



Solitudes, Synergies, and Sustainability: An Assessment of Québec-based Media Companies within a Canadian and International Media Milieu

Paper Presented by

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Abstract

Québec's media industries do not exist in isolation. On the contrary, they are invariably intertwined with a myriad array of media enterprises and systems spanning Canada and beyond. Although Québec-based media companies have long maintained a perceptible presence outside of Québec, relatively little research has been devoted to the nature and extent of the companies' *footprints* beyond their home province. Consequently, this paper examines these footprints using a two-step approach. First, Québec's media industries are collectively situated within the larger Canadian and international media milieus. Thereafter, a detailed case study of Astral Media Inc., a Québec-based media company that has long maintained close bonds with companies outside of Québec will be presented. The analysis will address the following questions: (1) What media holdings does Astral own/manage? (2) What media holdings owned solely by Astral or in partnership with other companies? (3) What percentage of Astral's sales and revenues are derived from Québec versus non-Québec sources? and finally, (4) Who are Astral's major domestic and foreign competitors? The insights derived from this study enhance our understanding of the complex relationships that exist among Québec's media industries and their Canadian and international brethren in today's globalized media environment.

Introduction, Scope of the Study, and Guiding Questions

Québec's relationship vis-à-vis its provincial counterparts is often depicted in terms of difference, whether in language, culture, politics, or other assorted aspects. While Québec is unquestionably distinctive from other Canadian provinces in many respects, the widely held "two solitudes" conceptualization of the relationship fails to acknowledge the multifaceted linkages that intertwine Québec with its neighboring provinces, the North American continent, and the world.

Since a number of Québec-based media companies have long maintained a perceptible presence both inside and outside of Québec, examining their internal and external activities can provide insights into these synergies. The fact that relatively little research has been devoted to the nature and extent of the Québec companies' *footprints* beyond their home province simply reinforces the need for this type of inquiry.

This paper explores the above-noted phenomena using a two-step approach. First, Québec's media industries are collectively situated within the larger Canadian and international media milieus. Thereafter, a detailed case study of Astral Media Inc., a Québec-based media company that has enduring business relationships with companies outside of Québec will be presented. The analysis will address the following questions: (1) What media holdings does Astral own/manage? (2) What media holdings are owned solely by Astral or in partnership with other companies? (3) What percentage of Astral's sales and revenues are derived from Québec versus non-Québec sources? and finally, (4) Who are Astral's major domestic and foreign competitors? The insights derived from this study enhance our understanding of the complex relationships that exist among Québec's media industries and their Canadian and international brethren in today's globalized media environment.

Situating Québec's Media Industries within a Canadian and Global Context

Québec is Canada's second largest province with a 2006 population of 7,435,905 people. Of this total populace, 5,877,660 residents denote French as their mother tongue.¹ This predominantly Francophone province boasts a vibrant array of media industries that derive their revenues from a combination of private (e.g., advertising, sales) and public sources (e.g., provincial and federal government subsidies). Moreover, the Québec populace's preference for Francophone books, films, television programming, and other cultural affords Québec's media companies an added degree of protection from U.S. and other foreign competition, specifically within the province.

Québec's media industries encompass book and newspaper publishing, radio and television broadcasting, film, music and sound recording, and more. Quebec's radio and television sectors operate under the guiding principles set forth in the Radiocommunication Act (n.s., 1985, c.R-2) and the Broadcasting Act (1991, c.11), section 3 which states:

The Canadian broadcasting system, operating primarily in the English and French languages and comprising public, private, and community elements, makes use of radio frequencies that are public property and provides, through its programming, a public service essential to the maintenance and enhancement of national identity and cultural sovereignty.²

The Canadian Radio-television and Telecommunications Commission (CRTC) serves as the statutory authority over the country's broadcasting and telecommunications systems.

Over the past decade, Canada's media industries have undergone substantial

¹ 43,335 individuals reported English and French as their mother tongue while 886,280 individuals reported a non-official language as their mother tongue. Statistics Canada, "Population by Mother Tongue, By Province and Territory (2006 Census), New Brunswick, Quebec, Ontario" ([Ottawa, ON]: Statistics Canada, 2008). <http://www40.statcan.ca/101/cst01/demo11b.htm> (accessed November 4, 2008).

² Broadcasting Act (1991, c. 11), <http://laws.justice.gc.ca/en/ShowFullDoc/cs/B-9.01///en> (unofficial version; accessed November 11, 2008); Radiocommunication Act (n.s., 1985, c.R-2), <http://laws.justice.gc.ca/en/ShowFullDoc/cs/R-2///en> (unofficial version; accessed November 11, 2008).

consolidation and conglomeration. As a result, only a handful of large companies now own the majority of newspapers as well as radio, television, and new media outlets in Québec and countrywide. At the same time, “new media,” a hybrid industry that combines facets of antecedent media formats with modern communications technologies has enjoyed extraordinary growth, albeit to the occasional detriment of traditional media industries. Nonetheless, both traditional and “new” media industries share a common trait: their developmental paths are closely tied to technological innovations, consumer preferences, government regulations, and other macro-level forces.

These varied forces are readily evident in Canada’s television industry. Canada’s early private television broadcasting stations were predominantly controlled by the country’s newspaper owners. Later, large station groups established informal networks throughout the country; meanwhile, independent stations lacking network affiliations were also commonplace in major Canadian cities. Later, Canada’s over-the-air broadcasters faced a formidable emerging challenge in the form of cable television. In 1982, the cable challenge became even more daunting when the Canadian government authorized cable operators “to distribute discretionary or pay services.” Thereafter, Canadian pay and specialty channels proliferated, with new channels launched on a regular basis.³ Not surprisingly, over the years, these new channels siphoned off ever-larger numbers of viewers as well as advertising revenues from Canada’s conventional broadcast networks.

