





## ANNUAL MEETING

Shareholders are invited to attend the Annual Meeting of Shareholders to be held at 11:00 a.m. on Monday April 29, 1996 at the Pierre-Péladeau Centre, 300 De Maisonneuve Blvd. East, Montreal, Quebec.

## STOCK EXCHANGE LISTINGS

The Class A Multiple Voting Shares are listed on the Montreal and Toronto stock exchanges under the ticker symbol QBR.A and on the American Stock Exchange under the ticker symbol PQB.

The Class B Subordinate Voting Shares are listed on the Montreal and Toronto stock exchanges under the ticker symbol QBR.B.

## REGISTRAR AND TRANSFER AGENT

Desjardins Trust Inc. - Montreal

## CO-TRANSFER AGENTS

Montreal Trust Company

- Toronto
- Winnipeg
- Regina
- Calgary
- Vancouver

Bank of Montreal Trust Company

- New York

## AUDITORS

KPMG Poissant Thibault-Peat Marwick Thorne

## INFORMATION

For further information or to obtain copies of the Annual Report and the Annual Information Form, please contact the Secretary's office of the Company at (514) 350-3549, or write at the following address:

612 Saint-Jacques Street  
Montreal, Quebec  
H3C 4M8

## DUPLICATE COMMUNICATIONS

Shareholders who receive more than one copy of a document, particularly of the Annual Report or the quarterly reports, are requested to notify Desjardins Trust Inc. at (514) 286-3156.

All dollar amounts appearing in this Annual Report are in Canadian dollars, except if another currency is specifically mentioned.

## CRÉDITS

**Coordination:** Sylvie Cordeau, Chantal Chabot, Bernard Bujold.

**Graphic design:** Vasco design international inc.

**Printing:** Imprimerie Quebecor Graphique-Couleur.

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Legal deposit - 1st quarter 1996

Printed in Canada

Years ended December 31	1995	1994	1993
<b>Operations</b> (in thousands of dollars)			
Revenues	\$ 5,549,011	\$ 3,975,637	\$ 3,092,146
Operating income before non-recurring items	629,164	403,870	213,953
Contribution to net income			
Operations	141,368	106,010	74,956
Non-recurring items	45,294	(17,374)	(390)
Net income	186,662	88,636	74,566
Cash flow derived from operations	794,407	508,765	334,691
<b>Per share</b>			
Contribution to earnings per share			
Operations	\$ 2.14	\$ 1.60	\$ 1.16
Non-recurring items	0.69	(0.26)	(0.01)
Earnings per share	2.83	1.34	1.15
Dividends	0.33	0.24	0.20
Shareholders' equity	14.83	12.54	11.17
Number of shares outstanding at year-end (in thousands)	66,036	66,077	66,435
<b>Financial position</b> (in thousands of dollars)			
Working capital	\$ 564,955	\$ 551,155	\$ 292,833
Total assets	5,424,798	4,171,315	2,986,574
Shareholders' equity	979,521	828,420	742,341
<b>Employees</b>	28,900	25,900	20,600
<b>Return on average equity</b>			
Operations	15.6 %	13.5 %	10.9 %
Non-recurring items	5.0 %	(2.2)%	(0.1)%
Total	20.6 %	11.3 %	10.8 %

*Quebecor Inc. is a communications company operating in North America and Europe through four subsidiaries that are innovative industry leaders.*



**Pierre Péladeau**  
Chairman,  
President and Chief  
Executive Officer

Our subsidiary Quebecor Group Inc. is primarily involved in publishing and distribution; Quebecor Multimedia Inc. is engaged in the multimedia industry; Quebecor Printing Inc. is Canada's leading commercial printer, ranking second in North America — in Europe, a player of considerable importance. As well, through Donohue Inc., a leading Canadian integrated forest products manufacturer, Quebecor Inc. is active in forest management as well as the production and sale of newsprint, Kraft softwood pulp, and lumber.

The financial results for our four subsidiaries for 1995 demonstrate Quebecor's stellar performance. During the financial year of 1995, consolidated revenues increased 39.6% to reach \$5.5-billion. Net income reached a high of \$186.7-million compared to \$88.6-million in 1994, an increase of 111%.

#### **QUEBECOR GROUP INC.**

Among the highlights in 1995 for Quebecor Group Inc., was the acquisition of a majority interest in Trans-Canada Archambault Inc., combining the activities of Ed. Archambault Inc., and Distribution Trans-Canada. With this purchase we have become the leading record retailer in Quebec, reaffirming also our leadership in distribution and book.

On the publishing side, *Le Journal de Montréal* is still the leader in its market with a circulation of 1,186,000 readers daily according to a NADbank survey. *Le Journal de Québec* also continues to impact on its market with 350,000 readers daily.

Our 46 regional weeklies spread throughout Quebec are solidly entrenched in their markets. This past year we have concentrated on an improved design and editorial content for these weekly newspapers.

#### **QUEBECOR PRINTING INC.**

In 1995, the acquisition of Groupe Jean Didier, France's leading commercial printer, as well as the purchase of a printing plant in the United Kingdom, paved the way for a significant thrust into the European market, which is considered to be the world's second largest printing market.

Quebecor Printing Inc. foresees strong growth in 1996, especially in Europe. The acquisition of a majority interest in a bindery and distribution plant at Mary-sur-Marne as well as the acquisition of Groupe Jacques Lopès will propel us forward.

#### **QUEBECOR MULTIMEDIA INC.**

Quebecor Multimedia Inc. is a new subsidiary aimed at the multimedia market. During 1995, Quebecor Multimedia Inc. acquired four companies in this field. More than 100 employees work in three production centres, in the distribution business as well as in five sales offices located in Montreal, Toronto, New York, Chicago, and Seattle.



#### **DONOHUE INC.**

Donohue Inc. achieved a record profit in 1995 and we anticipate another excellent year in 1996 because of a favourable world economic environment.

On March 1st, 1996, Donohue Inc. bought all outstanding Quno Corporation shares. This purchase now places the combined newsprint production capacity of Donohue and Quno third among North American newsprint producers and sixth in the world.

#### **QUEBECOR INC.**

I would like to thank all the employees and managers of Quebecor Inc. for their excellent contribution to the results attained in 1995.

Quebecor Inc. is a team of more than 28,900 employees. A company is only as strong and dynamic as the various links in the chain. The Quebecor employees' drive to succeed directly results in our business success.

Our community involvement reflects our desire to be a contributing member of society. Whether it involves the Metropolitan Orchestra, fundraising campaigns such as for the Hôtel Dieu Hospital or other community activities we participate in, each time we wish to contribute to the well-being of our society.

Quebecor's progress within the Quebec economy parallels that of other major corporations in this province.

Some of them are the Caisse de dépôt, Hydro-Québec, our institutions of higher learning, and other Quebec organizations.

As Jean-Claude Scraire, the President of the Caisse de dépôt, stated in a speech to The Board of Trade of Metropolitan Montreal: "For the last 30 years, Quebec's economic structure has adapted to face the challenges of the coming decades... Quebec business people have successfully met international competition head-on, whether it has been in New York, Los Angeles, Hong Kong or Paris..."

Whether it's corporations like Jean Coutu, Vidéotron or the National Bank, Quebec companies have crossed borders and become leaders. Quebecor is among them, and intends to remain leader of the pack.

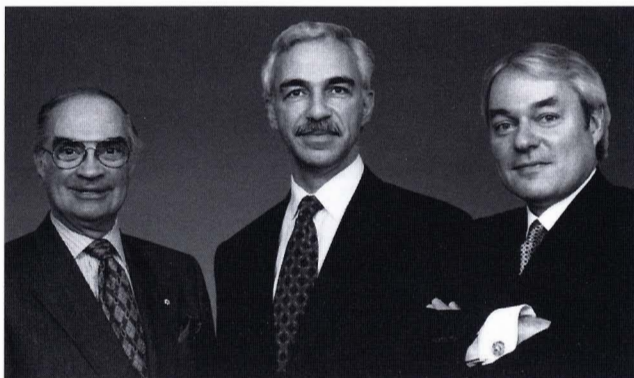
André Bérard, Chairman of the Board and Chief Executive Officer of National Bank of Canada, stated: "There are no limits to the scope of our role on the international economic scene except for those we ourselves set."

It's necessary to see the big picture and pursue it forcefully.

The shareholders of Quebecor can be proud of their investment. Our clients can be confident that we are in business to offer high quality products and services along with being the best in our areas of endeavour. At Quebecor, we are winners and we intend to continue in the same respect.



Pierre Peladeau



**Raymond Lemay**  
Executive  
Vice President  
Quebecor Inc.

**Louis Saint-Arnaud**  
Vice President,  
Legal Services and  
Secretary

**François R. Roy**  
Vice President,  
Finance and Treasurer



**Rosaire Archambault**  
President and  
Managing Director  
Trans-Canada  
Archambault Inc.

**André Gourd**  
Vice President,  
Governmental Affairs  
and Corporate  
Development,  
Quebecor Inc. and  
Chairman of the Board  
Trans-Canada  
Archambault Inc.



*The results of the last financial year show that Quebecor Group Inc., through a tight control of its expenses, has succeeded in setting off most of the impact of the enormous newsprint increase.*



**André Rousseau**  
Vice President,  
Book Sector

**Yves Dubuc**  
Vice President,  
Human Resources

**Sylvie Sauriol**  
Vice President,  
Regional Weeklies

**André Préfontaine**  
Vice President,  
Dailies

**Chantal Reid**  
Vice President,  
Administration

**Lise Paul-Hus**  
Vice President,  
Magazines

**Ronald Renaud**  
Vice President,  
Distribution

**Claudine Tremblay**  
Assistant Secretary

Quebecor Group Inc., Quebec's leader in publishing and distribution of newspapers, magazines and books became, in 1995, the majority shareholder of one of the largest record company in Quebec, Trans-Canada Archambault Inc.

Trans-Canada Archambault Inc., a subsidiary of Quebecor Group Inc., is the result of a merger of the activities of Trans-Canada Distribution, a division of Quebecor Group Inc. and Ed. Archambault Inc. Trans-Canada Archambault Inc. is now the largest business owned by Quebec interests in the distribution and retail of records, books and newsstand publications.

#### DAILIES

In October 1995, the NADbank survey confirmed once again that *Le Journal de Montréal* was the outstanding leader in its market. This survey, recognized as the most credible reference in Canada for daily newspapers, showed that *Le Journal de Montréal* beats all its competitors every day of the week. Furthermore, for a second consecutive year, it is the number one Saturday newspaper. *Le Journal de Montréal* with 1,186,000 adult readers also beats competitors for readership in all age groups, for men as well as women.

These results indicate *Le Journal de Montréal* capably diversified its readership during the last few years, especially toward high-income readers and those who completed post-secondary education. Since 1990, *Le Journal de Montréal's* readership has grown. Eighty percent of its readers are faithful and exclusive.

During the last three years *Le Journal de Montréal* has installed equipment at the forefront of technology, improving both its productivity as well as its performance in all departments.

*Le Journal de Montréal* is much more than a business. This daily is a faithful friend to readers through different promotions, contests, and public events such as the Jacques Beauchamp Blood Donor Clinic or the Christmas Charity Collection. On average, two million entries are sent to *Le Journal de Montréal* every year — that says it all!

*Le Journal de Montréal* is a leader in its field because this daily newspaper's decision-makers are its readers and its employees are attuned to them.

The results of the NADbank survey also confirms the number one position of *Le Journal de Québec*. This daily reaches 58.6% of the total adult market of metropolitan Québec City every week. *Le Journal de Québec* continues to make an impact with its 350,000 daily readers, giving advertisers an ideal media vehicle.

In 1995, *Le Journal de Québec* started a modernization program by computerizing photolithography production. The future steps of this upgrade will make *Le Journal de Québec* a daily using the latest technology.

*The Winnipeg Sun* had a good year in 1995. The number of copies sold increased for a second consecutive year while its competitor faced a circulation decrease. *The Winnipeg Sun* increased its market share from 24% to 25%. Additionally, its advertising revenues increased by 10.5% in 1995.



Subsidiary Sandford Evans Communications Ltd., publisher of *The Winnipeg Sun*, continued its market penetration in 1995. It now has seven weeklies reaching approximately 57,000 homes within a 150-kilometre radius of Winnipeg.

Quebecor Media Sales, a national advertising sales bureau in Toronto, combines sales representation for Quebecor Group Inc.'s publications and Flashmedia Advertising Inc.'s products. This makes it the largest Quebec national sales bureau in the Queen City. Quebecor Media Sales offers an unprecedented access to Quebec markets for advertising agencies and national advertisers in Toronto.

#### WEEKLIES

Our 46 regional weeklies are solidly entrenched in several regions of Quebec: Abitibi, the Laurentians, Beauce, Estrie, Québec, Saguenay-Lac St-Jean, Côte-Nord, Bas-St-Laurent, and Gaspésie.

In 1995 we acquired a majority share in Rive-Nord Médias Inc., a company involved in printing, publishing and distribution of weekly newspapers on the North Shore. We also acquired a weekly in Abitibi.

Throughout the year, we improved the product's look and editorial content, making our newspapers better suited to new consumer trends of the 21st century. According to the latest weekly readership evaluation surveys of PELH, most of our weeklies show superior results to the Quebec average.

*Echos Vedettes*, the artistic weekly of Quebecor Group Inc., retains its leadership position in the market of entertainment publications. *Echos Vedettes* continues to have impact as "the" credible information source on the entertainment scene.

#### PUBLICOR

Among women's publications, *Clin D'Oeil* is without doubt the success story of the year. Its relaunching at the end of 1993 was extremely successful. Its readership, according to PMB '95 (Print Measurement Bureau), increased by 25% over the previous year (from 323,000 to 404,000 readers). This trend will be even more evident in the PMB'96 figures.

Our three other women's publications, *Filles D'Aujourd'hui*, *Femmes Plus*, and *L'Essentiel* together reflect an increase in readership of 4% over last year.

In 1995, *Femme Plus* got a new format in content and product-look. Results of this change are reflected in year-end ABC surveys, reporting a 32% increase in newsstand sales.

*Filles D'Aujourd'hui* unfailingly increases circulation every year. This year it reached a new high with combined newsstand and subscription sales of almost 70,000 copies monthly. More than half of teenage girls read *Filles D'Aujourd'hui*.

The interior decorating magazines ended the year by holding 76% of the advertising market.

The magazine *Le Lundi* increased its number of advertising pages by 32% from last year with a 300% increase from food advertising, and 92% increase from cosmetics.

*Femme Plus* had a record year in advertising with an increase of 29% of pages sold over last year.

Besides our on-going efforts to maintain our position as a leading consumer magazine publisher, and since acquiring the publishing rights of *En Route* magazine, we invest more and more in research and development. Our objective is to evaluate all publishing projects that are available in the public or private sector and to associate ourselves with partners who will benefit from our exceptional publishing expertise.

