

*PUBLIC*

File No.: CT-2005-010

*THE COMPETITION TRIBUNAL*

*IN THE MATTER OF* the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

*AND IN THE MATTER OF* the acquisition of Sogides Ltée by Quebecor Média Inc.;

*AND IN THE MATTER OF* the filing and registration of a consent agreement pursuant to section 105 of the *Competition Act*,

*BETWEEN*

*THE COMMISSIONER OF COMPETITION*

COMPETITION TRIBUNAL  
TRIBUNAL DE LA CONCURRENCE

**FILED / PRODUIT  
REGISTERED/ENREGISTRÉ**

December 13, 2005

CT-2005-010

Jos LaRose for / pour  
REGISTRAR / REGISTRAIRE

OTTAWA, ONT

# 0001c

Applicant

*and*

*QUEBECOR MEDIA INC.*

*and*

*127901 CANADA INC.*

*and*

*PIERRE LESPÉRANCE*

Respondents

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*CONSENT AGREEMENT REGARDING THE ACQUISITION*

*OF SOGIDES LTÉE BY QUEBECOR MEDIA INC.*

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*WHEREAS* 127901 Canada Inc. (“127901”), and 4306716 Canada Inc. (“the purchaser”), a wholly-owned subsidiary of Quebecor Média Inc. (“QMI”), have entered into a contract for the purchase of the shares of Sogides Ltée (“Sogides”) by QMI, and that contract is referred to as the “Transaction” as more particularly defined hereinafter;

*WHEREAS* Pierre Lespérance, the President of Sogides, personally holds voting shares (“the Shares”) in Gestion Renaud-Bray Inc. (“Renaud-Bray”) through 127901 and is a member of Renaud-Bray’s board of directors (“the Holdings”);

*WHEREAS*, once the Transaction has been completed, Mr. Lespérance will be an employee of Sogides (which will then be a subsidiary of QMI) in the book publishing and distribution business, as contemplated in the employment agreement more precisely described hereinafter;

*WHEREAS* one of QMI’s subsidiaries, Groupe Archambault Inc. (“Archambault”), is a competitor of Renaud-Bray in the sector of bookstore sales of French-language books in Quebec;

*WHEREAS*, apart from the aforementioned employment relationship, there is no affiliate relationship or other corporate relationship between, on the one hand, QMI and its affiliates, and on the other hand, Mr. Lespérance, 127901 or Renaud-Bray;

*WHEREAS* the Commissioner of Competition (“the Commissioner”) nonetheless has some concerns regarding the possibility that the Transaction could substantially prevent or lessen competition in the sector of bookstore sales of French-language books in Quebec because of potential information exchanges between Archambault and Renaud-Bray by reason of Mr. Lespérance’s Holdings in Renaud-Bray and by reason of Mr. Lespérance’s employment contract with Sogides;

*WHEREAS* the Commissioner has no other significant concerns regarding the Transaction’s impact on competition, and declares herself satisfied that this Consent Agreement will be sufficient to ensure that no substantial prevention or lessening of competition will result from the Transaction;

*AND WHEREAS* upon compliance with this Consent Agreement, the Commissioner will not

oppose the Transaction, in whole or in part, pursuant to sections 92, 100 or 104 of the *Competition Act* (“the Act”),