According to Statistics Canada, in 2007, Canadian public and private conventional television broadcasters earned “revenues just under C\$3.5 billion, a 1.3% decline from 2006.” Meanwhile, pay and specialty television revenues rose .1% to C\$2.7 billion; the pay television

³ Paul Attallah, “Canadian Television Exports: Into the Mainstream,” in *New Patterns in Global Television: Peripheral Vision*, ed. John Sinclair, Elizabeth Jacka, and Stuart Cunningham (Oxford, England: Oxford University Press, 1996), 163–164.

segment recorded the strongest growth within the sector with revenues climbing 13.5% to C\$547.4 million. Statistics Canada attributes these increased revenues to “viewers’ growing appetite for pay-per-view television and video-on-demand.”⁴ On the other hand, historical data indicates that Canada’s conventional television segment is weakening over time. Conventional television accounted for 55.9% of the sector’s revenues in 2007, compared to 64.4% in 2002 and 79.4% in 1997. Statistics Canada cites “competition from specialty television and the resulting audience fragmentation.”⁵ as the primary reason for conventional television’s diminishing revenues.

Canada’s television and radio sectors are especially sensitive to local and national market circumstances and economic conditions in general. This is due to the sectors traditional reliance upon advertising as a major source of income. As Statistics Canada data attests, private conventional television is particularly vulnerable to reductions in advertising spending because approximately 94.0% of its annual revenues are derived from advertising.⁶ This quandary is further compounded by the global economic recession that has devastated the automotive, banking and financial services, and other sectors which have historically expended considerable amounts of money on advertising. In fact, the current economic downturn has undoubtedly forced companies in virtually every sector of the economy to cut back on their advertising spending. In May 2007, the CRTC attempted to help improve the state of conventional broadcasters by authorizing an increase in the number of advertising minutes on conventional television during prime time beginning on September 1, 2007.⁷

⁴ The statistics presented are based upon “the fiscal year ending August 31 and cover the period from 2003 to 2007.” Statistics Canada, “Television Broadcasting Industries 2007” (Ottawa, ON: Statistics Canada, 2008), 4-5.

⁵ Statistics Canada, “Television Broadcasting Industries 2007” (Ottawa, ON: Statistics Canada, 2008), 5.

⁶ Statistics Canada, “Television Broadcasting Industries 2007” (Ottawa, ON: Statistics Canada, 2008), 5.

⁷ Statistics Canada, “Television Broadcasting Industries 2007” (Ottawa, ON: Statistics Canada, 2008), 5.

*Regulation of Canada's Media Industries***Canadian Content Quotas**

Regulatory policies have also helped shape Québec's media industries over the years. Two regulatory instruments in particular—Canadian content quotas and foreign ownership restrictions—are worth noting. First introduced in 1959 by the Board of Broadcast Governors (BBG), the forerunner of the CRTC, Canadian content quotas (CanCon) are intended to help foster the production and distribution of Canadian music, feature films, and television productions.

Under the CRTC's regulations, Canadian content for film and television productions, for instance, is defined by a points-based system determined by a number of factors including: (a) ownership of the production company, (b) nationality of the producer and key creative personnel, and (c) cost requirements for services paid to Canadians and incurred in Canada. Canadian radio and television broadcasters are required to devote sixty percent overall of their daily (i.e., between 6 a.m. and midnight) and fifty percent of their evening broadcast time (i.e., between 6 p.m. and midnight) airtime annually to certified Canadian programming. On the other hand, Canadian content requirements for pay-television, specialty, and pay-per-view services differ and are set by conditions in their licenses.

The CRTC frequently supplements CanCon quotas by placing conditions on network and individual station licenses “over and above minimum regulatory requirement, to stimulate improvements in Canadian television programming.”⁸

Foreign Ownership and Investment Limits

The Canadian government also uses foreign ownership limits to help maintain domestic

⁸ Canadian Radio-television and Telecommunications Commission (CRTC), “Public Notice CRTC 1985-82: Proposed Amendments to the Television Broadcasting Regulations” (Ottawa, ON: Canadian Radio-television and Telecommunications Commission, 1985).

ownership and control of the country's communications assets. Under the Broadcasting Act, the CRTC is prohibited from issuing broadcasting licenses to non-Canadian applicants.⁹ Moreover, under current Canadian law, non-Canadians may own only “up to 46.7% of a broadcasting company (33.3% of the holding company and 20% at the licensee level).” Non-Canadians may own up to 100% of a Canadian broadcaster's, non-voting shares “provided that the de facto control is not exercised by non-Canadians.”¹⁰ Furthermore, under the Investment Canada Act, 1985, c. 28 (1st Supp.), foreign direct acquisitions of Canadian businesses within the cultural sector (e.g., book publishing, broadcasting, periodical publishing, and film distribution) exceeding a C\$5 million threshold and indirect acquisitions exceeding C\$50 million are subject to government review, typically conducted by the Department of Canadian Heritage. Finally, all foreign investors in the Canadian cultural sector are required to file a notification with the Canadian government; their investments, even if falling under the above-mentioned thresholds, can be subject to review at the Governor-in-General's discretion.¹¹

Québec Media Companies' Activities Beyond the Province

A variety of Québec-based companies have expanded their presence past Québec's borders. Indeed, over the years, a number of Québec-based media companies have ventured below the 49th parallel and prevailed in head-to-head competition with their U.S.-based