Publicor has capitalized on its 2.7-million readers this year by demonstrating to the media as well as to advertisers in Montreal and Toronto its strong impact. The message is clear: Publicor is the largest magazine publisher in Quebec. It can by itself efficiently reach all of Quebec; whether it's women through *Clin D'Oeil*, *Femme Plus*, *L'Essentiel*; men through *Rénovation Bricolage*, and *En Route*; or teens with *Filles D'Aujourd'hui*; and all adults with *Le Lundi*, *Les Idées de Ma Maison*, and *Décoration Chez-Soi*.

At the start of 1996, Quebecor Group Inc. joined Claude J. Charron through the intermediary Trustar Limited to form two new partnerships that will develop the potential of *Le Lundi* and *Télé-Horaire TV 7 Jours*. Quebecor Group Inc. and Trustar Limited each have an equal share in these partnerships.

## **BOOKS**

Quebecor Group Inc. is involved in Quebec book publishing through: Les Éditions Quebecor Inc., a firm specialized in handy books; CEC Publishing Inc., held jointly by Quebecor Group Inc. and Hachette Livre S.A.; a 50% share in Les Éditions Libre Expression Ltée, one of the most important publishers of general literature in Quebec; and Wilson & Lafleur Ltée, the largest publisher and distributor of legal texts in Quebec. In 1995, its subsidiary Les Éditions Wilson & Lafleur Inc. acquired 50% of Typo-Litho Composition Inc., a typesetting business.

## **DISTRIBUTION**

Specialized in newspaper and magazine distribution, Messageries Dynamiques is one of the largest distribution firms in Quebec. Its network of 235,000 homes and 16,000 points of sale covers all of Quebec and serves Ontario, New Brunswick, and Francophone communities elsewhere in Canada and in Florida.

Constantly growing, Messageries Dynamiques has reached an important agreement with Bell Canada to market the La Puce card. Furthermore, during 1995, Messageries Dynamiques established a delivery system for the Pari Sportif of Loto-Québec.

Québec-Livres is one of the largest distributors of French-language books in Canada. Québec-Livres serves a network of 400 bookstores and 1,100 newsstands that retail its publishers' products. It is the exclusive Canadian distributor of books from the French publishing group Hachette Livre S.A. Québec-Livres also represents other large European and Quebec publishing houses.

Flashmedia Advertising Inc. is active in Quebec with the outdoor advertising vehicles of Flashmag, Flashmobile and Flashposter. Flashposter distribution has now been expanded nationally. Flashmedia Advertising Inc. has therefore become one of the largest point-of-sale advertising displays in Canada with offices in Montreal, Toronto, and Vancouver. Flashmedia Advertising Inc. advertises on behalf of major clients interested in reaching consumers at points-of-sale.

Also involved in distribution is Réseau Distribucor, a firm that distributes circulars door-to-door throughout Quebec.

Early in 1996, Quebecor Group Inc. acquired an important share in Joncas Postexperts Inc., Quebec's largest direct mail advertising and direct marketing. Its principal activities are mail preparation, computer list services in direct marketing, subscription list sales and rental, fundraising campaign management, as well as inventory storage and management.

## **MUSIC**

Trans-Canada Archambault Inc., held 72% by Quebecor Group Inc., was established by a merger of Distribution Trans-Canada, a division of Quebecor Group Inc., and Ed. Archambault Inc. This new subsidiary of Quebecor Group Inc. is also held by Rosaire Archambault, Gaëtan Cliche, and Aomar Dahman who manage the firm.

Trans-Canada Archambault Inc. incorporates the activities of Distribution Musicor, Distribution Select and GAM in the field of exclusive distribution, of Distribution Trans-Canada in the sector of sub-distribution, of Archambault record, book and newspaper stores, of Globe Musique record stores and of Les Studios Gosselin photo stores.

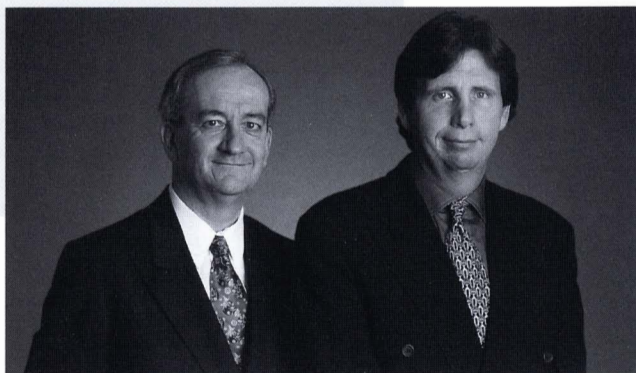
A principal partner of Quebec producers and artists, Trans-Canada Archambault Inc. gives these talents excellent exposure through its distribution system.

With 40,000 titles and a network of 700 points of sale, Trans-Canada Archambault Inc. is the largest record wholesaler in Quebec.

Retail sales also figure prominently for Trans-Canada Archambault Inc., with its seven Archambault stores, and 19 Globe Musique stores. They make Trans-Canada Archambault Inc., one of the largest record retailers in Quebec as well as a major bookstore owner.



*Faced with the emergence of new technology markets, Quebecor Multimedia Inc. intends to strategically position Quebecor Inc., its divisions, and subsidiaries in the multimedia field, in order to supply a complete range of services including book, co-publishing, electronic publishing, and interactive multimedia production. In 1995, an accelerated expansion plan was pursued with the intent of entrenching the subsidiary in markets connected to the traditional activities of Quebecor Inc.*



**Jean Lamontagne**  
President

**Érik Péladeau**  
Chairman and  
Chief Executive Officer

Quebecor Multimedia Inc. acts as a general partner in QMM Limited Partnership, a partnership formed by Quebecor Inc. and Quebecor Printing Inc.

Since 1995, Quebecor Multimedia Inc. completed the acquisition of six companies, giving it multimedia production sites and a CD-multimedia distribution network. As well, a series of strategic alliances were formed to develop multimedia services. That resulted in Quebecor Multimedia Inc. becoming the first exclusive licensee and authorized reseller in North America of the publishing module of the ICAT (Interactive Catalogue Corporation) catalogue. It permits Quebecor Multimedia Inc. to offer services for the creation of multimedia catalogues.

In this way, Quebecor Multimedia Inc. progressively acquires the necessary resources enabling it to offer a wide range of services to corporate and consumer markets.

More than 100 employees work at the three production centres, in the distribution business as well as at the five sales offices located in Montreal, Toronto, New York, Chicago, and Seattle.

#### **PRODUCTION**

**St. Remy Multimedia Inc.**, formerly known as Les Publications St-Rémy Inc., is a publisher of books and of CD-multimedias, as well as a graphic software designer. Quebecor Multimedia Inc. acquired a 51% share of St. Remy in February 1995.

Founded in 1983, St. Remy Multimedia Inc. grew to become a leader in co-publishing with a varied clientele including some of the largest American publishing firms. Among the titles published by St. Remy Multimedia Inc. are the "New Basics" collection published by Sunset Publishing, "Art of Woodworking" published by Time-Life, and "Explore America", published by Readers' Digest. The publication of reference works on CD-multimedia began as soon as 1993 and includes, among others, a gardening guide and a gastronomy guide.

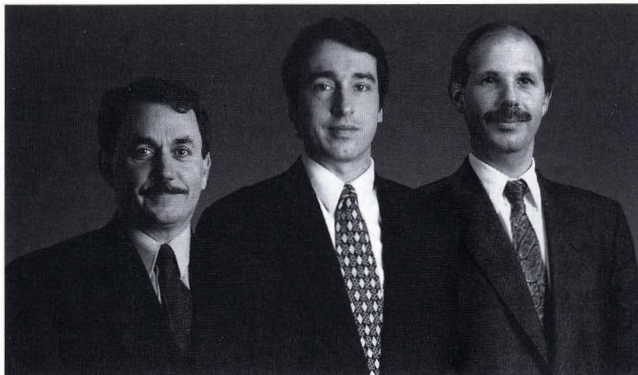
A partnership agreement signed in December 1995 with Cogeco Câble Canada Inc., the fourth largest cable operator in Canada, will allow St. Remy Multimedia Inc. to accelerate the development and marketing of a platform supporting several interactive applications. The first application, the Virtual Mall, will be available on CD-multimedia and accessible via the wide-band network of Cogeco Câble Canada Inc., an interactive kiosks network and the Internet.

**Quebecor Interactive, L.P.**, located in Bellevue, Washington, formerly known as Electronic Publishing Group, was wholly acquired in October 1995 from Print Northwest, L.P., a limited partnership controlled by Quebecor Printing Inc. It was acquired through the intermediary of another limited partnership controlled by Quebecor Inc. and Quebecor Printing (USA) Holdings Inc.

Interactive catalogues and directories as well as technical documentation on digital support are the principal products offered by Quebecor Interactive, L.P. Its most important clients are Hewlett-Packard, Attachmate, Microsoft, Prentice-Hall, Cincinnati Bell Directory, and Boeing.

**Sierra Creative Communications Inc.** is specialized in the creation and production of multimedia applications for use in retail business markets, business communications, and entertainment. Since November 1995, this company is held equally by Quebecor Multimedia Inc. and Cinram Ltd., a large manufacturer of audio compact discs, CD-multimedia, and pre-recorded audio and videocassettes.

Recent accomplishments include the development of interactive kiosks for the Cadillac Fairview corporation at the Eaton Centre in Toronto and a diagnostic CD-multimedia for the Bayers company manufactured in co-operation with the D.D.B. Needham advertising agency.



**Ian Richardson**  
Vice President,  
Sales and Marketing

**Normand Belisle**  
Vice President,  
Administration  
and Finance

**Alain Ledoux**  
Executive Assistant  
to the President

Moreover, Sierra Creative Communications Inc. works closely with advertising agencies and major corporations to establish complete programs of multimedia communications including annual reports, corporate presentations in a CD-multimedia format and the creation and maintenance of World Wide Web sites on the Internet.

**Quebecor Multimedia Inc.**, is ready to launch several publications of Quebecor Group Inc. on the Internet. *Le Journal de*

Montréal will be the first publication to debut and it will appear with the tabloid's editorial character intact. Also, Quebecor Multimedia Inc., foresees adding an international press service to its products using this same future-forward technology.

#### DISTRIBUTION

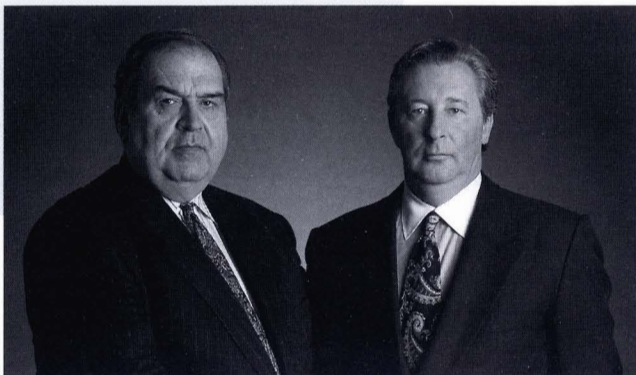
In February 1996, Quebecor Multimedia Inc. created a new company, **Quebecor DIL Multimedia Inc.**, that combines the activities of Les Logiciels Auba, acquired in 1995, and of Distribution Internationale de Logiciels M.L.L. Inc. formerly known as DIL Multimedia. Quebecor Multimedia Inc. holds a 51% share in this new company, allowing Quebecor Multimedia Inc. to position itself as the largest CD-multimedia provider in Quebec. It will offer publishers access to the international markets in the public as well as in the educational sector.

Quebecor DIL Multimedia Inc. distributes more than 500 titles, including the products of publishers such as Arborescence, Edusoft, Hachette, Havas, Infogrames, Larousse, and Sony. It also distributes titles from Quebec publishers, including Logiciel De Marque, Machina Sapiens, and LM Soft.

The creation in February 1996 of **Citius of America Inc.** by Bell Sygma Inc., Quebecor Multimedia Inc., and Gestion Conseil P. Mallette Inc. enables this company to offer to all kinds of businesses, through Citius technology, access to a server and a computerized trading system. Citius of America Inc. will process commercial transactions between suppliers displaying their products and services in electronic catalogues and consumer businesses with access to these catalogues. Businesses will make transactions from their personal computers anywhere in North America.



*The year 1995 was the most significant in the history of Quebecor Printing Inc. The company achieved tremendous growth in size as revenues increased by \$1.23 billion, or more than 42%, to \$4.12 billion from \$2.89 billion in 1994. As in the past, this growth was accompanied by an equally impressive rise in net income to \$144.7 million from \$119.2 million in the previous year, an increase of 21%.*



**Jean Neveu**  
Chairman and  
Chief Executive Officer

**Charles G. Cavell**  
President and  
Chief Operating Officer

During this successful year, the company also completed an equity issue of subordinate shares on December 14, 1995. Investors acquired 15,550,000 treasury shares at a price of \$23.00 for net proceeds of \$342 million. Concurrently, Quebecor Printing Inc. marked another milestone in its history by listing subordinate shares on the New York Stock Exchange. Trading under the symbol "PRW" began on December 7, 1995. In Montreal and Toronto, the company's subordinate shares are traded under the symbol "IQI".

#### **A GLOBAL PRINTER**

In a year of significant accomplishment, the highlight was the Quebecor Printing Inc. swift and successful push into the European Union, the second largest print market in the world. Quebecor Printing Inc. began 1995 primarily as a North American company with a modest investment in France. By year-end, the company was firmly established as one of, if not the leading commercial printer in Europe with revenues of \$750.1 million through the acquisition of Groupe Jean Didier, the largest commercial printer in France, and HunterPrint Group Plc., a major printer in the United Kingdom.

Excellent progress was achieved throughout the year in the integration of the plants acquired in Europe. With this solid business platform, Quebecor Printing Inc. gained the ability to bridge across the Atlantic, effectively serving the communications needs of European companies in North America and North American needs for European services.

As a result of this globalization, the company has greatly diversified its geographic revenue distribution. In 1995, 60% of revenues were derived from the U.S., 21% from Canada and 19% from Europe and other international markets. Including acquisitions completed subsequent to year end, the company's network comprises 100 printing and related services facilities in 6 countries and to this date more than 23,000 employees.

#### **STRONG PERFORMANCE**

U.S. operations generated strong revenues and operating results following an internal reorganization made necessary by the acquisitions of prior years. Focused sales and marketing efforts resulted in new business volumes and the renewal of long-term agreements worth more than \$1.7 billion.

The contract with Parade magazine, which reaches more than 37 million households weekly through 351 newspapers, was extended to the year 2007. Quebecor Printing Inc. also extended its relationship with USA Weekend to print regional editions of this syndicated Sunday newspaper magazine until the year 2004. The agreement covers distribution in the Eastern, Southern and Midwestern regions, representing a weekly circulation of approximately 17 million copies in some 365 newspapers.