**NOW THEREFORE** QMI, 127901, Mr. Lespérance and the Commissioner hereby agree as follows:

- I. For the purposes of this Consent Agreement, the following definitions shall apply:
  - (a) “127901” means 127901 Canada Inc., its successors and affiliates;
  - (b) “Shares” means the voting shares in Renaud-Bray that Mr. Lespérance holds directly or indirectly;
  - (c) “affiliate” has the meaning given to it in subsection 2(2) of the Act;
  - (d) “Commissioner” means the Commissioner of Competition appointed pursuant to section 7 of the Act;
  - (e) “Consent Agreement” means this Consent Agreement entered into by QMI, 127901, Mr. Lespérance and the Commissioner;
  - (f) “Employment Contract” means the employment contract to be signed between Mr. Lespérance and Sogides (which will then be a subsidiary of QMI) on the closing date of the Transaction and pursuant to which Mr. Lespérance will be hired by Sogides as President and will work exclusively in the sector of book publishing and distribution;
  - (g) “Mandate Agreement” means the mandate agreement to be signed by 127901, Mr. Lespérance and the Agent J. Marcel Daoust (“the Agent”) on the closing date of the Transaction, a copy of which mandate agreement is attached as Schedule A;
  - (h) “Holdings” means Mr. Lespérance’s direct or indirect holdings of voting shares in Renaud-Bray and his right to sit personally, through 127901 or otherwise, on Renaud-Bray’s board of directors;
  - (i) “at arm’s length” means not in any family relationship by blood, marriage, adoption or non-marital union, or in any relationship between affiliates as defined in section 2 of the Act, and persons that are not at arm’s length include, but are not limited to, persons employed by Mr. Lespérance or 127901 or by persons affiliated with 127901 or affiliated with or controlled by Mr. Lespérance or 127901;
  - (j) “Agent” means the Agent appointed in accordance with paragraph 7 of this Consent Agreement;
  - (k) “QMI” means Quebecor Média Inc., its successors and affiliates;

- (l) “Renaud-Bray” means Gestion Renaud-Bray Inc, its successors and affiliates;
  - (m) “Sogides” means Sogides Ltée, its successors and affiliates;
  - (n) “Transaction” means the share purchase agreement entered into on September 21, 2005, between 127901 and the purchaser, pursuant to which QMI will acquire all issued and outstanding shares in Sogides, a corporation actively involved in book publishing and distribution;
  - (o) “Tribunal” means the Competition Tribunal established by the *Competition Act*.
2. Commencing on the closing date of the Transaction, 127901 and Mr. Lespérance shall comply with the terms of the Mandate Agreement, a copy of which is attached as Schedule A.
  3. The Mandate Agreement shall remain in force until the occurrence of one of the events referred to in paragraphs 4 and 5, the purpose of which occurrence shall be to eliminate the possibility of information exchanges between Archambault and Renaud-Bray.
  4. *[CONFIDENTIAL]*.
  5. *[CONFIDENTIAL]*.
  6. QMI and Sogides shall notify the Commissioner within three working days after the occurrence of one of the events referred to in paragraphs 4 and 5. The Commissioner shall then notify the Tribunal, within three working days after receiving such notice, that the Mandate Agreement is no longer in force.
  7. Mr. J. Marcel Daoust is the Agent appointed pursuant to the Mandate Agreement. Should it become necessary to replace him, the appointment of the Agent shall be subject to prior approval by the Commissioner in the following manner. Mr. Lespérance and 127901 shall submit three or four names consecutively to the Commissioner within a four-week period. If the Commissioner does not approve any of the persons proposed, she may appoint an Agent herself.
  8. Should it become necessary to replace the Agent, 127901's Shares voting rights, and 127901's right to elect a member of Renaud-Bray's Board of directors, shall be suspended until the Agent is replaced.
  9. QMI, 127901, Mr. Lespérance and the Commissioner may agree to amend this Consent Agreement in any manner.

10. QMI shall provide a copy of this Consent Agreement to those of its directors and officers who work in the “books sector” of the company, and shall also provide a copy to its affiliate Archambault and the directors and officers thereof.
11. 127901 and Mr. Lespérance shall provide a copy of this Consent Agreement to the Agent.
12. Notices or other communications referred to in or permitted by this Consent Agreement shall be in writing and shall be delivered in person to the addressee or transmitted by registered letter or fax to the persons listed in Schedule B of this Consent Agreement.
13. Following the occurrence of one of the events referred to in paragraphs 4 and 5 and the issuance of the notice by QMI and Sogides as contemplated in paragraph 6, all provisions of this Consent Agreement (except the last two paragraphs of the preamble of the Mandate Agreement and the form attached as Schedule A1 to this Consent Agreement) shall be made public.
14. This Consent Agreement remains governed by and subject to the applicable provisions of the Act, including section 106.
15. This Consent Agreement shall remain in force until the Commissioner notifies the Tribunal in writing that the Mandate Agreement is no longer in force.