⁹ Broadcasting Act, S.C. 1991, c.11; “Direction to the CRTC (ineligibility of Non-Canadians), SOR/97-192, Registration April 8, 1997; Transport Canada, Policy Group, “Restrictions on Foreign Ownership in Canada” ([Ottawa, ON]: Transport Canada, August 2003). The “Direction to the CRTC” also stipulates: “Where the Canadian Radio-television and Telecommunications Commission determines that an applicant is controlled by a non-Canadian, whether on the basis of personal, financial, contractual or business relations or any other considerations relevant to determining control, other than the beneficial ownership and control of the voting shares of a qualified successor by a Canadian carrier or its acquiring corporation, the applicant is deemed to be a non-Canadian.” The Telecommunications Act (1993, c.38) also restricts ownership of Canadian common carriers to “Canadian-owned and controlled corporations incorporated or continued under the laws of Canada or a province.”

¹⁰ Foreign Affairs and International Trade Canada, Cultural Industries Sectoral Advisory Group on International Trade, “Further Opportunities” ([Ottawa, ON: Foreign Affairs and International Trade Canada), February 1999.

¹¹ Canadian Radio-television and Telecommunications Commission (CRTC), “Public Notice CRTC 1985-82: Proposed Amendments to the Television Broadcasting Regulations” (Ottawa, ON: Canadian Radio-television and Telecommunications Commission, 1985).

counterparts. Québec-based companies also frequently assumed an even broader perspective by pursuing business opportunities beyond the North American continent.

For example, Montréal-based Quebecor has printed magazines for major U.S. media conglomerates such as Time Inc., Hearst Corporation, Forbes Inc., Walt Disney, and others.¹² Meanwhile, Transcontinental Media, another Montréal-based media firm, currently derives a significant portion of its revenues from its U.S. and other foreign activities. In 2007, Transcontinental signed a 15-year agreement with Hearst Corporation to print *The San Francisco Chronicle* newspaper and related publications, in addition to providing “complete post-press services.”¹³ The same year, Transcontinental teamed up with United Kingdom-based Seven Squared to launch Transcontinental Custom Communications, a joint venture offering custom publishing services to customers in Canada and the United States.¹⁴

Unfortunately, foreign subsidiaries and other operations of Quebec-based companies have recently suffered substantial setbacks, especially in the United States. For example, on January 21, 2008, Quebecor World and its U.S. unit filed for bankruptcy. In Canada, Quebecor requested protection under the Companies Creditors Arrangement Act in the Quebec Superior Court. At the same time, the company placed its Quebecor World (USA) division along with 53 of its U.S.-based subsidiaries into Chapter 11 bankruptcy protection in New York City. According to Quebecor executives, the continuing deterioration of the North American printing sector and an unfavorable Canada–U.S. exchange rate forced the company to declare bankruptcy.¹⁵

¹² John Blakeley, “Quebecor Unit Files for Ch. 15,” *Daily Deal/The Deal*, October 2, 2008.

¹³ Transcontinental Inc., “Transcontinental Annual Information Form” ([Montréal, QC]: Transcontinental Inc.), January 25, 2008, p. 4.

¹⁴ Transcontinental Inc., “Transcontinental Annual Information Form” ([Montréal, QC]: Transcontinental Inc.), January 25, 2008, p. 3.

¹⁵ The bankruptcy actions were taken after Quebecor World failed to obtain a C\$400 million bailout package put together by its parent Quebecor Inc. and Tricap Partners Limited, a private

A Case Study of Astral Media Inc.

Historical Sketch of Astral Media Inc.

Astral Media Inc. and its associated companies have played a pivotal role in the historical development of Canada's film and television industries. The modern-day Astral traces its origins to three foundational companies: Astral Communications Limited, Angreen Photo, and Bellevue Pathé Limited.

Astral Communications, founded as a theatrical film distribution company in Montréal in 1946, steadily grows in size and scope over the ensuing decades. By December 1971, Astral had expanded to the point that an article in *That's Showbusiness* describes it as “the mother company whose skirts cover about eight companies engaged in all aspects of film distribution, exhibition, production, and concert arrangements.”¹⁶

On the other hand, Angreen Photo Inc. is established in 1961 by the Greenberg family to manage photo-finishing concessions in two Miracle Mart department stores in Montréal. The family subsequently sets up additional concessions elsewhere in Québec and Ontario. Two years later, Angreen Photo acquires the Bellevue Photo laboratory in Montréal and thereafter establishes labs in Toronto and Calgary. Ultimately, the company will operate over 125 photography-related stores throughout Canada.¹⁷ In 1968, the company once again enlarges its operations, this time in the areas of motion picture processing, production and sound studios.

equity fund of Brookfield Asset Management Inc. John Blakeley, “Quebecor Unit Files for Ch. 15,” *Daily Deal/The Deal*, October 2, 2008.

¹⁶ During this period, Astral derived most of its revenue from film and television distribution, the company also owned, either wholly or in part, a number of theatres in Quebec and British Columbia. For a time, Astral was also actively involved in live entertainment through its ownership of a talent management agency and record label that both focused upon folk music and groups. By the early 1970s, Astral had withdrawn from live entertainment-related activities albeit it continued to operate Concert Arrangements Ltd. which booked acts at Toronto's Massey Hall and elsewhere. “Astral Shares Create Funds For Investment in Canadian Film and TV Productions,” *That's Showbusiness*, December 7, 1971, 1.