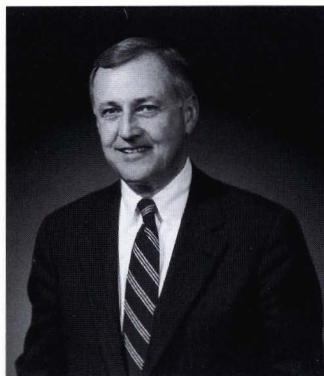


In Canada, Quebecor Printing Inc. further strengthened its leadership position, particularly in magazine and commercial printing, with the seamless integration of the former Maclean Hunter Printing facilities. The continued specialization of plants, supported by investment in new technology, were key factors behind the excellent results.

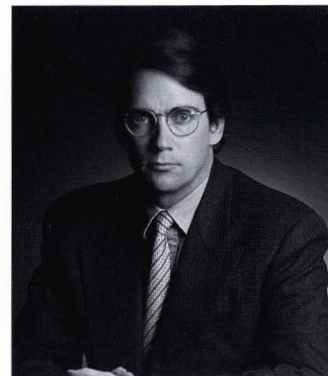
Long-term contracts were signed with Maclean Hunter for the printing of major Canadian magazine titles such as *Chatelaine*, *Maclean's* and *L'actualité*. Quebecor Printing Inc. signed a 10-year contract to print Sears catalogs, a three-year contract with Krames Communications, a medical publisher based in British Columbia, as well as a five-year agreement to print *Beautiful British Columbia* magazine.



**Gordon A. Griffiths**  
President,  
Quebecor Printing Canada



**James A. Dawson**  
President and Chief  
Executive Officer,  
Quebecor Printing (USA)  
Corp.



**Pierre Karl Péladeau**  
President and Managing  
Director  
Quebecor Printing Europe

Quebecor Printing Inc. expanded its North American position in directory printing through a 10-year agreement with US West valued at approximately \$340 million. As part of this contract, Quebecor Printing Inc. acquired the operations of the US West directory printing plant in Loveland, Colorado.

#### **SUCCESSFUL STRATEGY**

To sustain its successful market and financial performance, Quebecor Printing Inc. will continue its acquisition strategy, supported by reinvestment in new technology. Business acquisitions over the past six years have totalled approximately \$1.35 billion, including \$198 million in 1995. Over this same period, additions to fixed assets amounted to nearly \$822 million, of which \$230 million were incurred in 1995. The company ended 1995 well positioned to maintain its growth momentum, with strong cash flow and a debt: equity ratio of 47:53.

Quebecor Printing Inc. expects growth in all its geographic markets, with the greatest growth in the foreseeable future being in Europe. In early 1996, Quebecor Printing Inc. announced three acquisitions of companies including two in France. The first is a majority interest in Inter-Routage, a binding and distribution company through which it is building a world-class finishing plant near its flagship printing facility in Mary-sur-Marne, located in the outskirts of Paris. Quebecor Printing Inc. will thereby provide its European customers with a broader range of services comparable to those offered in North America.

Subsequently, Quebecor Printing Inc. acquired the assets of Groupe Jacques Lopès, the second largest commercial printer in France, further enhancing its European offset printing capabilities for magazines, inserts and circulars, and catalogs.

In the U.S., the company acquired Eagle Lithographing, Company, a printer in Kansas City, Missouri. This is another step in building its direct mail marketing and specialty businesses.

In Canada, Quebecor Printing Inc.'s focus will be primarily on optimizing the performance of existing assets. To this end, two state-of-the-art Heidelberg-Harris web heatset Sunday presses will be installed, one in Ontario and the other in Quebec. The advanced technology features of Sunday presses provide paper savings, faster press speeds and quicker changeovers. This major investment will improve service to customers and operating efficiency.



### ***A record year for Donohue Inc.***

*Donohue's improved performance in 1994, after a few difficult years for the entire industry, continued into 1995 with unparalleled results. For the first time in its history, Donohue recorded net sales that topped the one billion mark at \$1,124,497,000, a 39% increase over net sales of \$807.4 million in 1994.*



**Michel Desbiens**  
President and  
Chief Executive Officer

**Charles-Albert  
Poissant, FCA**  
Chairman of the Board

Tight cost controls, combined with increased prices resulted in an operating margin of 33% in 1995, compared with 24% in 1994 and 7% in 1993. Net income rose to a record \$241.3 million, or \$3.07 per share, compared with \$114.2 million, or \$1.59 per share, a year earlier, a 93% increase in earnings per share. The dividend increased earnings to \$0.63 from \$0.24 in 1994.

Donohue's strong performance is due to a combination of factors. Newsprint generated the highest growth in sales and net earnings in 1995. Although primarily attributable to substantial price increases, this growth is also in part due to improved productivity at the Amos and Clermont mills and the inclusion of Donohue's share of a full year of production from Finlay Forest Industries Inc.

Donohue has consistently set its sights on being the most profitable company. And once again, the Company is pleased to announce that its excellent profitability in 1995 places it among the leading Canadian companies in the industry.

The Company's investments were focused on improving sawmill efficiency, maximizing fibre use, and optimizing pulp and newsprint production. Moreover, its sound management of both human and physical resources represents a major asset for the future.

The outlook for the newsprint sector is for sustained returns, primarily because of the greater restraint shown by producers with regard to increasing production capacity. In light of this context, Donohue decided to buy out Noranda Forest Inc.'s interest in the Amos newsprint mill operated by its subsidiary Donohue Normick Inc. for \$100 million.

Sales of market pulp increased substantially, as did their contribution to the Company's net earnings. The Saint-Félicien kraft pulp mill had another good year, posting a modest increase in production volumes. The Matane bleached chemi-thermomechanical pulp (BCTMP) mill resumed operations during the year, with pulp production meeting quality standards within a few months of start-up.

Despite low housing starts in the residential sector, lumber products performed well. The Company, it should be noted, applied extraordinary measures to recover 1.5 million cubic metres of timber affected by extensive forest fires in the summer of 1995.

### **A FAR-REACHING ACQUISITION**

Growth in markets where Donohue is active is increasingly characterized by a concentration of large manufacturing companies operating in niches where they can be sure of playing a major role on the world stage. Furthermore, potential acquisitions must be restricted to companies where Donohue's expertise and skills can play a key role.

With these criteria in mind, Donohue acquired, through a merger arrangement, all outstanding common shares and non-voting common shares of QUNO Corporation ("QUNO"), for a total investment of \$1.1 billion.

QUNO, one of the leading newsprint manufacturers in North America, has an annual capacity of 880,000 tonnes at its Baie-Comeau mill in Québec and Thorold mill in Ontario. The company, which has 2,400 employees, also owns the Scierie des Outardes sawmill, whose production will rise to 300 million foot board measure (f.b.m.) once investments currently under way are completed. In addition, QUNO operates recycling facilities in Toronto that supply fibre to its two newsprint mills, and is a majority shareholder in a 350-megawatt power station on the Manicouagan reservoir.

With production capacity increased to 1.5 million tonnes of newsprint, Donohue now stands as the third largest North American newsprint producer. As well, it is primed to secure a leading position in the wood products sector, with an annual production of 1.3 billion f.b.m. QUNO's excellent position in the area of production costs and the quality of its assets, which fit in well with Donohue's, will help sustain its profitability.



## STRUCTURE OF THE ORGANIZATION

Quebecor Inc. owns interests in four businesses active in different but interrelated fields. First, it owns controlling interests in two publicly-traded companies: Quebecor Printing Inc. which operates in the printing segment in the United States, Canada, Europe, India and Mexico, and Donohue Inc., an integrated forest products company which exports an important part of its production to the United States, Europe and Asia from plants situated in Canada. Quebecor Group Inc., a wholly-owned subsidiary of Quebecor Inc., operates in the publishing and distribution segment in Canada. Finally, QMM Limited Partnership, owned jointly by Quebecor Inc. and Quebecor Printing Inc., has for mission the development, production and distribution of digital publication and other digital products.

Quebecor Inc.'s share in the results of its two publicly-traded subsidiaries has varied during the last three years. Indeed, its share in the results of Quebecor Printing Inc., which had been 67.57% at the beginning of 1993, decreased to 55.74% in June 1993 when Quebecor Printing Inc.'s convertible debenture was converted into equity shares of its capital stock. In November 1994, Quebecor Inc. purchased a block of 497,700 shares of Quebecor Printing Inc., thereby increasing its stake to 56.24%. Finally, in December 1995, Quebecor Printing Inc. completed a public offering, thus reducing Quebecor Inc.'s interest to the present level of 48.67%.

Quebecor Inc.'s share in the results of Donohue Inc. stood at 25.05% at the beginning of 1993. At the end of 1994, this share had been reduced to 22.47% after almost all the outstanding warrants, giving the right to purchase equity shares, issued in 1992 and expiring in December 1994, were exercised. Quebecor Inc.'s stake, which had decreased to 22.45% at December 31, 1995, has been reduced to 19.81%, on March 1, 1996, by a share issue used, in part, to acquire the shares of QUNO Corporation. This transaction is explained in more details in a subsequent section.

## RESULTS OF OPERATIONS

When a subsidiary of Quebecor Inc. issues shares of its capital stock, the difference between the book value and the issuing price of the shares sold to a third-party generates a gain or a loss on dilution for the parent company. These gains and losses are reported separately in the Consolidated Statements of Income because they are of a non-recurring nature. For each of the past three years, the effect of such gains or losses on Quebecor Inc.'s diluted earnings per share was as follows: a gain of \$1.34 per share for the year ended December 31, 1995, a loss of \$0.05 per share for the year ended December 31, 1994 and a loss of \$0.01 per share for the year ended December 31, 1993. The aforementioned share issue by Donohue Inc., will result in a gain of approximately \$0.15 per share for Quebecor Inc. in the first quarter of 1996. As at December 31, 1995, the market price of the shares of Quebecor Inc.'s two publicly-traded subsidiaries was higher than their respective book values.

In the last two years, other non-recurring items also had an impact on the results. Indeed, for the year ended December 31, 1995, Quebecor Group Inc. reduced the book value of some of its assets and recorded some other non-recurring charges. Publishing rights and goodwill related to the magazine publishing business represent the main assets that were written down. The disappointing results recorded by this business over the last few years deteriorated further in 1995 with the significant increases in the price of paper. Given the projected increase in the average price of paper in 1996, the perspective for a short-term turnaround is improbable. It was thus not justified to continue to carry these assets at their book value and they were accordingly written down. The total effect on diluted earnings per share of these writedowns and of the other non-recurring charges for the year ended December 31, 1995 was \$0.65 per share. During the year ended December 31, 1994, Quebecor Group Inc. had recorded a reserve for the restructuring of the operations at one of its dailies following an agreement concluded with groups of employees that allowed for a personnel reduction. This reserve had an unfavourable impact of \$0.21 on diluted earnings per share for Quebecor Inc.

If all of the aforementioned non-recurring items were excluded, the diluted earnings per share for each of the years under review would have been: \$2.14 in 1995, \$1.57 in 1994 and \$1.11 in 1993. These increases in diluted earnings per share are the result of increases in the contributions of Donohue Inc. and Quebecor Printing Inc.

Quebecor Inc.'s diluted earnings per share is sensitive to the fluctuations of the Canadian dollar versus the US dollar, as an important part of its business is related to either exports to the United States or operations of plants in the United States. Therefore, the effect on the diluted earnings per share for the year ended December 31, 1995 of each CDN\$0.01 variation in the average exchange rate used in 1995 would have been approximately \$0.02.



Through its interest in Donohue Inc., Quebecor Inc. owns an indirect interest in the production of newsprint. The volume of newsprint related to this interest is slightly higher than the volume used by the Publishing and Distribution segment. Quebecor Inc. is thus slightly favoured when the price of newsprint rises.

A discussion of results from operations by industry segment follows.

#### **PRINTING**

Quebecor Printing Inc.'s revenue growth for the last two years is mainly attributable to businesses acquired during that period. In 1995, the revenue growth resulted, for the most part, from businesses acquired in Europe while, in 1994, businesses acquired in the United States had been the main contributor to the revenue growth. For the year ended December 31, 1994, variations in the exchange rate used to translate into Canadian dollars revenues generated in the United States had contributed to the increase in revenues stated in Canadian dollars. These variations had a negligible impact on revenues stated in Canadian dollars for the year ended December 31, 1995. Revenues of existing plants were also on an upward trend during this period as the volume of work increased and the increases in the price of paper were transferred to clients. For certain markets served by Quebecor Printing Inc., pressures to lower the printing service component of the total sales price have however partially offset the increase in the volume of work.

The operating margin of Quebecor Printing Inc., which had reached 8.8% in 1993, has remained stable at 8.4% for the years ended December 31, 1994 and 1995. The depreciation of newly acquired equipment during these years had an important effect on operating margins. Indeed, the operating margin before depreciation and amortization was as follows: 13.7% in 1993, 13.2% in 1994 and 14.0% in 1995. The efforts to streamline the operations, particularly for newly acquired businesses, provided a significant increase in the operating margin before depreciation and amortization in 1995, despite the continued pressures to lower prices for certain markets.

The geographic and products diversification strategy, put forward by Quebecor Printing Inc., has accelerated during the last two years. Indeed, at the beginning of 1995, Quebecor Printing Inc. concluded two major acquisitions in Europe: Financière Jean Didier in France and HunterPrint Group Plc in the United Kingdom. As a result of these acquisitions, the share from the European plants in Quebecor Printing Inc.'s revenues jumped to 18% in 1995 while it had been 2% in 1994. Moreover, Quebecor Printing Inc. acquired four Canadian plants that had been part of the Maclean Hunter group, in order to increase its share in the magazine market, and the directory printing plant of US West to strengthen its position in the directory printing business in the United States. The latter includes a ten-year contract to print the directories of US West. In July 1994, Quebecor Printing Inc. acquired the plants of Arcata Corporation, all specialized in book printing. Revenues from book printing have therefore increased to 18.0% of Quebecor Printing Inc.'s total revenues in 1995 as compared to 7.9% in 1993. In August 1994, Quebecor Printing Inc. acquired a majority interest in Print Northwest Company L.P., a first step in the CD-ROM mastering and replicating business.

Early in 1996, Quebecor Printing Inc. continued to expand in Europe by acquiring a majority interest in Inter-Routage, a French company that specializes in bindery and distribution, and the assets of Groupe Jacques Lopès, one of the most important French company in offset printing. It also continued its diversification in North America where it acquired Eagle Lithographing, Company of Kansas City, Missouri, a commercial printer that specializes in direct mail printing.

#### **FOREST PRODUCTS**

In 1995, Donohue Inc.'s revenues surpassed the one billion dollar mark for the first time in its history. The increase in revenues for Donohue Inc. over the last two years is attributable to several factors: significant increases in the net selling prices for market pulp and newsprint; increases

in the sales volume for all products, attributable to the share of Donohue Inc. in the sales of Finlay Forest Industries Inc., a joint venture in which Donohue Inc. acquired an interest in April 1994, and of Donohue Matane (1993) Inc., another joint venture which reopened its pulp mill during 1995, and to the sales generated by the sawmills acquired in 1995; and the decline in the value of the Canadian dollar versus the US dollar.