*DATED* at Gatineau, this 12th day of December 2005.

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Sheridan Scott  
Commissioner of Competition

*DATED* at Montréal, this 12th day of December 2005.

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Mark D'Souza, Vice President Finance  
and Treasurer, Quebecor Média Inc

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Claudine Tremblay, Senior Manager, Corporate  
Secretary and Assistant Corporate Secretary,  
Quebecor Média Inc.

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Pierre Lespérance

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Pierre Lespérance, President,  
127901 Canada Inc.

## *SCHEDULE A*

*MANDATE AGREEMENT* entered into at Montréal, in the province of Quebec, this 12th day of December 2005.

<i>BETWEEN:</i>	<i>127901 CANADA INC.</i> , a corporation duly incorporated pursuant to the <i>Canada Business Corporations Act</i> , having its head office at 1155 René Lévesque Boulevard West, CIBC Tower, 31st Floor, Montréal, Quebec H3B 3S6; (hereinafter " <i>127901</i> ")
<i>AND:</i>	<i>J. MARCEL DAOUST</i> , residing and domiciled at [ <i>CONFIDENTIAL</i> ]; (hereinafter " <i>the Agent</i> ")]
<i>AND, INTERVENING AS A PARTY:</i>	<i>PIERRE LESPÉRANCE</i> , a businessman, residing and domiciled at [ <i>CONFIDENTIAL</i> ]; (hereinafter " <i>P. Lespérance</i> ")

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*WHEREAS* pursuant to a share purchase agreement made on September 21, 2005 ("*the Share Purchase Agreement*"), 127901 has agreed to sell to 4306716 Canada Inc. all issued and outstanding shares in the capital of Sogides Ltée, subject to approval by the Commissioner of Competition;

*WHEREAS* 306716 Canada Inc. is a wholly-owned subsidiary of Quebecor Média Inc.;

*WHEREAS* Groupe Archambault Inc. is also a wholly-owned subsidiary of Quebecor Média Inc.;

*WHEREAS* P. Lespérance shall remain President of Sogides Ltée following the sale of the shares;

*WHEREAS* P. Lespérance is the sole director of 127901, which holds common Class A voting shares in Gestion Renaud-Bray Inc.;

*WHEREAS* the Commissioner of Competition wishes to avoid the risk of a substantial prevention or lessening of competition in the sector of bookstore sales of French-language books in Quebec as a result of information exchanges between Gestion Renaud-Bray Inc. and Groupe Archambault Inc. through P. Lespérance;

*WHEREAS* the Commissioner of Competition wishes measures to be implemented to avoid such information exchanges;

[*CONFIDENTIAL*]

[*CONFIDENTIAL*]

*NOW THEREFORE,*

1. 127901 agrees that as long as this Agreement is in effect, and subject to its terms,