¹⁷ The photography stores operated under the Astral Photo name. Astral Media Inc. “Corporate History” ([Montréal, QC]: Astral Media, Inc., 2008? <http://www.astral.com/en/profile/histoy/histoy/default.idigit> (retrieved November 7, 2008).

This new expansion is made possible via the acquisition of Toronto-based Pathé-Humphries Limited. A year later, it further bolsters its film production activities owing to the purchase of Montréal-based Associated Screen News Industries Limited.¹⁸

A major turning point in Astral's history occurs in 1973 when Astral merges with Bellevue Pathé to form Astral Bellevue Pathé Limited. Harold Greenberg assumes the role of President and CEO in new firm; meanwhile, the Greenberg family represents the company's largest shareholder.¹⁹

In the years following the Astral-Bellevue Pathé merger, the amalgamated company continues to expand its programming distribution business "to include film packaging, financing, production, and video distribution."²⁰ In 1981, Astral forms Pathé Video Inc., a Toronto-based videocassette duplication business. Then, in 1984, it forms Bellevue Home Entertainment Inc., a business dedicated to videocassette wholesaling. One year later, it opens the AstralTech Video Duplication Centre in Montréal²¹. Astral's flurry of activity is capped off in 1986 when Bellevue Home Entertainment merges with MPA Video Inc. The combined firm, ultimately known as Astral Home Entertainment, becomes "one of Canada's largest distributors of pre-recorded videocassettes, music and related products to the rental and sell-through retail markets."²²

During the 1980s and early 1990s, Astral Bellevue Pathe undergoes further internal

¹⁸ Astral's motion picture laboratories and sound studios were later provided via one of the company's Montréal facilities under the name AstralTech Inc. (formerly Bellevue Pathé Quebec Inc.). Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 6; Astral Media Inc. "Corporate History" ([Montréal, QC]: Astral Media, Inc., 2008? <http://www.astral.com/en/profile/histoy/histoy/default.idigit> (retrieved November 7, 2008).

¹⁹ Astral Media Inc. "Corporate History" ([Montréal, QC]: Astral Media, Inc., 2008? <http://www.astral.com/en/profile/histoy/histoy/default.idigit> (retrieved November 7, 2008).

²⁰ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 6.

²¹ The Toronto plant was later closed and its operations transferred to the new Montréal facility.

²² Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 6.

restructuring as a number of its wholly-owned subsidiaries are combined into the parent company.²³ Likewise, the company's name goes through several iterations during this period. In September 1980, the company becomes Astral Bellevue Pathe Inc.; in September 1990, Astral Inc.; in September 1992, Astral Communications Inc.; and finally, in February 2000, the firm adopts its current appellation, Astral Media Inc.²⁴

In the early 1990s Astral, eager to tap the burgeoning CD market of the time, constructs AstralTech Americas, a compact disc replication facility in Boca Raton, Florida.²⁵ Soon thereafter, in 1995, it delves into the gaming sector, purchasing a 35% interest in Artech Digital Entertainments Inc., an Ottawa-based games and multimedia software developer. In July 1998, Astral increases its ownership stake in Artech to 51%; however, in May 2004, the firm decides to relinquish its interest in Artech²⁶

The late 1990s marks yet another turning point in Astral's history. At this time, Astral's management begins to refocus the company to so-called "pure-play media" (e.g., radio, cable television). As a result of this "pure play" initiative, Astral disposes of the following assets over the next few years: retail photographic division (September 1996), programming development and distribution (October 1996), and AstralTech Americas Inc. (January 1997). In Fiscal 2000 and 2001, the company sells off or shuts additional businesses, including AstralTech (sold to Technicolor in April 2000) and Astral Home Entertainment videocassette wholesaling division (shut down).

However, in the midst of Astral's late 1990s–early 2000s divestment campaign, the

²³ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 5.

²⁴ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 5.

²⁵ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 7.

²⁶ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 7.

company makes a somewhat surprising move by *entering* a new media realm; namely, radio. Astral's entrée into radio was achieved through its purchase of a 24.7% equity interest in Radiomutuel Inc. Two years later, in July 1999, Astral purchases the remaining 75.3% of Radiomutuel's outstanding shares thus making Astral the company's sole owner. With the addition of Radiomutuel, Astral becomes the largest owner of radio stations in Québec (eight FM stations, three wholly owned AM stations, and two 50%-owned AM stations). Thanks also to the Radiomutuel deal, Astral becomes controlling partner (72%) and operator of Omni Outdoor & Company Limited Partnership (now known as Astral Media Outdoor, L.P.), an outdoor advertising firm serving Québec and Ontario. Like Radiomutuel, Astral later assumes 100% control of the OmniOutdoor.²⁷

As of November 2008, Astral Media remains a publicly traded Canadian company (Astral's shares trade on the Toronto Stock Exchange under the ticker symbols ACM.A/ACM.B) with over 2,800 employees based in Montréal, Toronto, and various other cities throughout Canada. Astral also remains a "pure play" media company, retaining full ownership of three subsidiaries: Astral Broadcasting Group Inc., Astral Media Radio Inc., and Astral Media Outdoor, L.P. Although Astral's holdings include other miscellaneous subsidiaries and associated companies, taken together, these firms currently represent 20% or less of Astral's total consolidated assets and consolidated operating revenues.²⁸ As shown in Table 1, Astral's media holdings as of November 2008 include television, radio, outdoor, and interactive media components. The following section examines each component in greater detail.

²⁷ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 8.

²⁸ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 5.