For the year ended December 31, 1995, newsprint and market pulp considerably increased their contribution to Donohue Inc.'s earnings before interest and taxes as opposed to lumber which saw its contribution decrease significantly. In 1994, all products had contributed to the important rise in earnings before interest and taxes.

In 1995, revenues from the sale of newsprint increased by nearly 60% when compared to the preceding year while they had increased by more than 33% in 1994 when compared to 1993. Substantially all growth recorded in 1995 is attributable to the increase in the average net selling price. The selling price increased to US\$740/per tonne at the end of 1995 from US\$500/per



tonne at the end of 1994. In 1994, the 9.4% increase in the average net selling price combined to the increase in sales volume, attributable to Donohue Inc.'s share in the sales of Finlay Forest Industries Inc., had contributed to the revenue growth for newsprint. Unit manufacturing costs of newsprint mills increased in 1995 as wood chips and recycled pulp prices rose. These increases in cost affected the entire industry. Donohue Inc.'s plants are still among the low cost producers in the industry. In 1994, excluding Finlay Forest Industries Inc., unit manufacturing costs had been reduced. The worldwide demand for newsprint should remain strong until the end of 1997, despite a stagnation in North America.

Revenues from the sale of market pulp increased by 77% in 1995 as a result of the increase in the selling price, the additional sales of kraft pulp and the share of Donohue Inc. in the bleached chemi-thermomechanical pulp sales of the Matane, Quebec, plant. The increase in the selling price for softwood kraft pulp, which rose from US\$700/per tonne on the North American market at the end of 1994 to US\$985/per tonne at the end of 1995, contributed the most to this growth. A revenue increase of more than 31% had been recorded in 1994, despite a reduction of approximately 3% in sales volume. In 1995, unit manufacturing costs increased, as the price for wood chips rose. The elimination of chlorine gas in the bleaching process of the pulp had induced a slight increase in unit manufacturing costs in 1994. Demand for market pulp was very strong at the beginning of 1995 but declined somewhat during the last quarter. At the end of 1995, the Matane pulp mill had to suspend its operations for three weeks in order to reduce its inventory level. Despite a certain weakening in demand, the price level for softwood kraft pulp should maintain itself in a range that allows for good returns.

In 1995, revenues from the sale of lumber suffered a slight setback while they had increased by approximately 55% in 1994. The decrease in revenues for 1995 is attributable to the selling prices, which were lower in 1995 after reaching record levels in 1994, partially offset by an increase in sales volume produced partly by the sawmills acquired in 1995. The increase in revenues for 1994, when compared to 1993, had been the result of increasing net selling prices, increasing sales volume from existing sawmills and the share in the sales of Finlay Forest Industries Inc., acquired in 1994. All sawmills were operating at full-capacity in 1995. Despite the rise in the selling price of wood chips, which are accounted for as a reduction of production cost, unit manufacturing costs increased slightly in 1995 as a result of increases in stumpage fees in Quebec, in the rates paid to forest contractors and in other manufacturing costs. Following negotiations between the provincial and federal governments of Canada and the government of the United States, an agreement in principle was concluded early in 1996 regarding exports of softwood lumber to the United States, whereby the Quebec government will increase stumpage fees on public land by 62% and a system of quotas on exports to the United States will be implemented, for Quebec as well as British Columbia. This increase in stumpage fees will result in an annual increase in production costs for Donohue Inc. of approximately \$18 million. On the other hand, Donohue Inc. is to intensify its diversification efforts on overseas markets. The projected increase in manufacturing costs, combined to the anticipated flat selling prices, should result in a slight decrease of the contribution of this product in 1996.

#### **PUBLISHING AND DISTRIBUTION, AND MULTIMEDIA**

Combined revenues of these two segments increased significantly in 1995 as a result of the businesses acquired during the year, mainly in the record distribution business and the Multimedia segment, and the increase in revenues for the dailies. For the year ended December 31, 1994, the slight growth over the preceding year was attributable to the records distribution business.

Combined operating income before non-recurring items of these two segments decreased by only \$3.7 million in 1995, when compared to 1994, despite an unfavourable variance of \$17.7 million attributable to the price component of the cost of paper. In 1994, operating income before non-recurring items had increased as a result of the rationalization realized at Le Journal de Montréal.

Advertising lineage for the dailies increased by 2.7% in 1995, compared to a decline of 0.5% in 1994, while slight increases in advertising rates allowed for an even more important increase in advertising revenues. Overall, the dailies recorded a slight increase in average circulation in 1995 despite increases in cover prices at Le Journal de Montréal and Le Journal de Québec around mid-year. For the fourth quarter in 1995, the average circulation was 2.0% higher than in the fourth quarter in 1994. Annual average circulation had been down 2.4% in 1994. Aided by the cover price increases for two of the dailies, the level of earnings reached in 1994 was maintained for the dailies as a whole.

Revenues for the regional weeklies were relatively flat over the last three years even though some papers were acquired during this period, particularly in Manitoba. Advertising lineage of existing newspapers declined somewhat during the same period. The reduction in operating costs, that allowed for an increase in profit for the regional weeklies in 1994, was insufficient to offset the increase in the price of newsprint in 1995.



The publishing contract of En Route magazine for the account of Air Canada, combined to a slight increase in advertising revenues, helped in the significant increase in revenues for the magazines in 1995. In 1994, revenues for the magazines reached the same level as 1993. The increase in the price of paper resulted in a sharp decline in the profitability of these products.

The record distribution business saw a significant increase in its revenues and profit in 1995; the acquisition of a majority interest in Ed. Archambault inc. during the fourth quarter being the main reason. The opening of new record stores had resulted in an increase in revenues for this business in 1994. The publication and book distribution businesses recorded relatively flat revenues and profit over the last three years.

The annualized effect for a full year of the cover price increases at two dailies and of the acquisition of Ed. Archambault inc. will allow Quebecor Group inc. to show a significant growth in revenues for 1996. Moreover, the acquisition, early in 1996, of a majority interest in Joncas Postexperts Inc., the largest company in the direct mail advertising and marketing industry in Quebec, will also contribute to increasing the revenues. The profit growth for Quebecor Group Inc. will however be slowed down by a higher average cost of paper in 1996 than in 1995.

At the end of 1994, Quebecor Inc. announced the creation of a new entity whose mandate it is to widen the range of products and services offered by Quebecor Group Inc. and Quebecor Printing Inc. to the digital form. This new segment concluded three business acquisitions and acquired the interest of the non-controlling shareholder in a subsidiary of the Company in 1995. It also started the development of new products that should be brought to market during 1996. This segment has not yet reached the break-even point and management believes that it will not do so before a few years.

#### **GENERAL CORPORATE EXPENSES AND FINANCIAL EXPENSES**

For the year ended December 31, 1995, the increase in general corporate expenses was the result, mainly, of an important rise in the pension expense. In 1993, a one-time adjustment helped to reduce the general corporate expenses.

The increase in the average debt level, resulting mainly from the business acquisitions achieved during the last two years, explains the jump in consolidated financial expenses for these years. The increase in interest rates for the first half of 1995 also contributed to this rise in financial expenses for 1995. The public offering of shares completed by Quebecor Printing Inc. in December 1995 should result in a significant decrease in financial expenses for 1996.

#### **LIQUIDITY AND CAPITAL RESOURCES**

##### **Operations**

The growth in cash provided by operations over the last two years is basically the result of corresponding increases in operating income before non-recurring items, depreciation and amortization, less current income taxes. During that period, Quebecor Printing Inc. and Donohue Inc. showed significant increases, that were analyzed above, in this regard. However, Quebecor Printing Inc. had to invest a significant amount in its working capital, particularly in accounts receivable and inventories, as a result of the increases in the volume of business and in the price of paper.

##### **Financing**

The second public offering in the history of Quebecor Printing Inc. was the most important financing event in 1995. This stock issue provided an amount of \$342 million to Quebecor Printing Inc. that was used to reduce long-term debt. In 1994, Quebecor Printing Inc. had negotiated an increase in its bank credits to US\$850 million.

On the other hand, Donohue Inc. used a portion of the cash provided by operations in 1995 to reimburse long-term debt. In addition, as at December 31, 1995, Donohue Inc. had outstanding foreign exchange option contracts with maturities until 1997 for a total amount of US\$381 million. The range of rates covered by these option contracts are: CDN\$1.3730 for US\$1 to CDN\$1.4034 for US\$1.

Dividends paid by Quebecor Inc. and its two public subsidiaries to their respective shareholders increased significantly over the last two years. Indeed, dividends paid by Quebecor Printing Inc. totalled US\$0.16 per share in 1995 compared to US\$0.13 per share in 1994 and US\$0.103 per share in 1993. Dividends paid by Donohue Inc. increased to \$0.63 per share in 1995 from \$0.24 per share in 1994 and \$0.02 per share in 1993. An important portion of these dividends was paid to non-controlling shareholders of these subsidiaries. Dividends paid by Quebecor Inc. on its Class A and Class B shares were increased to \$0.33 per share in 1995 while they had totalled \$0.24 per share in 1994 and \$0.20 per share in 1993.



### **Investments**

In 1995, Quebecor Inc., through its subsidiaries, continued its development through strategic acquisitions. Besides the aforementioned acquisitions, Donohue Inc. acquired the minority shareholder's interest in its subsidiary Donohue Normick Inc., which operates a newsprint mill in Amos, Quebec, for a consideration of \$100 million. The purchase agreement provides for a potential increase of the consideration, based on the selling price of newsprint for the years 1996 to 1999, up to a total of \$7.5 million. This acquisition will allow Donohue Inc. to fully benefit from the significant cash flows generated by this mill as well as more flexibility in investment matters. Moreover, all claims of the minority shareholder against Donohue Inc. and its subsidiary were abandoned at the same time the agreement was concluded.

On March 1, 1996, Donohue Inc. acquired all the outstanding shares of QUNO Corporation ("QUNO"). The purchase price is \$1.1 billion and has been financed mainly through long-term loans but also through a share issue by Donohue Inc. The combined newsprint production capacity of Donohue Inc. and QUNO will be 1.5 million tonnes per year, which places Donohue Inc. as the third most important producer of newsprint in North America and sixth worldwide. Donohue Inc. also strengthens its position as the largest lumber producer east of the Rockies and acquires an expertise in recovery and recycling of paper.

In 1995, Quebecor Printing Inc. continued to invest significantly in new equipment in order to increase its productivity and better serve its clients. On the other hand, Donohue Inc. pursued many modernization projects for its equipment during the last year in order to, among others, reduce its manufacturing costs and better protect the environment.

### **Financial position**

Quebecor Inc.'s consolidated financial statements include 100% of its subsidiaries' debt. Given the significant interests held by non-controlling shareholders of its two public subsidiaries, the Company believes that the debt:capitalization ratio is a better tool to evaluate its financial strength, where capitalization includes shareholders' equity, non-controlling shareholders interest in subsidiaries and debentures convertible into shares of subsidiaries. Thus, as at December 31, 1995, the debt:capitalization ratio was 36:64 compared to 42:58 as at December 31, 1994. Quebecor Printing Inc.'s share issue completed in 1995 and the year's excellent results contributed to the improvement in the debt:capitalization ratio.

The short-term financial position remains also very healthy with a working capital of close to \$565 million as at December 31, 1995, of which \$154 million was cash, compared to \$551 million as at December 31, 1994.

On a pro-forma basis, giving effect to the aforementioned acquisition of all the outstanding shares of QUNO, the Company's debt:capitalization ratio as at December 31, 1995 would have been 48:52. The financial position of the Company will thus remain strong after this acquisition.

During the year ended December 31, 1995, Quebecor Inc. and all its subsidiaries abided by all the conditions of the credit agreements they are party to.

Management of Quebecor Inc. and of its subsidiaries believes that the cash provided by operations in the future will be sufficient to cover the needs of their capital expenditures programs, the repayment of debt and the payment of dividends.

## Selected Financial Data

(In thousands of Canadian dollars except per share data)

Years ended December 31	1995	1994	1993	1992	1991
<b>Operations</b>					
Revenues	\$ 5,549,011	\$ 3,975,637	\$ 3,092,146	\$ 2,548,948	\$ 2,379,693
Operating income before non-recurring items	629,164	403,870	213,953	111,009	76,644
Contribution to net income					
Operations	141,368	106,010	74,956	56,207	18,516
Non-recurring items	45,294	(17,374)	(390)	31,132	-
Net income	186,662	88,636	74,566	87,339	18,516
Cash flow derived from operations	794,407	508,765	334,691	240,254	207,668
<b>Per share data</b>					
Contribution to net income					
Operations	\$ 2.14	\$ 1.60	\$ 1.16	\$ 0.92	\$ 0.39
Non-recurring items	0.69	(0.26)	(0.01)	0.51	-
Net income	2.83	1.34	1.15	1.43	0.39
Dividends	0.33	0.24	0.20	0.15	0.13
Shareholders' equity	14.83	12.54	11.17	10.01	7.76
Average number of shares outstanding (in thousands)	66,034	66,361	65,076	61,271	48,046
<b>Financial position</b>					
Working capital	\$ 564,955	\$ 551,155	\$ 292,833	\$ 255,621	\$ 298,170
Long-term debt	1,303,159	1,220,416	621,378	536,883	908,042
Shareholders' equity	979,521	828,420	742,341	643,609	415,893
Capitalization <sup>(1)</sup>	2,491,772	1,761,132	1,459,000	1,324,698	1,023,597
Total assets	5,424,798	4,171,315	2,986,574	2,623,869	2,636,261

(1) Included in the capitalization are the shareholders' equity, non-controlling interest and convertible debentures.



## Selected Quarterly Financial Data

(Unaudited)

(In thousands of Canadian dollars except per share data)

1995	March	June	September	December
Revenues	\$ 1,277,725	\$ 1,345,909	\$ 1,378,787	\$ 1,546,590
Operating income before non-recurring items	114,623	144,501	168,651	201,389
Contribution to net income				
Operations	24,191	33,987	36,844	46,346
Non-recurring items	—	—	—	45,294
Net income	24,191	33,987	36,844	91,640
Contribution to earnings per share				
Operations	0.37	0.51	0.56	0.70
Non-recurring items	—	—	—	0.69
Earnings per share	0.37	0.51	0.56	1.39

1994	March	June	September	December
Revenues	\$ 820,089	\$ 908,058	\$ 1,071,920	\$ 1,175,570
Operating income before non-recurring items	64,918	86,139	104,725	148,088
Contribution to net income				
Operations	17,224	25,779	27,238	35,769
Non-recurring items	—	(13,975)	—	(3,399)
Net income	17,224	11,804	27,238	32,370
Contribution to earnings per share				
Operations	0.26	0.39	0.41	0.54
Non-recurring items	—	(0.21)	—	(0.05)
Earnings per share	0.26	0.18	0.41	0.49

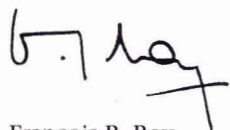
The accompanying consolidated financial statements of Quebecor Inc. and its subsidiaries, and all the information in this annual report, are the responsibility of management and are approved by the Board of Directors of Quebecor Inc.

