted a large stable of successful shows. In fact, the TVA Network accounted for eight of the ten top-rated programs in Québec.

Le Banquier – Spécial Star Académie led the ratings during the fall 2009 season with an audience of 2.5 million. The TVA Network was also home to 23 of the top 30 programs in Québec and remained the uncontested ratings champion every day of the week. 2009 highlights included *Le Banquier affronte les Canadiens*, *C'est la rentrée 2009*, *Occupation Double en République Dominicaine*, and *Lance et Compte: Le grand duel*.



THE NEWS LEADER

The TVA Network dominates news programming in Québec: its newscasts, from *Salut, Bonjour!* in the morning to the 10 o'clock news in the evening, have an average market share of 36%, 13 points ahead of Radio-Canada. The TVA news teams are committed to journalistic rigour, a quality personified by Pierre Bruneau, anchor of the 5 p.m. and 6 p.m. newscasts, who has been bringing Quebecers the news on a daily basis for more than 33 years. The TVA newsroom owes the public trust it enjoys to its ability to provide audiences with news and public affairs coverage that is comprehensive, reliable and accessible.

The *Le Canal nouvelles TVA* (LCN) all-news channel maintained its momentum in 2009 with a 3.5% market share, compared with 2.7% for RDI. Its up-to-the-minute coverage of local, national and international news has made it the standard to which Quebecers turn for information. Commentaries and opinion programs that examine current affairs through a variety of lenses are another distinguishing feature of LCN's programming. At the beginning of 2010, LCN was granted a broadcasting licence with the same conditions as RDI, which will enable it to expand its coverage in the future by adding content such as documentaries.



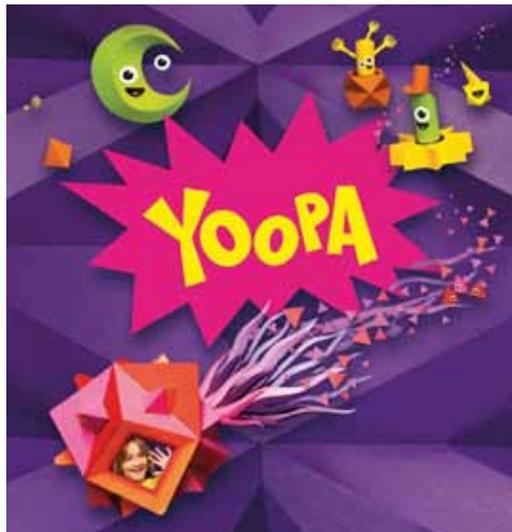
TVA GROUP'S SPECIALTY CHANNELS FLYING HIGH

TVA Group's specialty channels increased their audiences substantially in 2009. *Mystère*, *Les idées de ma maison* and *Prise 2* posted audience growth of 27%, 68% and 54% respectively in the last quarter of the year. Season after season, *Les idées de ma maison* is increasing its ratio of locally produced content, adding programs featuring original concepts and engaging Québec personalities. Each specialty channel serves a well-defined niche, facilitating audience retention and the marketing of advertising solutions based on the channel's target demographic.

TVA Group is actively pursuing plans to enter new specialty niches. For example, it has launched *YOOPA*, a new brand targeted at children aged 2 to 6, which has been on the air

since April 1, 2010. The new channel, produced and broadcast in High Definition (HD), will carry a minimum of 35% Canadian content and provide an innovative, educational, creative and entertaining environment for pre-schoolers. There is also a series of other *YOOPA* branded platforms, including a website and a magazine.

At the beginning of 2010, the Canadian Radio-television and Telecommunications Commission (CRTC) granted TVA Group an operating licence for an HD all-sports channel, *TVA Sports*, which will be largely dedicated to covering Canadian pro sports. *TVA Sports* will give French-speaking viewers a choice of sports channels, something English Canadians have enjoyed for years.



BREAKING NEW GROUND: NEW MEDIA AND NEW PROJECTS

Today, advertisers are looking for more than a time slot for their commercials on a conventional television station: they want distinctive, innovative solutions tailored to their specific business needs. To respond to the new expectations, the TVA Network developed its first branded content project in 2009: the program *La Collection*, in which 10 fashion designers designed and made women's clothes. The show was developed, produced and broadcast in partnership with The Bay and branded entertainment production company Gone in 30 Seconds Entertainment. Four times during its eight-week run, the winning designer's creation was in all Bay stores the day after the episode aired. Joint ventures of this type enable the TVA Network to capture new synergies with high-profile partners.

New media platforms have been growing steadily and are now a significant and marketable component of TVA Group's business plan. The TVA Network's video on demand partnership with Videotron's Digital TV service continues to expand and new titles from the TVA Network's programming are being added to Videotron's on demand catalogue. Viewers can watch their favourite shows again at their convenience, usually at no charge. Considerable effort is also being devoted to developing websites that tie in with TVA Group's new shows and to enlarging its Internet footprint by providing a wide range of entertainment and information content. In addition, TVA Group will soon be adding content for mobile telephones to its offerings for viewers and advertisers.

The *tva.canoe.ca* and *lcn.canoe.ca* websites have met with strong public acceptance and are receiving heavy traffic. The *argent.canoe.ca* site is the most visited French-language financial site in Québec. Sites for specific programs such as *Le Banquier*, *Star Académie* and *Occupation Double* have also been highly successful.

Substantial investments were made in HD technology in 2009. The TVA Network now broadcasts 85% of its prime-time schedule in HD, bringing viewers the full benefit of the new technology. TVA Group plans to continue investing to remain a leader in HD broadcasting.

IMPORTANT AGREEMENTS

In 2009, TVA Group and the Union des artistes reached an agreement on new media, the first of its kind in Québec. The contract sets working conditions for the artists who appear in French-language programs produced by TVA Group and its subsidiaries. It covers the use of traditional content on new media as well as the production of original content. The industry, television viewers and Québec culture as a whole will benefit from this agreement, tailored to the modern technological universe.

Internally, three collective agreements with TVA Group employees outside Montréal were renewed for an average of three years. All three agreements were renewed before they expired.



TVA PUBLISHING: STILL NO. 1

TVA Publishing accomplished the feat of increasing its operating income in 2009 despite a significant decline in advertising revenues. The achievement was the result of stringent cost control, process reengineering and new revenue streams from numerous custom publishing projects and special editions of existing magazines. The newly launched *clindoeil.ca* website was enormously successful, with more than 500,000 downloads of episodes of the webseries *Comment survivre aux week-ends?* produced by TVA Publishing. Innovative initiatives of this type will enable TVA Publishing to maintain niche positions and remain viable.

The magazines *7 jours*, *Star Système*, *Dernière Heure*, *Échos Vedettes*, *Le Lundi* and *Moi & cie* all increased their operating income in 2009. The results are due, first and foremost, to the guiding principles observed by all the

publications: maintaining quality and providing exclusive content. The strong performances were also the result of market-driven initiatives such as changes in the publishing frequency of some titles and merchandising efforts that capitalized on the publications' brand equity.

TVA Publishing's strategic vision going forward is based on transforming the organization from a publisher to a brand operation; it will continue honing its business model in order to develop new revenue streams alongside magazine publishing.

While the TVA Films distribution division had a difficult year in 2009, its operations have now been refocused on Québec movies in order to leverage its local expertise, and major efforts will be devoted to improving content-based synergies between TVA Films and other Quebecor Media platforms.

Comment
SURVIVRE
AUX WEEK-ENDS?
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