Table 1 Astral Media Inc. Holdings as of October 2008

Television
<p>Pay Television</p> <ul style="list-style-type: none"> • 3 English • 3 French
<p>Specialty Television</p> <ul style="list-style-type: none"> • 4 English • 9 French
<p>Other</p> <ul style="list-style-type: none"> • 2 English
Radio
<p>83 Stations (Énergie, RockDétente, Virgin Radio, EZ Rock, The Mix, The Bear)</p> <ul style="list-style-type: none"> • Alberta • British Columbia • Manitoba • New Brunswick • Nova Scotia • Ontario • Québec • Saskatchewan
Outdoor
<p>Over 7,500 Advertising Faces</p> <ul style="list-style-type: none"> • Québec • Ontario
iMedia
<p>Over 100 Websites</p>

Source: Data from Astral Media Inc., “Management’s Discussion and Analysis for the Periods Ended August 31, 1008” ([Montréal, QC: Astral Media, 2008), 2.

Television-related Activities

Astral has been a pioneering firm in the Canadian television industry. From the 1960s until the early 1980s, Astral participated in an eclectic array of television productions ranging from musical variety series to semi-documentaries.²⁹ In the early 1970s, Astral further expanded its film and television production activities in response to increased market demand in North America and recent revisions in Canadian content regulations. Then, in 1983, Astral became the key shareholder and operator of First Choice Canadian Communications Corporation (“First

²⁹ *Country Music Hall* (1964–1966) aired on CTV in Canada and was syndicated in the United States. Hosted by U.S. singer Carl Smith, the 30-minute weekly series featured well-known country and western artists from the United States and Canada. The series was co-produced by the CBC and S. Banks (In Television) Limited. Marsha Ann Tate, *Canadian Television Programming Made for the United States Market: A History with Production and Broadcast Data* (Jefferson, NC: McFarland), 2007; “Astral Shares Create Funds For Investment in Canadian Film and TV Productions,” *That’s Showbusiness*, 7 December 1971, 6.

Choice”), a recipient, along with three other companies, of the CRTC’s first pay-television licenses issued a year earlier.³⁰ In 1984, First Choice united Premier Choix, its French-language service, with Québec regional service TVEC thereby forming Premier Choix: TVEC Inc. The newly created entity supplied Super Ecran, a single French-language pay television service.³¹ Astral’s two new pay television channels situated the company at the forefront of a promising new media sector. However, the company had to abandon all of its production activities in return for garnering the pay-television services.

After First Choice and Premier Choice achieved profitability in the late 1980s, Astral began launching a series of new Canadian cable channels. Thanks to these efforts, by the 2000s, Astral had developed into the leading provider of English and French specialty, pay, and pay-per-view television services in Canada, owning wholly or in part 20 licensed properties.³² A complete list of these properties is provided in appendix B. Astral’s television revenues are derived from three primary sources: 1) subscription fees, 2) advertising sales, 3) pay-per-view sales. The revenues derived from these sources vary according to a number of factors such as market and general economic conditions, as noted earlier; programming quality, “effectiveness of the sales organization;” and licensing fees.³³

Radio-related Activities

Since its initial 1999 foray into radio, Astral’s radio assets have grown even larger thanks

³⁰ By 1990, Astral had assumed full ownership of First Choice (currently known as Astral Television Networks/Astral Tele Reseaux). Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 6.

³¹ TVEC became public in 1985, “later changed its name to Les Reseaux Premier Choix Inc. (now known as Les Chaines Tele Astral) and was privatized in December 1987 when Astral purchased the outstanding shares held by minority shareholders.” Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 7.

³² Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 7.

³³ Astral Media Inc., “Astral Media Inc.: Management Discussion and Analysis for the Periods Ended August 31, 2008” ([Montréal, QC]: Astral Media Inc., 6.

to the following acquisitions: Entreprises Radio Etchemin Inc. (license owners of CFOM-FM in Québec City); CFEI-FM (Saint-Hyacinthe, Québec); CHRD-FM (Drummondville, Québec); as well as Telemedia Corporation's stations in Québec, New Brunswick, and Nova Scotia.³⁴ As a result of Astral's purchase of Telemedia's assets, CRTC regulations required Astral to exchange its French-language AM radio stations in Québec as well as CFOM in Québec City with another Canadian company, Corus. In return, Astral received five FM stations in Québec from Corus.

In April 2007, Astral still keen on acquiring further radio assets made one of its largest radio station purchases to date with the acquisition of virtually all of Standard Radio Inc.'s assets which included:

- 53 radio stations in 30 Canadian markets
- 2 British Columbia television stations
- Integrated Media Sales (IMS), a national advertising sales organization
- Sound Source Networks, a radio content service provider³⁵

With the addition of the Standard Radio stations, Astral now owns 82 radio stations in 8 Canadian provinces thus making it Canada's largest radio broadcaster.³⁶

Astral's radio revenues are derived almost exclusively from advertising.

Outdoor Media

Outdoor Media, Astral's newest business division, has been making significant inroads into Canada's outdoor media market, especially in Toronto. For example, on May 25, 2007, Astral received approval from "the Toronto City Council to provide a 20-year coordinated street furniture program for the City". The program, which began on September 1, 2007, encompasses

³⁴ Astral purchased 19 stations from Telemedia Corporation: "8 French-language stations in Quebec comprising six FM outlets operating under the ARDIO RockDétente banner and two AM stations;" an English-language AM station in Sherbrooke; four FM and two AM stations in New Brunswick; and two FM stations in Nova Scotia. Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 8.

³⁵ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 9.