These financial statements have been prepared by management in conformity with generally accepted accounting principles in Canada and include amounts that are based on best estimates and judgments. The financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of both the Company and its subsidiaries, in furtherance of the integrity and objectivity of the data in the financial statements, has developed and maintains systems of internal accounting controls and supports programs of internal audit. Management believes that these systems of internal accounting controls provide reasonable assurances that financial records are reliable and form a proper basis for the preparation of the financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee, consisting solely of outside directors. The Audit Committee reviews the Company's annual consolidated financial statements and formulates the appropriate recommendations to the Board of Directors. The auditors appointed by the shareholders have full access to the Audit Committee, with and without management being present.

These financial statements have been examined by the auditors appointed by the shareholders, KPMG Poissant Thibault-Peat Marwick Thorne, chartered accountants, and their report is presented hereafter.



François R. Roy  
Vice President, Finance  
and Treasurer

January 26, 1996



To the Shareholders of  
Quebecor Inc.

We have audited the consolidated balance sheets of Quebecor Inc. and its subsidiaries as at December 31, 1995 and 1994 and the consolidated statements of income, retained earnings and changes in financial position for the years ended December 31, 1995, 1994 and 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1995 and 1994 and the results of its operations and the changes in its financial position for the years ended December 31, 1995, 1994 and 1993 in accordance with generally accepted accounting principles in Canada.

*KPMG Poissant Thibault - Reat Maingel Thorne*

Chartered Accountants  
Montreal, Canada

January 26, 1996

# Consolidated Statements of Income

(In thousands of Canadian dollars, except earnings per share data)

Years ended December 31	1995	1994	1993
<b>Revenues</b>	<b>\$ 5,549,011</b>	<b>\$ 3,975,637</b>	<b>\$ 3,092,146</b>
<b>Operating expenses</b>			
Cost of sales (note 12)	4,044,287	2,947,729	2,366,767
Selling and administrative	454,813	362,316	289,703
Depreciation and amortization	311,904	208,262	180,276
Financial expenses (note 13)	108,843	53,460	41,447
	<b>4,919,847</b>	<b>3,571,767</b>	<b>2,878,193</b>
<b>Operating income before non-recurring items</b>	<b>629,164</b>	<b>403,870</b>	<b>213,953</b>
Gain (loss) on dilution resulting from issuance of capital stock by subsidiaries	88,340	(3,399)	(2,376)
Writedown of assets			
(Publishing and Distribution segment) (note 14)	(41,779)	-	-
Other (Publishing and Distribution segment)	(3,100)	-	-
Reserve for restructuring of operations			
(Publishing and Distribution segment)	-	(21,500)	-
<b>Operating income</b>	<b>672,625</b>	<b>378,971</b>	<b>211,577</b>
Income taxes (note 15)			
Current	161,665	104,321	65,048
Deferred	54,044	42,225	21,943
	<b>215,709</b>	<b>146,546</b>	<b>86,991</b>
	<b>456,916</b>	<b>232,425</b>	<b>124,586</b>
Equity in net earnings of companies subject to significant influence	1,433	854	120
Non-controlling interest	(271,687)	(144,643)	(50,140)
<b>Net income</b>	<b>\$ 186,662</b>	<b>\$ 88,636</b>	<b>\$ 74,566</b>
<b>Earnings per share</b>	<b>\$ 2.83</b>	<b>\$ 1.34</b>	<b>\$ 1.15</b>
<b>Diluted earnings per share</b>	<b>\$ 2.83</b>	<b>\$ 1.31</b>	<b>\$ 1.10</b>
<b>Average number of shares outstanding</b> (in thousands)	<b>66,034</b>	<b>66,361</b>	<b>65,076</b>

See accompanying notes to consolidated financial statements



## Consolidated Statements of Retained Earnings

(In thousands of Canadian dollars)

Years ended December 31	1995	1994	1993
Balance at beginning	\$ 429,743	\$ 362,075	\$ 300,594
Net income	186,662	88,636	74,566
	616,405	450,711	375,160
Premium paid on redemption of shares	(829)	(5,063)	-
Dividends	(21,790)	(15,905)	(13,085)
Balance at end	\$ 593,786	\$ 429,743	\$ 362,075

See accompanying notes to consolidated financial statements

# Consolidated Statements of Changes in Financial Position

(In thousands of Canadian dollars)

Years ended December 31	1995	1994	1993
<b>CASH PROVIDED BY (USED FOR):</b>			
<b>Operations</b>			
Net income	\$ 186,662	\$ 88,636	\$ 74,566
Items not involving cash			
Depreciation of fixed assets	288,122	193,782	168,941
Amortization of goodwill	23,782	14,480	11,335
Imputed interest	11,646	-	-
Amortization of deferred exchange losses	2,336	2,958	3,356
Deferred income taxes	54,044	42,225	21,943
Equity in net earnings of companies subject to significant influence	(1,433)	(854)	(120)
Non-controlling interest	271,687	144,643	50,140
Loss (gain) on dilution resulting from issuance of capital stock by subsidiaries	(88,340)	3,399	2,376
Writedown of assets	41,779	-	-
Reserve for restructuring of operations	-	21,500	-
Other	4,122	(2,004)	2,154
	794,407	508,765	334,691
Changes in non-cash operating working capital	(152,197)	(91,253)	(36,879)
	642,210	417,512	297,812
<b>Financing</b>			
Net proceeds from issuance of capital stock	77	-	29,852
Redemption of capital stock for cancellation	(851)	(6,240)	-
Redemption by subsidiaries of their preferred stock	(2)	(2,334)	(666)
Loans	434,890	588,443	306,175
Repayment of loans	(661,493)	(192,253)	(272,188)
Increase in the interest of non-controlling shareholders	349,497	64,662	363
Dividends	(21,790)	(15,905)	(13,085)
Dividends paid to non-controlling shareholders	(55,046)	(24,338)	(9,377)
	45,282	412,035	41,074

See accompanying notes to consolidated financial statements



# Consolidated Statements of Changes in Financial Position (Continued)

(In thousands of Canadian dollars)

Years ended December 31	1995	1994	1993
<b>Investments</b>			
Business acquisitions, net of cash position (note 16)	\$ (371,959)	\$ (335,391)	\$ (191,290)
Additions to fixed assets	(384,683)	(314,247)	(172,629)
Decrease in other liabilities	(18,248)	( 28,872)	(4,489)
Proceeds from disposal of assets	13,230	3,677	2,721
Investments in affiliated companies and other	(8,885)	(1,928)	(378)
Other	(4,523)	(2,634)	(4,597)
	(775,068)	(679,395)	(370,662)
Increase (decrease) in cash position	(87,576)	150,152	(31,776)
Cash position at beginning	152,338	2,186	33,962
Cash position at end	\$ 64,762	\$ 152,338	\$ 2,186
Represented by			
Cash	\$ 154,150	\$ 198,508	\$ 43,769
Bank indebtedness	(89,388)	(46,170)	(41,583)
	\$ 64,762	\$ 152,338	\$ 2,186
<b>Changes in non-cash operating working capital</b>			
Accounts receivable	\$ (259,017)	\$ (214,386)	\$ (115,143)
Inventories	(161,498)	(95,955)	(24,266)
Accounts payable and accrued liabilities	259,595	164,760	80,249
Other	49,182	45,249	(4,215)
	(111,738)	(100,332)	(63,375)
Non-cash operating working capital of acquired businesses	(40,459)	9,079	26,496
	\$ (152,197)	\$ (91,253)	\$ (36,879)

See accompanying notes to consolidated financial statements

# Consolidated Balance Sheets

(In thousands of Canadian dollars)

December 31	1995	1994
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 154,150	\$ 198,508
Accounts receivable (note 1)	969,447	710,430
Inventories (note 2)	507,163	345,665
Prepaid expenses and other items	25,847	19,758
	1,656,607	1,274,361
<b>Investments</b> (note 3)	16,506	19,303
<b>Fixed assets</b> (note 4)	3,136,159	2,395,791
<b>Goodwill</b>	531,870	412,969
<b>Other assets</b>	83,656	68,891
	<b>\$ 5,424,798</b>	<b>\$ 4,171,315</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 89,388	\$ 46,170
Accounts payable and accrued liabilities	854,351	594,756
Income and other taxes	119,788	64,517
Current portion of long-term debt	28,125	17,763
	1,091,652	723,206
<b>Long-term debt</b> (note 5)	1,303,159	1,220,416
<b>Other liabilities</b> (note 6)	189,168	192,454
<b>Deferred income taxes</b>	349,047	274,107
<b>Convertible debentures</b> (note 7)	126,189	-
<b>Non-controlling interest</b> (note 8)	1,386,062	932,712
<b>Shareholders' equity</b>		
Capital stock (note 9)	354,300	354,245
Retained earnings	593,786	429,743
Translation adjustment (note 10)	31,435	44,432
	979,521	828,420
	<b>\$ 5,424,798</b>	<b>\$ 4,171,315</b>

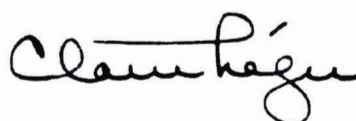
Commitments (note 11)

See accompanying notes to consolidated financial statements

On behalf of the board of directors:



Pierre Péladeau, Director



Claire Léger, Director



## Segmented Information

(In thousands of Canadian dollars)

The Company operates in the following four industry segments: Printing, Forest Products, Publishing and Distribution, and Multimedia. The Printing segment includes the printing of inserts, flyers, magazines, books, catalogues, directories, cheques, banknotes, specialty printing and newspapers. This segment operates in the United States, Canada, Europe, India and Mexico. The Forest Products segment includes the managing and harvesting of timber resources and the production and sale of newsprint, market pulp and lumber. The Publishing and Distribution segment includes the publishing of dailies, weeklies, magazines and books, and the distribution of publications, books and records. The Multimedia segment includes the production and distribution of digital publications.

Segment income includes income from sales to third parties and inter-segment sales. These sales are accounted for at prices similar to those prevailing on the open market.

Years ended December 31	1995	1994	1993
<b>INDUSTRY SEGMENTS</b>			
<b>Revenues</b>			
Printing	\$ 4,121,185	\$ 2,890,697	\$ 2,248,625
Forest Products	1,124,497	807,445	574,094
Publishing and Distribution, and Multimedia	375,689	327,405	321,227
Inter-segment			
Printing	(26,168)	(22,969)	(22,244)
Forest Products	(44,613)	(26,922)	(29,513)
Publishing and Distribution, and Multimedia	(1,579)	(19)	(43)
	<b>\$ 5,549,011</b>	<b>\$ 3,975,637</b>	<b>\$ 3,092,146</b>
<b>Operating income before non-recurring items</b>			
Printing	345,625	243,492	197,947
Forest Products	374,288	190,255	36,198
Publishing and Distribution, and Multimedia	\$ 24,118	\$ 27,809	\$ 24,331
	<b>744,031</b>	<b>461,556</b>	<b>258,476</b>
General corporate expenses	(6,024)	(4,226)	(3,076)
Financial expenses	(108,843)	(53,460)	(41,447)
	<b>\$ 629,164</b>	<b>\$ 403,870</b>	<b>\$ 213,953</b>
<b>Assets</b>			
Printing	\$ 3,812,870	\$ 2,743,395	\$ 1,944,739
Forest Products	1,373,452	1,172,575	826,251
Publishing and Distribution, and Multimedia	186,116	178,251	172,799
Head office	52,360	77,094	42,785
	<b>\$ 5,424,798</b>	<b>\$ 4,171,315</b>	<b>\$ 2,986,574</b>
<b>Additions to fixed assets</b>			
Printing	\$ 229,967	\$ 243,615	\$ 134,766
Forest Products	148,347	59,715	22,502
Publishing and Distribution, and Multimedia	4,588	5,479	15,314
Head office	1,781	5,438	47
	<b>\$ 384,683</b>	<b>\$ 314,247</b>	<b>\$ 172,629</b>
<b>Depreciation and amortization</b>			
Printing	\$ 232,774	\$ 139,142	\$ 110,401
Forest Products	68,914	60,157	62,709
Publishing and Distribution, and Multimedia	8,907	8,026	6,474
Head office	1,309	937	692
	<b>\$ 311,904</b>	<b>\$ 208,262</b>	<b>\$ 180,276</b>

## Segmented Information (Continued)

(In thousands of Canadian dollars)

Years ended December 31	1995	1994	1993
<b>GEOGRAPHIC SEGMENTS</b>			
<b>Revenues generated by:</b>			
Canadian operations			
Revenues from Canada	\$ 1,420,091	\$ 1,158,127	\$ 986,692
Revenues from the United States	856,567	657,322	499,599
Revenues from Europe and other	271,068	155,477	113,435
	2,547,726	1,970,926	1,599,726
United States operations	2,245,531	1,933,681	1,487,659
European operations and other	755,754	71,030	4,761
	\$ 5,549,011	\$ 3,975,637	\$ 3,092,146
<b>Operating income (loss) before non-recurring items</b>			
Canada	\$ 493,772	\$ 291,990	\$ 121,603
United States	195,494	162,516	137,407
Europe and other	54,765	7,050	(534)
	744,031	461,556	258,476
General corporate expenses	(6,024)	(4,226)	(3,076)
Financial expenses	(108,843)	(53,460)	(41,447)
	\$ 629,164	\$ 403,870	\$ 213,953
<b>Assets</b>			
Canada	\$ 2,348,379	\$ 2,031,822	\$ 1,556,739
United States	2,042,718	1,986,018	1,331,852
Europe and other	981,341	76,381	55,198
Head office	52,360	77,094	42,785
	\$ 5,424,798	\$ 4,171,315	\$ 2,986,574



Years ended December 31, 1995, 1994 and 1993

Quebecor Inc. is incorporated under the laws of Quebec.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Consolidation and long-term investments

The consolidated financial statements include the accounts of Quebecor Inc. and all its subsidiaries (the "Company") and are prepared in conformity with generally accepted accounting principles in Canada. The material differences between generally accepted accounting principles in Canada and in the United States are described in note 18.

When the Company acquires a controlling interest in a business involving the commitment to purchase the balance at predetermined amounts and maturity dates, such transaction is deemed to be the acquisition of the entire business and the then known consideration, discounted at the interest rate prevailing at the date of acquisition, is recorded as long-term debt. Consequently, if applicable, percentages indicated in note 16 reflect the accounting method referred to above. All additional consideration, if any, is accounted for as an additional portion of the purchase price when the amount of such consideration can be determined.

Investments in joint ventures are accounted for using the proportionate consolidation method. Joint ventures represent a negligible portion of the Company's operations. Investments in companies subject to significant influence are accounted for by the equity method. Investments in other affiliated companies are accounted for by the cost method.