1.1 P. Lespérance resigns as director of Gestion Renaud-Bray Inc.;



- 1.2** Any representative appointed by 127901 to represent it on the board of directors of Gestion Renaud-Bray Inc. shall be an Agent at arm's length from P. Lespérance, meaning that, between P. Lespérance and the Agent, there shall be no family relationship by blood, marriage, adoption or non-marital union, and no relationship between affiliates as defined in section 2 of the *Competition Act*, and this restriction includes, but is not limited to, persons employed by P. Lespérance or 127901 or by an affiliate of 127901 or a person controlled by P. Lespérance or 127901;
- 1.3** This Agent shall have the exclusive right and power
- (a) to attend, in its full discretion, all shareholders' meetings of Gestion Renaud-Bray Inc.;
- (b) to vote, in person or by proxy, and in addition, to exercise, in its full discretion, all voting rights attached to the shares in question that he holds in accordance with this Agreement as though he were listed in the share register as the shareholder of the shares in question;
- 1.4** This Agent shall have the exclusive right and power to receive any document, information and notice to be sent to the director appointed by 127901 or to the shareholder.
- 2.** 127901 agrees that as long as this Agreement is in force, and subject to its terms and paragraph 3 hereof,
- 2.1** 127901's power and responsibility with regard to the control and management of Gestion Renaud-Bray Inc. remain completely vested in the Agent;
- 2.2** the Agent is not to seek advice, guidelines or instructions, regarding the decisions that the Agent must make, from 127901, P. Lespérance or any other person acting on their behalf, and the latter are not to give such advice, guidelines or instructions to the Agent;
- 2.3** the Agent is not to disclose to 127901, P. Lespérance or any other person acting on their behalf, information regarding the activities or projects of Gestion Renaud-Bray Inc.;
- 2.4** the Agent is not to pass accounts to 127901, P. Lespérance or any other person acting on their behalf, except to the extent required to prepare and file income tax returns and submit quarterly interim financial statements of Gestion Renaud-Bray Inc. using the form attached as confidential Schedule A1. No information thereby received shall be transmitted to Quebecor Média Inc. or Sogides Ltée; and
- 2.5** the Agent is not to provide access or send to 127901, P. Lespérance or any other person acting on their behalf, the documents, information or notices that it receives in respect of Gestion Renaud-Bray Inc.
- 3.** If, during the term of this Agreement, 127901 is called upon to exercise pre-emptive right, a right of first refusal or a drag-along right under the Unanimous Shareholder Agreement, the Agent may consult 127901, P. Lespérance or any other person acting on their behalf to obtain advice, guidelines or instructions regarding this decision. If 127901, P. Lespérance or

any other person acting on their behalf are thereby consulted, no information regarding this consultation shall be transmitted to Quebecor Média Inc. or Sogides Ltée.

4. On the date of this Agreement, 127901 appoints J. Marcel Daoust as Agent.
5. The Agent accepts this appointment along with the terms and conditions of this Agreement.
6. The Agent shall carry out his duties and obligations to the best of his abilities.
7. The Agent's fees and all reasonable expenses duly incurred by the Agent as part of his mandate shall be paid by 127901 and P. Lespérance.
8. The Agent shall not be held liable for any loss whatsoever occasioned by his actions in the exercise of, or arising from the performance of, his duties and responsibilities under this Agreement, and shall not be held liable for any error, action or omission under this Agreement, except for his own intentional fault or gross negligence.
9. If the Agent resigns, becomes incapacitated or dies during the term of this Agreement, or is removed by 127901, he shall be replaced as quickly as possible by a new Agent who is at arm's length from 127901 and P. Lespérance.
10. The new Agent shall agree to be bound by each and every provision of this Agreement.
11. The new Agent shall have all the rights set out in this Agreement immediately upon his or her appointment.
12. The preceding Agent shall sign all documents and do all things necessary to give effect to this Agreement.
13. **[CONFIDENTIAL]**
14. This Agreement is governed by the applicable provisions of the laws of the province of Quebec and Canada and shall be interpreted in accordance with those provisions.

**IN WITNESS WHEREOF**, the parties have signed at Montréal this 12th day of December 2005.

**127901 CANADA INC.**

Per:

\_\_\_\_\_  
P. Lespérance

J. Marcel Daoust

**INTERVENTION**

P. Lespérance intervenes in this agreement to confirm that he has read and understood it and agrees to comply with the obligations stipulated to be applicable to him.

Signed this 12th day of December 2005.

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Pierre Lespérance

SCHEDULE AI

[CONFIDENTIAL]

*SCHEDULE B*

*NOTICES*

*To the Commissioner:*

André Brantz  
Jean-Michel Kalubiaka  
Counsel for the Commissioner of Competition  
Department of Justice  
Competition Law Section  
Industry Canada, Legal Services  
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*To the respondent Quebecor Média Inc.:*

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*To the respondents 127901 Canada Inc. and Pierre Lespérance:*

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