³⁶ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 10.

transit shelters, information pillars, benches, waste receptacles, and other public services.³⁷

Astral also recently expanded its airport advertising activities by purchasing 23 electronic panels in the Montréal and Calgary airports from Passeport Média.³⁸

Similar to radio, outdoor media revenues are derived exclusively from the sale of advertising, which, in turn, varies according to market and general economic conditions; the number, location, and size of “outdoor faces” (e.g., street furniture, signs); and occupancy levels.³⁹

Keys to Astral’s Longevity

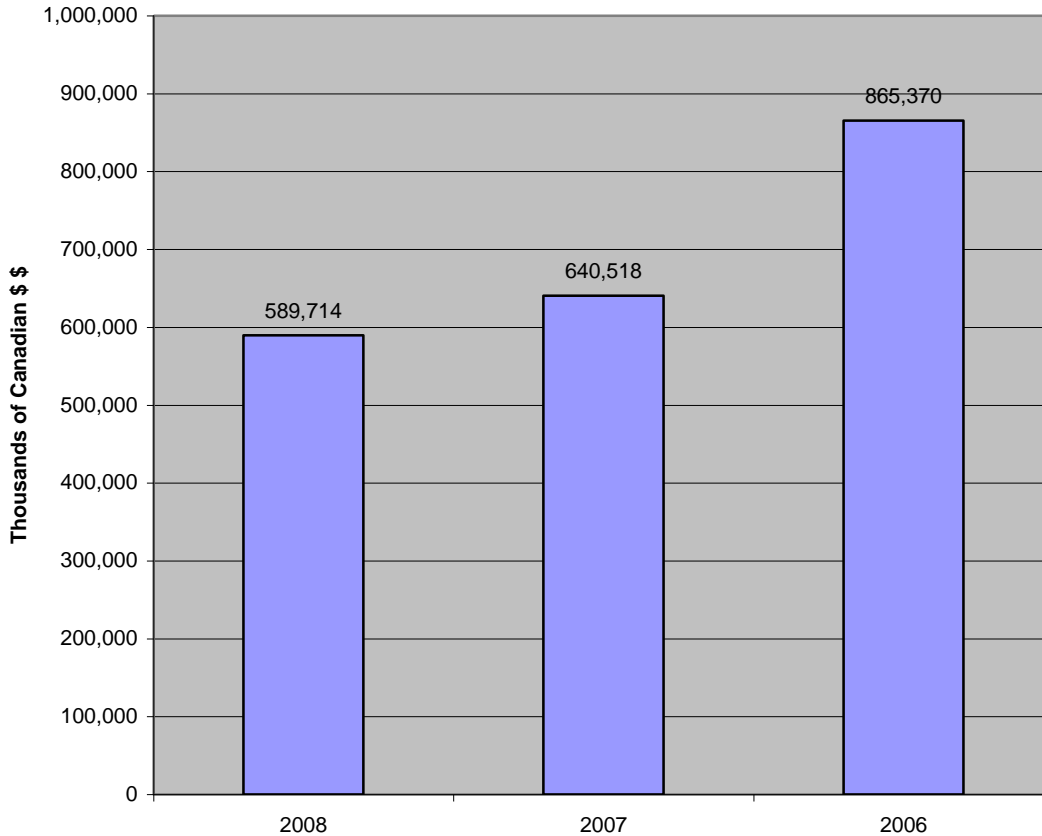
Astral Media has managed to survive, and even thrive, in a variety of demanding media sectors and markets. Fiscal 2008 marks the company’s 12th consecutive year of “profitable growth,” a notable feat, especially for a Canadian media company.⁴⁰ As shown in Table 2, Astral’s revenues have increased over C\$275,000,000 between fiscal year 2006 and fiscal year 2008.

³⁷ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 9.

³⁸ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 9.

³⁹ Astral Media Inc., “Astral Media Inc.: Management Discussion and Analysis for the Periods Ended August 31, 2008” ([Montréal, QC]: Astral Media Inc., 6.

⁴⁰ Astral Media Inc., “Astral Media Reports Its 12th Consecutive Year of Growth” [Press release] (Montréal, QC: Astral Media Inc., October 29, 2008).

Table 2 Astral Media Revenues, Fiscal Years 2006-2008

Source: Data from Astral Media Inc., “Management’s Discussion and Analysis for the Periods Ended August 31, 1008” ([Montréal, QC: Astral Media, 2008), 4.

Astral’s enduring success begs the question: How has this Québec-based company accomplished this feat when so many similar enterprises have failed? The answer to this question seemingly lies in the company’s ability to: 1) identify and quickly respond to changing media and technological trends; 2) concentrate the company’s energies upon a core group of interrelated media sectors; 3) make strategic acquisitions and forging alliances with domestic and foreign counterparts; 4) adapt to changing government rules and regulations; 5) reliance upon private and public financing; and 6) retain consistent management. The following section will address each factor individually.

Identification of and Rapid Responses to Changing Media and Technological Trends

Astral's management periodically aligns its activities to correspond with emerging media and technological trends. For example, Astral executives recognized the growing popularity of videocassette and CD production/sales/rentals and accordingly established new units to capitalize on the trend. Likewise, as the popularity of CD production/sales/rentals waned, Astral exited the sector.