### Foreign currency translation

Net assets of self-sustaining foreign operations are translated using the current rate method. Adjustments arising from this translation are deferred and recorded as a separate item under shareholders' equity and are included in income only when a reduction in the investment in these foreign operations is realized. Gains or losses on foreign currency balances and transactions that are designated as hedges of a net investment in self-sustaining foreign operations are offset against exchange losses or gains included in the separate item under shareholders' equity.

As of the moment they are identified as a hedge for long-term monetary liabilities, exchange gains or losses realized on a foreign currency future revenue stream are offset against the corresponding losses or gains on the hedged items.

Other foreign currency transactions entered into by the Company are translated using the temporal method. Translation gains and losses are included in income except for unrealized gains and losses arising from the translation of long-term monetary assets and liabilities which are deferred and amortized on the straight-line basis over the remaining life of the related items.

### Inventories

Inventories are valued at the lower of cost and market value. Cost is determined using the average cost method for inventories of the Forest Products segment and using the first in, first out method for inventories of other segments. Market value is net realizable value for all inventories, except for raw materials and supplies for which market value is replacement cost.

### Fixed assets

Fixed assets are stated at cost, net of government grants and investment tax credits which are accounted for when qualified expenditures are incurred. Cost includes financial expenses directly related to the fixed asset until it is ready for productive use.

Depreciation is provided on the straight-line basis over the estimated useful lives as follows:

Assets	Term
Buildings	20 years to 40 years
Machinery and equipment	3 years to 20 years
Publishing rights	15 years to 40 years

# Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Goodwill

Management reviews on a regular basis the value and amortization period of goodwill. When circumstances or events indicate a possible decline in the net recoverable amount for goodwill, an evaluation, on a not discounted basis, of the future expected cash flows related to the plants or products which gave rise to the goodwill is undertaken. As the case may be, the carrying amount of goodwill is then reduced.

### Deferred income taxes

Income taxes relating to retained earnings of foreign subsidiaries are not provided for by the Company, as such earnings are reinvested in foreign operations.

### Postemployment benefits other than pensions

The Company provides life insurance and medical insurance coverages to some of its employees after their retirement. The costs of these benefits are recognized as incurred by the retirees and paid by the Company.

## 1. ACCOUNTS RECEIVABLE

	1995	1994
Trade	\$ 910,862	\$ 639,592
Other	58,585	70,838
	<b>\$ 969,447</b>	<b>\$ 710,430</b>

## 2. INVENTORIES

	1995	1994
Raw materials and supplies	\$ 323,837	\$ 208,221
Work in process	92,472	75,587
Finished goods	90,854	61,857
	<b>\$ 507,163</b>	<b>\$ 345,665</b>

## 3. INVESTMENTS

	1995	1994
Companies subject to significant influence	\$ 5,096	\$ 11,344
Other affiliated companies	10,140	6,705
Other	1,270	1,254
	<b>\$ 16,506</b>	<b>\$ 19,303</b>

## 4. FIXED ASSETS

			1995	1994
	Cost	Accumulated depreciation	Net	Net
Land	\$ 85,506	\$ —	\$ 85,506	\$ 66,684
Buildings	583,647	81,405	502,242	327,973
Machinery and equipment	3,562,717	1,121,319	2,441,398	1,869,277
Projects under development	107,013	—	107,013	114,867
	<b>4,338,883</b>	<b>1,202,724</b>	<b>3,136,159</b>	<b>2,378,801</b>
Publishing rights	—	—	—	16,990
	<b>\$ 4,338,883</b>	<b>\$ 1,202,724</b>	<b>\$ 3,136,159</b>	<b>\$ 2,395,791</b>

As at December 31, 1995, a net amount of \$397,396,000 for buildings and equipment leased under capital leases is included in fixed assets.



# Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars)

## 5. LONG-TERM DEBT

	Effective interest rates as at December 31, 1995	Years of maturity	1995	1994
<b>Quebecor Inc.</b>				
Debentures, Series A (i)	8.65 %	1996-1997	\$ 32,451	\$ 38,937
<b>Quebecor Printing Inc. and its subsidiaries (ix)</b>				
Revolving bank credits (ii)(iii)	7.74 %	1998-2001	687,380	827,493
Obligations under capital leases (iv)	6.50 %	1998-2006	219,394	-
Miscellaneous debts (ii)(v)	8.16 %	1996-2009	174,723	121,971
			<b>1,081,497</b>	<b>949,464</b>
<b>Donohue Inc. and its subsidiaries (ix)</b>				
Bank revolving credit facility (ii)(vi)	6.85 %	1996-2002	77,223	102,964
Term loan and notes payable (ii)(vii)	8.58 %	1997-2005	61,969	24,966
Bonds - Société de Développement Industriel du Québec (viii)				
Portion A	8.00 %	1996-2005	12,432	12,500
Portion B		1996-2005	52,484	52,484
Miscellaneous debts	4.87 %	1996-2004	12,178	56,793
			<b>216,286</b>	<b>249,707</b>
<b>Quebecor Group Inc. and its subsidiaries and QMM Limited Partnership and its subsidiaries (ix)</b>				
Miscellaneous debts	7.06 %	1996-2003	1,050	71
<b>Total long-term debt</b>			<b>1,331,284</b>	<b>1,238,179</b>
<b>Less current portion</b>				
Quebecor Inc.			5,409	5,562
Quebecor Printing Inc. and its subsidiaries			17,555	8,829
Donohue Inc. and its subsidiaries			4,645	3,313
Quebecor Group Inc. and its subsidiaries and QMM Limited Partnership and its subsidiaries			516	59
			<b>28,125</b>	<b>17,763</b>
			<b>\$ 1,303,159</b>	<b>\$ 1,220,416</b>

(i) Quebecor Inc.'s debentures, Series A, are unsecured. The trust deed contains certain restrictions such as, among others, conditions to be fulfilled before issuing additional long-term debt. In 1992, the Company entered into a series of transactions with a bank, with the result that the payments relative to the debentures, Series A, will be made in US dollars. Furthermore, as a result of these transactions, the effective interest rate has been lowered, without modifying the amounts to be received by debentureholders.

(ii) Totally or partially repayable in US dollars.

(iii) As at December 31, 1995, these represented borrowings under long-term reducing revolving bank credits totalling US\$ 850,000,000 (CDN\$ 1,159,400,000) made available to Quebecor Printing Inc. The agreements governing these bank credits contain certain covenants among which is the obligation to maintain certain financial ratios.

The revolving bank credits bear interest at floating rates based on LIBOR or the bankers' acceptance rate.

Through the use of forward rate agreements, the interest rate has been fixed on a portion of the revolving bank credits as follows:

Portion	Rate	Period
US\$ 200,000	7.92 %	From January 3, 1996 to January 2, 1997
US\$ 200,000	8.39 %	From January 3, 1997 to January 5, 1998
CDN\$ 100,000	9.34 %	From March 17, 1995 to March 17, 1997
CDN\$ 100,000	10.03 %	From April 15, 1995 to April 15, 1998

## Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars)

### 5. LONG-TERM DEBT (Continued)

- (iv) These obligations are repayable in French francs and bear interest at a rate of 2.5% until December 31, 1997 and at PIBOR plus 0.5% thereafter. This debt has been discounted for accounting purposes at an imputed rate of 6.5% in order to establish its fair value within the context of a business combination.
- (v) Debts secured by a floating charge or a mortgage.
- (vi) As at December 31, 1995, these represented borrowings under a long-term bank revolving credit facility totalling US\$ 100,000,000 (CDN\$ 136,400,000) made available to Donohue Inc., bearing interest at floating rates. This credit facility will become a bank term loan at the end of the renewal period, on June 30, 1997. The Company may, with the consent of its lenders, extend the renewal period, on an annual basis. The credit agreement includes usual covenants among which are the obligation to maintain certain financial ratios and certain conditions to be fulfilled before the payment of dividends.
- (vii) The bridge financing loan contracted in 1994 was converted into a bank term loan in April 1995. The term loan, bearing interest at floating rates, and the notes payable are secured by all the assets of a joint venture, Finlay Forest Industries Inc. The credit agreement includes usual covenants among which are the obligation to maintain certain financial ratios and certain conditions to be fulfilled before the payment of dividends.
- (viii) The bonds are secured by all the assets of a joint venture, Donohue Matane (1993) Inc. Portion A is payable in 120 monthly instalments beginning in December 1995. Portion B is payable from the year ending December 31, 1996, based on available cash flows from operations, after deduction, among others, of a certain amount of capital expenditures and the repayment of Portion A ("cash flows") as follows:
  - 50% of cash flows, up to the cash flows estimated in the feasibility study, to be applied to the repayment of principal;
  - 80% of the cash flows exceeding those estimated in the feasibility study; half of this amount to be paid as interest;
  - the balance is payable in 2005.
- (ix) Debts of these subsidiaries are non-recourse to the parent company, Quebecor Inc.

Principal repayments on long-term debt in each of the next five years are as follows:

1996	CDN\$ 5,952	and	US\$ 9,825	and	FF 31,463
1997	CDN\$ 5,907	and	US\$ 34,326	and	FF 37,813
1998	CDN\$ 63,884	and	US\$ 90,015	and	FF 167,632
1999	CDN\$ 73,616	and	US\$ 82,410	and	FF 148,058
2000	CDN\$ 87,261	and	US\$ 101,779	and	FF 155,078

### 6. OTHER LIABILITIES

	1995	1994
Pension accrual	\$ 60,156	\$ 71,504
Reserve for environmental matters	35,375	28,526
Workers' compensation accrual	20,723	23,591
Reserve for restructuring of operations (i)	19,451	32,119
Other	53,463	36,714
	<b>\$ 189,168</b>	<b>\$ 192,454</b>

- (i) The reserve for restructuring of operations includes, among others, the estimated long-term payments to be incurred for the reorganization of certain facilities acquired by the Printing segment.

### 7. CONVERTIBLE DEBENTURES

A subsidiary of Quebecor Printing Inc., a subsidiary of Quebecor Inc., issued debentures convertible into shares of its capital stock totalling FF 480,000,000 (\$133,825,000). Quebecor Printing Inc. owns call options on all of the debentures. In addition, a portion of FF 250,000,000 (\$69,700,000) cannot be converted without the prior consent of Quebecor Printing Inc. Quebecor Printing Inc.'s interest in this subsidiary would decrease from 100% to 74% if all the debentures were converted without Quebecor Printing Inc. exercising its call options. The convertible debentures bear interest at rates varying from 0% to 2.5% and mature on December 31, 2001. A portion of these debentures has been discounted for accounting purposes at an imputed rate of 4.5% in order to establish its fair value within the context of a business combination.



## Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars)

### 8. NON-CONTROLLING INTEREST

Non-controlling interest is the share of those non-controlling shareholders in the equity of subsidiaries of Quebecor Inc. As at December 31, 1995, the significant interests of non-controlling shareholders were as follows:

Subsidiary	Segment	Non-controlling interest
Quebecor Printing Inc.	Printing	51.33 %
Donohue Inc.	Forest Products	77.55 %

### 9. CAPITAL STOCK

#### a) Authorized capital stock

An unlimited number of Class A Multiple Voting Shares with voting rights of ten votes per share (herein referred to as "A shares"), convertible at any time into Class B Subordinate Voting Shares on a one-for-one share basis.

An unlimited number of Class B Subordinate Voting Shares (herein referred to as "B shares"), convertible into A shares on a one-for-one share basis only if a takeover bid regarding A shares is made to holders of A shares without being made concurrently and under the same terms to holders of B shares.

Holders of B shares are entitled to elect 25% of the Company's Board of Directors. Holders of A shares may elect the other members of the Board of Directors.

#### b) Issued capital stock

	A shares		B shares	
	Number	Amount	Number	Amount
Balance as at December 31, 1994	30,261,074	\$ 13,485	35,815,704	\$ 340,760
Issued for cash on exercise of stock options	-	-	9,000	77
Redemption for cancellation	(50,000)	(22)	-	-
A shares converted into B shares	(912,293)	(407)	912,293	407
Balance as at December 31, 1995	29,298,781	\$ 13,056	36,736,997	\$ 341,244

#### c) Stock option plan

Under a stock option plan established by Quebecor Inc., 2,000,000 B shares have been set aside for officers, senior employees and other key employees of the Company. As at December 31, 1995, 502,534 stock options (385,034 as at December 31, 1994) were outstanding. The purchase price of each B share covered by an option pursuant to the plan varies from \$ 7.7810 to \$ 20.1875. Options outstanding expire between 1997 and 2005.

#### d) Share redemption program

During the year ended December 31, 1995, Quebecor Inc. redeemed on the open market 50,000 A shares for a cash consideration of \$ 851,000. Between January 1, and January 26, 1996, no redemptions were made.

### 10. TRANSLATION ADJUSTMENT

	1995	1994
Balance at beginning	\$ 44,432	\$ 24,844
Effect of exchange rate variation on translation of net assets of self-sustaining foreign operations	(9,263)	23,275
Effect of exchange rate variation on translation of items designated as hedges of net investments in self-sustaining foreign operations, net of income taxes of \$ 951 (\$ 1,822 in 1994)	1,569	(3,005)
Portion included in income as a result of reductions in net investments in self-sustaining foreign operations	(5,303)	(682)
Balance at end	\$ 31,435	\$ 44,432

## Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars)

### 11. COMMITMENTS

#### a) Leases

The Company rents premises and equipment under operating leases which expire at various dates up to 2009 and for which minimum lease payments total \$ 252,549,000. Annual minimum lease payments under these leases for each of the next five years are as follows:

1996	\$ 67,613
1997	\$ 42,482
1998	\$ 37,499
1999	\$ 33,323
2000	\$ 26,273

#### b) Fixed assets

As at December 31, 1995, Quebecor Printing Inc., a subsidiary of Quebecor Inc., had commitments to purchase fixed assets valued at approximately \$ 75,526,000.

Finlay Forest Industries Inc., a joint venture in which Donohue Inc., a subsidiary of Quebecor Inc., holds a 49.9% interest, undertook in 1994 a modernization program at an estimated total cost of \$172,500,000, including the construction of a thermo-mechanical pulp mill to supply the paper mill, a bark boiler, a turbogenerator and the betterment of the effluents treatment system. As at December 31, 1995, the joint venture had firm contracts of \$155,285,00 of which \$127,706,000 were realized in connection with this program.

#### c) Environment

The federal and provincial legislation setting the environmental standards regarding effluents, solid waste and atmospheric emissions will require from Donohue Inc. a total investment of approximately \$ 10,000,000 in 1996.

#### d) Projected business acquisition of QUNO Corporation

On December 22, 1995, Tribune Company, QUNO Corporation ("QUNO") and Donohue Inc. signed an agreement for the acquisition of all the outstanding shares of QUNO by Donohue Inc. through an amalgamation of Donohue Acquisition Inc., an indirect wholly-owned subsidiary of Donohue Inc., and QUNO under the corporate name of Donohue QUNO Inc. The purchase price is estimated as follows:

Agreed purchase price for all outstanding shares of QUNO after the conversion of the debentures and the exercise of the outstanding stock purchase options

\$ 1,103,391

Transaction costs (excluding financing costs)

10,000

\$ 1,113,391

The consideration is payable as follows:

Cash

\$ 744,750

8% notes repayable in two annual instalments

190,290

10,491,257 subordinate Class A shares of Donohue Inc.  
at \$17 per share

178,351

\$ 1,113,391

Donohue Inc., through its wholly-owned subsidiary, Donohue Forest Products Inc., has obtained a financing in the amount of \$900,000,000 of which \$750,000,000 will be used to finance the acquisition and the remaining \$150,000,000 will be available as an operating line of credit. This financing comprises two portions: a revolving credit facility of \$400,000,000 maturing in five years and a term loan of \$500,000,000 repayable over a seven-year period, at \$50,000,000 the first year and \$75,000,000 during each of the following six years. A portion of this credit facility will be used to reimburse the existing balance at December 31, 1995 of the US\$60,000,000 revolving term credit facility of Donohue Forest Products Inc. These credit facilities will be secured by Donohue Inc., by certain of its subsidiaries as permitted by the legislation, by the shares of QUNO, of Donohue Forest Products Inc. and of other subsidiaries of Donohue Inc. and by a general charge on all moveable properties, and specific major immoveable properties of Donohue Forest Products Inc.

The amalgamation requires the approval of at least two-thirds of the shareholders of QUNO other than Tribune Company at a general special meeting of the shareholders scheduled for February 29, 1996, as well as the approval of various government agencies.

If the amalgamation is approved, it will be accounted for using the purchase method and the results of operations of QUNO will be consolidated with those of the Company from the date of acquisition.



## Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars)

### 12. COST OF SALES

Following the outcome of proceedings instituted by the forest industry pursuant to the provisions of the Canada-United States Free Trade Agreement, the cost of sales for the year ended December 31, 1994 has been reduced by an amount of \$ 22,572,000 representing the refund of the countervailing duties paid on exports of softwood lumber made to the United States between October 1991 and August 1994.

### 13. FINANCIAL EXPENSES

	1995	1994	1993
Interest on long-term debt	\$ 125,841	\$ 57,433	\$ 42,568
Interest on bank indebtedness	8,709	3,808	1,436
Investment income	(24,417)	(5,934)	(4,151)
Amortization of deferred exchange losses	2,336	2,958	3,356
Other	3,292	(2,457)	(913)
	115,761	55,808	42,296
Interest capitalized to the cost of fixed assets	(6,918)	(2,348)	(849)
	\$ 108,843	\$ 53,460	\$ 41,447

### 14. WRITEDOWN OF ASSETS

The book value of certain assets, mainly publishing rights and goodwill related to the magazine publishing business, was reduced in order to reflect the net recoverable amount, based on future expected cash flows, related to these assets.

### 15. INCOME TAXES

The following table reconciles the statutory tax rate with the effective tax rate:

	1995	1994	1993
Statutory tax rate	33.1 %	34.0 %	35.4 %
Depreciation and amortization of excess cost on business acquisitions	1.9	3.0	3.6
Other	(0.4)	1.2	2.6
Effective tax rate before the following items	34.6	38.2	41.6
Specific tax rate applicable to the gain or loss on dilution	(4.3)	0.3	(0.5)
Non deductible portion of assets writedown	1.8	-	-
Lower tax rate applicable to the reserve for restructuring of operations	-	0.2	-
Effective tax rate	32.1 %	38.7 %	41.1 %

## Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars)

### 16. BUSINESS ACQUISITIONS

During the year ended December 31, 1995, the Company acquired the following businesses, which have been accounted for by the purchase method:

	Percentage of consolidated interest accounted for	Date of acquisition
<b>Printing Segment</b>		
HunterPrint Group Plc	100 %	January 16, 1995
Maclean Hunter Printing group	100 %	January 17, 1995
Financière Jean Didier	100 %	February 9, 1995
Directories printing plant of US West	100 %	July 5, 1995
<b>Forest Products Segment</b>		
Les Bois Garoclo Inc. (2959-1203 Québec Inc.)	100 %	March 21, 1995
Scierie du Fjord Ltée	100 %	July 31, 1995
Scierie St-Félicien Inc.	100 %	October 5, 1995
<b>Publishing and Distribution, and Multimedia Segments</b>		
Bennett Publishing Company Ltd.	100 %	January 6, 1995
St-Remy Press Inc.	51 %	February 9, 1995
Les Publications Québec-Design Inc.	100 %	April 24, 1995
Le Choix de la Vallée de l'Or	100 %	May 25, 1995
Les Logiciels Éducatifs AUBA	100 %	June 1, 1995
Ed. Archambault Inc.	72 %	October 18, 1995
"L'Objectif" newspaper	66.7 %	November 3, 1995

On July 28, 1995, the Company also acquired all the shares that it did not already held in Donohue Normick Inc. (Forest Products segment).

Moreover, the Company acquired 50% interests in the following joint-ventures in the Publishing and Distribution, and Multimedia segments: on November 27, 1995, Sierra Creative Communications Inc., and on December 12, 1995, Typo Litho Composition Inc.

Goodwill related to these acquisitions is amortized over periods varying from 10 years to 40 years.

Business acquisitions are summarized as follows:

	1995	1994
<b>Assets acquired</b>		
Cash	\$ 24,547	\$ 15,575
Non-cash operating working capital	—	9,079
Fixed assets	691,597	396,436
Deferred income taxes	—	48,825
Goodwill	160,887	136,705
Non-controlling interest	25,368	—
Other	21,912	3,363
<b>Liabilities assumed</b>		
Bank indebtedness	(71,293)	(2,745)
Non-cash operating working capital deficiency	(40,459)	—
Long-term debt	(313,843)	(161,280)
Deferred income taxes	(31,387)	—
Convertible debentures	(117,706)	—
Non-controlling interest	(1,840)	(17,842)
Other	(22,570)	(79,895)
<b>Net assets acquired at fair value</b>	<b>\$ 325,213</b>	<b>\$ 348,221</b>
<b>Cash consideration</b>	<b>\$ 325,213</b>	<b>\$ 348,221</b>



# Notes to Consolidated Financial Statements (Continued)

(Tabular amounts are expressed in thousands of Canadian dollars, except earnings per share data)

## 17. RELATED PARTY TRANSACTIONS

During the year, the Company made sales to certain of its subsidiaries' non-controlling shareholders and to affiliated companies in the amount of \$ 64,831,000 (\$ 45,898,000 and \$ 39,823,000, respectively, for the years ended December 31, 1994 and 1993). As at December 31, 1995, the balance receivable on these sales amounts to \$ 7,904,000 (\$ 5,067,000 as at December 31, 1994). In addition, the Company purchased de-inked pulp from a company subject to significant influence in the amount of \$ 16,253,000 (\$ 12,954,000 and \$ 7,668,000, respectively, for the years ended December 31, 1994 and 1993). These transactions were concluded at prices and conditions similar to those prevailing on the open market.

## 18. MATERIAL DIFFERENCES BETWEEN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) IN CANADA AND THE UNITED STATES

### a) Consolidated Balance Sheets

	1995		1994	
	Canada	United States	Canada	United States
Current assets (iii)	\$ 1,656,607	\$ 1,668,364	\$ 1,274,361	\$ 1,274,361
Fixed assets (iii)	3,136,159	3,174,324	2,395,791	2,435,394
Goodwill (i)(ii)(iii)	531,870	658,311	412,969	526,043
Other assets (i)	83,656	76,957	68,891	58,769
Current liabilities (ii)(iii)	1,091,652	1,104,018	723,206	728,542
Long-term debt (i)	1,303,159	1,307,313	1,220,416	1,231,509
Other liabilities (ii)(iii)	189,168	237,767	192,454	237,076
Deferred income taxes (i)(ii)(iii)	349,047	437,338	274,107	345,384
Non-controlling interest (i)(ii)(iii)	1,386,062	1,404,299	932,712	946,259
Retained earnings (i)(ii)(iii)	593,786	591,733	429,743	426,757
Translation adjustment (i)(ii)(iii)	31,435	31,505	44,432	44,098

### b) Consolidated Statements of Income

	1995	1994	1993
Net income	\$ 186,662	\$ 88,636	\$ 74,566
Adjustments			
Foreign currency translation (i)	1,481	(2,624)	(423)
Postemployment benefits other than pensions (effect on current year) (ii)	(2,222)	(585)	(800)
Income taxes (effect on current year) (iii)	1,674	3,833	1,781
Net income under United States GAAP before the following items	187,595	89,260	75,124
Postemployment benefits other than pensions cumulative effect on prior years) (ii)	-	-	(5,851)
Income taxes (cumulative effect on prior years) (iii)	-	-	(2,909)
Net income under United States GAAP	\$ 187,595	\$ 89,260	\$ 66,364
Earnings per share under United States GAAP			
Basic	\$ 2.84	\$ 1.35	\$ 1.02
Diluted	\$ 2.84	\$ 1.32	\$ 0.98

(Tabular amounts are expressed in thousands of Canadian dollars)

## 18. MATERIAL DIFFERENCES BETWEEN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) IN CANADA AND THE UNITED STATES (Continued)

- (i) Under GAAP in Canada, unrealized exchange gains and losses arising from the translation of long-term debt denominated in foreign currencies are deferred. Amounts so deferred are amortized over the remaining life of the related debt. Under GAAP in the United States, these gains and losses would have been included in income and, consequently, no amount would have been deferred in the consolidated balance sheets under the item "Other assets".  
Under GAAP in Canada, as of the moment they are identified as a hedge for long-term monetary liabilities, exchange gains or losses on a foreign currency future revenue stream are offset against the corresponding losses or gains on the hedged items. Under GAAP in the United States, a foreign currency future revenue stream cannot constitute a hedge of long-term monetary liabilities.
- (ii) Postemployment benefits other than pensions have been recognized as incurred by the retirees and paid by the Company, as allowed by GAAP in Canada. Under GAAP in the United States, commencing in 1993, the cost of these benefits would have been recognized as the services were rendered and, consequently, would have been allocated throughout the years during which these services were rendered by the employees concerned.
- (iii) Under GAAP in Canada, deferred income taxes in the consolidated balance sheets are not adjusted to reflect subsequent changes in tax rates. Under GAAP in the United States, commencing in 1993, deferred income taxes in the consolidated balance sheets must be adjusted to reflect subsequent changes in tax rates. Moreover, some differences that are considered of a permanent nature under GAAP in Canada are rather considered as temporary differences under GAAP in the United States.

## 19. PENSION PLANS

The Company offers defined benefit pension plans to its employees. The Company respects its obligations in regard of its contributions which are to maintain them at a level sufficient to cover benefits. The Company's various pension plans were subject to an actuarial valuation during the last three years.

The net pension expense is as follows:

	1995	1994	1993
Net pension expense	\$ 24,896	\$ 19,656	\$ 11,830

The capitalization of the pension plans is as follows:

	1995	1994	1993
Market value of pension fund assets	\$ 579,954	\$ 427,045	\$ 327,455
Actuarial present value of accrued pension benefits	628,296	491,369	327,835
Deficit	\$ 48,342	\$ 64,324	\$ 380

## 20. COMPARATIVE FIGURES

Certain 1994 and 1993 figures have been reclassified to conform with the presentation adopted for the year ended December 31, 1995.



The Company declares and pays dividends twice yearly. Each Class A Multiple Voting Share (the "Class A Share") and each Class B Subordinate Voting Share (the "Class B Share") are entitled to receive the dividends as determined by the Board of Directors, in an identical amount, at the same date and in the same form, as if such shares constituted shares of a single class.

For the fiscal year ended December 31 1995, the dividend declared and paid by the Company on Class A Shares and Class B Shares was \$0.33 per share while for the fiscal year ended December 31, 1994, it was \$0.24 per share.

The Class A Shares are listed on the Montreal Exchange, the Toronto Stock Exchange as well as on the American Stock Exchange. The Class B Shares are listed on the Montreal Exchange and on the Toronto Stock Exchange.

The following table sets forth the price range for the Class A Shares on the Montreal and Toronto stock exchanges and on the American Stock Exchange, as well as the price range for the Class B Shares on the Montreal and Toronto stock exchanges, for the periods indicated:

Quarter ended	CLASS A SHARES				CLASS B SHARES	
	Montreal and Toronto stock exchanges (CDN\$)		American Stock Exchange (US\$)		Montreal and Toronto stock exchanges (CDN\$)	
	High	Low	High	Low	High	Low
<b>1995</b>						
<b>December 31</b>	<b>\$21.375</b>	<b>\$18.250</b>	<b>\$15.625</b>	<b>\$14.000</b>	<b>\$21.375</b>	<b>\$18.250</b>
<b>September 30</b>	<b>21.500</b>	<b>19.500</b>	<b>16.000</b>	<b>14.625</b>	<b>21.750</b>	<b>19.250</b>
<b>June 30</b>	<b>20.250</b>	<b>19.000</b>	<b>14.375</b>	<b>13.750</b>	<b>20.125</b>	<b>19.000</b>
<b>March 31</b>	<b>19.875</b>	<b>16.375</b>	<b>14.250</b>	<b>11.875</b>	<b>20.000</b>	<b>16.125</b>
<b>1994</b>						
<b>December 31</b>	<b>\$17.750</b>	<b>\$15.500</b>	<b>\$13.375</b>	<b>\$11.750</b>	<b>\$17.875</b>	<b>\$15.250</b>
<b>September 30</b>	<b>19.875</b>	<b>17.375</b>	<b>14.000</b>	<b>12.750</b>	<b>19.875</b>	<b>17.125</b>
<b>June 30</b>	<b>20.875</b>	<b>16.250</b>	<b>15.250</b>	<b>11.625</b>	<b>21.000</b>	<b>16.000</b>
<b>March 31</b>	<b>21.750</b>	<b>18.000</b>	<b>15.875</b>	<b>13.500</b>	<b>21.875</b>	<b>17.875</b>

## QUEBECOR INC.

### Board of Directors

- (1) Member of the Executive Committee  
(2) Member of the Audit Committee  
(3) Member of the Compensation Committee

**Charles G. Cavell**  
President and Chief Operating Officer,  
Quebecor Printing Inc.

**Guy Charbonneau**  
Senator

**Mary S. Lamontagne**  
Corporate Director

**Pierre Laurin**<sup>(2)</sup>  
Vice Chairman and  
General Manager,  
Merrill Lynch Canada Inc.

**Claire Léger**<sup>(2)</sup>  
Vice Chairman and Secretary,  
Le Groupe Alimentaire St-Hubert Inc.

**Pierre Legrand, Q.C.**<sup>(2)(3)</sup>  
Senior Partner  
Ogilvy Renault

**Raymond Lemay**<sup>(1)</sup>  
Executive Vice President,  
Quebecor Inc.

**Jean Neveu**<sup>(1)(3)</sup>  
Chairman and  
Chief Executive Officer,  
Quebecor Printing Inc.

**Érik Péladeau**<sup>(1)(3)</sup>  
Chairman and  
Chief Executive Officer,  
Quebecor Multimedia Inc.

**Pierre Péladeau**<sup>(1)</sup>  
Chairman, President and  
Chief Executive Officer,  
Quebecor Inc.

**Pierre Karl Péladeau**<sup>(1)(3)</sup>  
Managing Director,  
Quebecor Printing Europe

**Charles-Albert Poissant, FCA**<sup>(1)(3)</sup>  
Vice Chairman,  
Quebecor Inc. and  
Chairman of the Board  
Donohue Inc.