Astral has also benefited from being attentive to market trends in the United States. For example, in the late 1970s, Astral profited from the miniseries boom on U.S. television by entering into miniseries co-production and distribution agreements with U.S. partners. Later, Astral was one of the first Canadian companies to take advantage of the emerging U.S. premium cable television sector. During the mid-to-late 1980s, the company produced or co-produced a number of movies for airing on U.S. network HBO (Home Box Office). Since Canadian equivalents to HBO and Showtime did not exist at the time and Canadian residents were forbidden to subscribe to the U.S. channels, some of the Astral produced/co-produced movies received a theatrical release in Canada.⁴¹

Concentration of the Company's Energies upon a Core Group of Interrelated Media Sectors

By focusing upon a relatively small number of media sectors, all of which can operate in tandem, Astral is able to take full advantage of the operational and marketing synergies between its components. More importantly, although Astral refrains from constantly changing its sector mix, none of the designated sectors is deemed sacred and thereby immune from ever being

⁴¹ Home Box Office (HBO), the earliest American premium cable network, debuted in November 1972; its chief rival, Showtime (Network), launched six years later in March 1978. Although contemporary feature films initially dominated both HBO's and Showtime's program schedules, the networks soon began exploring new programming options after experiencing substantial customer turnover. As a result, the competing premium cable networks' increasingly complemented their core schedule of motion picture fare with original series, movies, and specials, as well as boxing matches and other assorted sporting events.

jettisoned if technological, economic and other factors favor the action. For example, photofinishing and distribution, Astral's foundational businesses, were eventually divested by the company when it opted to pursue "pure play media." It is important to note, however, that throughout Astral's history, it has remained steadfastly committed to serving both Francophone and Anglophone audiences in virtually every media sector wherein it has conducted business.

Expansion of the Company via Strategic Acquisitions and Forging Alliances with Domestic and Foreign Counterparts

A considerable percentage of Astral's historic growth is attributable to strategic acquisitions. Astral's corporate expansion via acquisitions has proven particularly successful for several reasons. First, Astral's purchases are made prudently; targeted companies must complement Astral's existing core businesses and markets. Second, newly acquired companies have been integrated into Astral's corporate fold with relatively few problems.

When market conditions warrant, Astral does not hesitate to form alliances with domestic and foreign competitors. With respect to domestic collaborations, Astral Broadcasting Group, Inc., a wholly owned subsidiary of Astral Media, owns a 50.1% share of pay-per-view service Viewer's Choice Canada; meanwhile, CTV Specialty Television Enterprises Inc., a firm controlled by CTVglobemedia and Rogers Broadcasting Limited, a firm controlled by Rogers Communications Inc. each own a 24.95% interest in Viewer's Choice.⁴²

While Astral's domestic collaborations are an important facet of the company's operations, its alliances with U.S.-based media companies have perhaps played a more important role in the company's overall development. In 1983 *Barron's* reporter Susan Duffy noted that longtime Astral President Harold Greenberg had forged "strong ties to Hollywood" and Greenberg's successors have maintained this association.⁴³

⁴² Quebecor, "Quebecor Annual Information Form, Financial Year Ended December 31, 2007" (Montréal, QC: Quebecor, June 10, 2008), 17.

A 1982 Astral Bellevue-Pathé–20th Century Fox (Canada) co-distribution pact covering all Astral Bellevue-Pathé productions released in Canada not only illustrates how Astral has benefited from selected past strategic alliances. The agreement, and more specifically, *Porky's*, the first film released under the agreement changed the course of Astral's history. The bawdy teen feature film remains one of the most successful Canadian feature films of all time, with sales of more than C\$150 million worldwide. Thanks to *Porky's* success, Astral was able to continue to devote its resources to both television and films which at the time constituted a major portion of the company's operations.⁴⁴ *Film & TV World* reflected upon *Porky's* impact upon Astral:

Astral's recent production binge might have never happened had it not been for *Porky's*. Prior to the deal with Melvin Simon and Fox, Astral was prepared to ease out of films and shift its concentration to television. After a number of disappointments, Greenberg found feature film production getting too risky. Now that *Porky's* has put Astral on the map, ranking as one of the top five grossing pictures of 1982, continuing its success in overseas markets, set for domestic re-release this spring, and, confides Greenberg, sold for an 'unbelievable' figure to Pay TV, the company's president is looking to new avenues of production, more cognisant of international potential.⁴⁵

Some nationalists within the Canadian film industry decried Astral's decision to team up with U.S. studio goliath 20th Century Fox. However, Gordon Guiry, Astral's General Manager, staunchly defended the agreement by pointing out the stark realities of Canadian independent distribution. "Independent distribution is a highly dangerous and expensive proposition," explained Guiry. The reportedly perilous state of Astral's distribution business at the time undoubtedly provided added urgency to seeking out potential partners. Guiry argued that co-distribution and similar consolidation agreements offered independent Canadian producers a

⁴³ Susan M. Duffy, "Widening Focus: Pay TV's in Astral Bellevue's Picture," *Barron's National Business and Financial Weekly* 63, issue 49 (December 5, 1983): 16ff.

⁴⁴ "Fox (Canada), Astral Agree to Co-Distribution," *Film & TV World*, 15 December - 15 January 1982, 3; Astral Media Inc. "Corporate History" ([Montréal, QC]: Astral Media, Inc., 2008? <http://www.astral.com/en/profile/history/history/default.idigit> (retrieved November 7, 2008).