## QUEBECOR INC.

### Officers

**Pierre Péladeau**  
Chairman, President and  
Chief Executive Officer

**Charles-Albert Poissant, FCA**  
Vice Chairman

**Raymond Lemay**  
Executive Vice President

**François R. Roy**  
Vice President, Finance and Treasurer

**André Gourd**  
Vice President, Governmental Affairs  
and Corporate Development

**Louis Saint-Arnaud**  
Vice President, Legal Services and  
Secretary

**Benoît Huard**  
Corporate Controller

**Claudine Tremblay**  
Assistant Secretary

## QUEBECOR GROUP INC.

### Management

#### Head Office

**Yves Dubuc**  
Vice President, Human Resources

**Lise Paul-Hus**  
Vice President, Magazines

**André Préfontaine**  
Vice President, Dailies

**Chantale Reid**  
Vice President, Administration

**Ronald Renaud**  
Vice President, Distribution

**André Rousseau**  
Vice President, Book Sector

**Sylvie Sauriol**  
Vice President, Regional Weeklies

**Lyne Robitaille**  
Corporate Controller

## QUEBECOR MULTIMEDIA INC.

### Board of Directors

**Roger A. Blais O.C., O.Q.**  
Professor Emeritus,  
École Polytechnique de Montréal, and  
University Associate, Innovitech Inc.

**Charles G. Cavell**  
President and Chief Operating Officer,  
Quebecor Printing Inc.

**André Gourd**  
Vice President, Governmental Affairs and  
Corporate Development,  
Quebecor Inc.

**Jean Lamontagne**  
President, Quebecor Multimedia Inc.

**Daniel Langlois**  
Chairman and Chief Executive Officer,  
Softimage Inc.  
Senior Director, Advanced Authoring  
Technology, Microsoft Corporation

**Érik Péladeau**  
Chairman and Chief Executive Officer,  
Quebecor Multimedia Inc.

**Sean M. Twomey**  
Vice President, Business Development,  
Quebecor Printing Inc.

## QUEBECOR MULTIMEDIA INC.

### Management

**Érik Péladeau**  
Chairman and  
Chief Executive Officer

**Jean Lamontagne**  
President

**Alain Ledoux**  
Executive Assistant to the President

**Normand Bélisle**  
Vice President, Administration and Finance

**Ian Richardson**  
Vice President,  
Sales and Marketing

**Bertrand Thibert**  
Director, Legal Affairs

## QUEBECOR PRINTING INC.

### Management

#### Head Office

**Jean Neveu**  
Chairman and Chief Executive Officer

**Charles G. Cavell**  
President and Chief Operating Officer

**Pierre L. Roy**  
Vice President and  
Chief Financial Officer

**Gilbert Martinet**  
Vice President,  
Manufacturing and Environment

**Pierre Poirier**  
Vice President, Legal Affairs and  
Secretary

**John A. Bertuccini**  
Vice President, Human Resources

**Sean M. Twomey**  
Vice President, Business Development

**Claude H. Blanc**  
Vice President, Strategic Procurement

**Daniel Poulin**  
Treasurer

**Sylvain Levert**  
Corporate Controller

**Guy J. Paquette**  
Director, Legal Affairs and  
Assistant Secretary

**Gaétan Lussier**  
Director, Internal Audit

**Claudine Tremblay**  
Assistant Secretary

## Operating Management

### CANADA

**Gordon A. Griffiths**  
President, Quebecor Printing Canada

**Guy Trahan**  
President Eastern Group, and  
Senior Vice President,  
Quebecor Printing Canada

**David G. Duncan**  
President, Security Group

**Christopher H. Rudge**  
President, Directory Group

### UNITED STATES

## QUEBECOR PRINTING (USA) CORP.

**James A. Dawson**  
President and Chief Executive Officer

**Graham J. McClean**  
President and Chief Operating Officer,  
Magazine, Catalog & Retail Groups

**Raymond A. Frick**  
President and Chief Operating Officer,  
Specialty, Book & New Market Groups

**John F. Boylan**  
President, Book Group

### EUROPE

**Pierre Karl Péladeau**  
Managing Director,  
Quebecor Printing Europe

## DONOHUE INC.

### Management

**Charles-Albert Poissant, FCA**  
Chairman of the Board

**Michel Desbiens**  
President and Chief Executive Officer

**Denis Jean**  
Vice President Director,  
Pulp and Paper

**Jacques Angers**  
Vice President, Environment and Energy

**Gaston Bouffard**  
Vice President, Marketing and  
Sales, Paper and Business Development

**P. Wilbrod Gauthier, Q.C.**  
Vice President, Legislation and  
Governmental Relations

**Fernand-Guy Girard**  
Vice President, Woodlands and Sawmills

**Claude Hélie**  
Vice President and  
Chief Financial Officer

**Lucien Parent**  
Vice President, Engineering

**Roger Quesnel**  
Vice President, Pulp Sales

**Claude Vadboncoeur**  
Vice President, General Counsel  
and Secretary

**Marlene Kandalaft**  
Treasurer

**Yvan Gingras**  
Corporate Controller and  
Manager, Lumber Acquisitions

**Luc Dufour**  
Assistant Treasurer

**Maureen Gurrie**  
Assistant Secretary



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Fax.: (514) 877-4149



### Regional Weeklies and Printing

- Les Éditions Chaudet
- Éditions de l'Est
- Les Éditions du Réveil
- Imprimerie du Réveil
- Les Publications du Nord-Ouest
- Les Publications Laurentiennes
- Les Publications Le Peuple
- Rive-Nord Médias Inc. (66,7 %)
- Interlake Publishing (Manitoba)
- Pembina Printing (Manitoba)
- Mont-News Printing Inc. (Ontario)

### Books

- Les Éditions Quebecor Inc.
- Les Éditions Libre Expression Ltée (50 %)
- Les Éditions CEC Inc. (50 %)
- Wilson & Lafleur, Limitée (80%)
- Éditions Wilson & Lafleur,
- Martel, Ltée (50 %)
- Wilson & Lafleur, Guérette Inc. (50 %)
- Typo-Litho Composition Inc. (50 %)

### Magazines and Entertainment Weeklies

- Publicor
- Clin d'Oeil
- Décoration Chez-Soi
- Femme Plus
- Filles d'Aujourd'hui
- L'Essentiel
- Les Idées de ma maison
- Rénovation Bricolage
- Echo Vedettes
- Le Lundi (50 %)
- Télé-Horaire TV 7 jours (50 %)

### Advertising

- Quebecor Media Sales (Ontario)
- Quebecor Ventes Média

### Music

- Trans-Canada Archambault Inc. (72 %)
- Archambault Musique
- Distribution Select, Musicor, GAM
- Distribution Trans-Canada
- Globe Musique

(notes)

COR  
G INC.

## UNITED STATES / MANUFACTURING GROUPS

### SPECIALTY GROUP

- Quebecor Financial Printing (Quebec)
- Imprimerie Quebecor Graphique-Couleur (Quebec)
- Quebecor Printing Haughton (Ontario)
- Quebecor Printing MIL Inc. (90 %) (Ontario)
- Quebecor Printing Calgary (Alberta)
- Quebecor Printpak (Alberta)
- Quebecor Jasper Printing (Alberta)
- Quebecor Financial Printing Vancouver (British Columbia)

### DIRECTORY GROUP

- Imprimerie Quebecor Bromont (Quebec)

### NEW MARKET

- QMM Limited Partnership (50 %) (Quebec)

### MEXICO

### BOOK GROUP

- Graficas Monte Alban S.A. de C.V. Queretaro

### MAGAZINE, CATALOG AND RETAIL GROUPS

#### Offset Operations

- Quebecor Printing Clarksville (Tennessee)
- Quebecor Printing Dallas Inc. (Texas)
- Quebecor Printing Mt. Morris Inc. (Illinois)
- Quebecor Printing St. Paul Inc. (Minnesota)

#### Targeted Publications Services Group

- Quebecor Printing Nashville (Tennessee)
- Quebecor Printing Pendell Inc. (95%) (Michigan)
- Quebecor Printing St. Cloud Inc. (Minnesota)

#### Gravure Operations

- Quebecor Printing Atglen Inc. (Pennsylvania)
- Quebecor Printing Buffalo Inc. (New York)
- Quebecor Printing Dickson Inc. (Tennessee)
- Quebecor Printing Providence Inc. (Rhode Island)
- Quebecor Printing Richmond Inc. (Virginia)
- Quebecor Printing San Jose Inc. (California)
- Quebecor Printing Memphis Inc. (Tennessee)
- Quebecor Printing Glen Burnie (Maryland)

#### Imaging Services

- Quebecor Printing Arlington Heights (Illinois)
- Quebecor Printing Orlando (Florida)

### SPECIALTY, BOOK AND NEW MARKET GROUPS

#### Book Group

- Quebecor Printing Book Press Inc. (Vermont)
- Quebecor Printing Book Group Distribution (Tennessee)
- Quebecor Printing Fairfield Inc. (Pennsylvania)
- Quebecor Printing Hawkins (Tennessee)
- Quebecor Printing Kingsport Inc. (Tennessee)
- Quebecor Printing Martinsburg (West Virginia)
- Quebecor Printing Sherwood (Tennessee)

#### Specialty Group

- Quebecor Printing Eagle Inc. (Missouri)
- Quebecor Printing Eusey Press Inc. (Massachusetts)
- Quebecor Printing Federated Inc. (Rhode Island)
- Quebecor Printing Modern Inc. (Connecticut)
- Quebecor Printing Semline Inc. (Massachusetts)
- Specialties Bindery, Inc. (Maryland)

#### New Market Group

- Quebecor Integrated Media (Washington and Massachusetts)

#### Related Services

- Quebecor Destination Services (Minnesota)
- Quebecor List Services (Minnesota)
- Pub/Data, Inc. (Illinois)

#### Security Group

- Custom Direct, Inc. (Ohio)

#### Directory Group

- Quebecor Printing Hazleton Inc. (Pennsylvania)
- Quebecor Printing Loveland Inc. (Colorado)

As of March 1, 1996

No percentage were indicated for the wholly-owned corporations

(1) also part of Directory Group





### Newsprint and Pulp sales

- Donohue Pulp and Paper Sales Corporation

### Newsprint, Market Pulp Lumber, Wood chips Woodland

- Forest Products Donohue Inc.**
- Donohue Matane (1993) Inc. (50 %)
  - Finlay Forest Industries Inc. (49,9 %)
  - Donohue QUNO Inc.
  - Léo Cauchon Ltd.
  - Scierie du Gouffre Inc. (50 %)
  - Les Bois Gelmar Inc. (50 %)

### De-inked pulp

- Désencrage C.M.D. Inc. (25 %)

### Distribution and Display

- Distribution**
- Messageries Dynamiques
  - Québec-Livres
  - Réseau Distribucor
  - Joncas Postexperts inc. (50,01 %)
  - Nationcor Distribution (70%)

- Display**
- Flashmedia Advertising Inc. (50 %)

### Dailies

- Le Journal de Montréal
- Le Journal de Québec
- The Record
- The Winnipeg Sun (Manitoba)

QUEBECOR MULTIMÉDIA INC.



### QMM Limited Partnership

- St Remy Multimedia Inc. (51 %)
- Quebecor DIL Multimedia Inc. (51 %)
- Sierra Creative Communications Inc. (50 %)
- Quebecor Interactive, L.P. (50 %)
- Citius Amérique Inc. (33,33 %)

(81.31%)

QUEBECOR PRINTING

## CANADA

### EAST GROUP

- Imprimerie Quebecor Barclay (Quebec)
- Imprimerie Quebecor Joliette (Quebec)
- Imprimerie Quebecor LaSalle (Quebec)
- Imprimerie Quebecor Lebonfon (Quebec)
- Imprimerie Quebecor L'Éclaireur (Quebec)
- Imprimerie Quebecor Magog (Quebec)
- Imprimerie Quebecor Montréal (Quebec)
- Imprimerie Quebecor St-Jean (Quebec)
- Imprimerie Quebecor St-Romuald (Quebec)
- Quebecor Photolitho (Quebec)
- Quebecor Printing Atlantic Dartmouth (Nova-Scotia)
- Quebecor Printing Atlantic Saint John (New-Brunswick)

### WEST GROUP

- Quebecor Printing Concord (Ontario)
- Quebecor Printing Edmonton (Alberta) <sup>(1)</sup>
- Quebecor Printing PE&E (Ontario)
- Quebecor Printing Richmond Hill (Ontario) <sup>(1)</sup>
- Quebecor Printing Vancouver (British Columbia)
- Web Press Graphics Ltd. (50 %) (British Columbia)
- Quebecor Printing Aurora (Ontario)
- Quebecor Litho Plus (Ontario)
- Quebecor Studios (Ontario)
- Quebecor Insight Services (Ontario)

### SECURITY GROUP

- B A Banknote - Ottawa (Ontario)
- B A Custom Cards - Mississauga (Ontario)
- Custom Cheques of Canada - North York (Ontario)
- Custom Cheques of Canada - Vancouver (British Columbia)
- Custom Cheques of Canada - Winnipeg (Manitoba)
- Imprimeries Quebecor inc. - division chèques (Montreal) (Quebec)
- Yvon Boulanger Groupe Imprimés de titres (Quebec)

## UNITED KINGDOM

### MAGAZINE, CALALOG AND RETAIL GROUPS

- Quebecor Printing (UK) plc
- Corby

## FRANCE

### MAGAZINE, CALALOG AND RETAIL GROUPS

- Imprimeries Fécomm-Quebecor S.A.
- Claye-Souilly
- Nantes
- BV Roto S.A.
- BV Roto 8 Développement
- Inter-Routage S.A.
- Inter-Brochage S.A.
- Torcy Quebecor S.A.
- La Loupe Quebecor S.A.
- Imprimerie Didier-Quebecor S.A.
- Mary-sur-Marne
- Imprimerie Alsacienne Didier-Quebecor S.A.
- Strasbourg
- Héliogravure Didier-Quebecor S.A.
- Lille
- Imprimerie de Bondoufle Didier-Quebecor S.A.
- Bondoufle

## INDIA

### DIRECTORY GROUP

- Tej Quebecor Printing Limited New Delhi (40 %)





QUEBECOR INC.