⁴⁵ Greenberg Goes International," *Film & TV World*, February-March 1983, 8.

means to “reduce costs in all facets of distribution.” “I consider Fox or any other major to be formidable competitors,” Guiry asserted. “But there is no way Canadians have the indigenous right to control the marketplace. American's don't have that right either. Free enterprise has the right.” The bottom line, avowed Guiry, was that “any deal that's a good deal is good for both parties.”⁴⁶

Despite continued criticism of varying degrees from various individuals and groups within the Canadian cultural industries, Astral and its subsidiaries continued to consummate cross-border pacts with major Hollywood studios such as Walt Disney with whom it currently Playhouse Disney.⁴⁷

Astral also still maintains close ties with HBO as well as Astral's recent launch of HBO Canada, a multiplex channel that will be available to Canadian customers who subscribe to The Movie Network. The new HBO Canada channel programming will consist of HBO series that will air simultaneously on the U.S. and Canadian channels. In addition, the HBO Canada programming lineup will also include Canadian films and series.⁴⁸

Astral is also teaming up non-US companies on various projects. For example, on August 25, 2008, Astral Media Radio launched Virgin Radio 999, formerly Toronto's MIX 99.9. Virgin Radio 999 was made possible via an arrangement between UK-based Virgin's Richard Branson and Astral Management.⁴⁹

⁴⁶ “Fox (Canada), Astral Agree to Co-Distribution,” *Film & TV World*, 15 December - 15 January 1982, 3.

⁴⁷ In March 1982, Bellevue Home Entertainment Inc., a wholly owned subsidiary of Astral Bellevue Pathé Inc. became the exclusive distributor for the products of Walt Disney Home Video (including release Disney's Touchstone label). Astral Bellevue will also provide all Canadian video duplication services for Walt Disney Home Video. (“Bellevue Home Entertainment becomes exclusive Canadian distributor for the products of Walt Disney Home Video,” *Cinema Canada*, March 1986, 40.); “Fox (Canada), Astral Agree to Co-Distribution,” *Film & TV World*, December 15–January 15, 1982, 3.

⁴⁸ Astral Media Inc. “Astral Media Inc.: Management's Discussion and Analysis for the Periods Ended August 31, 2008” (Montréal, QC: Astral Media Inc., 2008).

⁴⁹ Astral Media Inc. “Astral Media Inc.: Management's Discussion and Analysis for the Periods Ended August 31, 2008” (Montréal, QC: Astral Media Inc., 2008), 20.

Adaptation to Changing Government Rules and Regulations

Government statutes and regulations have exerted a perceptible influence upon Astral's developmental trajectory and business activities. Not surprisingly, the CRTC wields significant power over Canada's radio and television sectors. For example, Astral's radio and television channels and networks are required to meet Canadian content and related conditions set forth by the CRTC in their individual licenses. Under the terms of The Movie Network's (TMN) current license, the network is required to devote at least 30% of its primetime programming and 25% of its remaining daily programming schedule to Canadian productions. In addition, TMN must allocate a percentage of its revenues (based upon the prior year's subscriber level) to the acquisition of, or investment in, Canadian programming. In Fiscal 2008, the applicable percentage was 32%.⁵⁰

To some extent, regulatory policies such as foreign ownership limits help protect Astral and other Canadian media companies against possibly being swallowed up by a foreign competitor. These regulations allow Quebec-based companies to enter into agreements with foreign companies with less trepidation of "sleeping with the enemy."

Reliance Upon a Mix of Private and Public Financing

Astral's diversified business enterprises were made possible in large part through the company's emphasis upon private funding sources. In 1971, Astral became one of the first Canadian media companies to go public, with an initial offering of 350,000 common shares.⁵¹ During the 1970s and 1980s, an era marked by Canadian production companies extensive

⁵⁰ Quebecor, "Quebecor Annual Information Form, Financial Year Ended December 31, 2007" (Montréal, QC: Quebecor, June 10, 2008), 16.

⁵¹ Prior to going public, Astral Communications Limited reconfigured into "a holding company for its various operations" "Astral Shares Create Funds For Investment in Canadian Film and TV Productions," *That's Showbusiness*, 7 December 1971, 1; Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 6.

reliance upon Canadian government subsidies and U.S. distribution deals to survive, Bellevue Pathé's president, Harold Greenberg, opted to take independent action. Greenberg's strategy focused upon the establishment of a multi-million dollar fund devoted to the production of Canadian feature films. "This added source of funding should enable a number of low budget projects to get off the ground without scrounging south the border for the balance of production financing," noted a March 1972 announcement of the fund in *Cinema Canada*.⁵² Today, Astral is Canada's "largest private sector investor in Canadian feature films."⁵³

Consistent and Inventive Management

Astral's quarterly and annual corporate reports provide an abundance of statistical information about the company's finances and activities. However, these reports offer relatively few insights into the personalities of the individuals sitting in the corporate boardroom. In Astral's case, there are several aspects of the company's management of particular note. First, the Greenberg family remains a powerful influence upon the company. Moreover, the company is still helmed by one of the Greenberg siblings who co-founded Astral's predecessor company, Angreen Photo Inc. Current Astral President and CEO Ian Greenberg, is celebrating the Greenbergs' 47th consecutive year at the company's helm. On a related note, when companies retain the same leadership for decades, the management runs the risk of losing their "competitive edge," and becoming complacent. The Greenberg brothers managed not to succumb to this malady to date.

Domestic and Foreign Competition

Astral has three primary domestic rivals in the radio and television sectors: the Canadian Broadcasting Corporation (CBC), CanWest Global Communications, and CTVglobemedia.⁵⁴

⁵² "Directors Guild of Canada," *Cinema Canada*, March 1972, 21

⁵³ Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 10.

However, with respect to outdoor media, Astral's major competitors are major U.S.-based companies with a longstanding presence throughout Canada. Like Astral, many of these companies also boast complementary media assets, often with a global reach.

Challenges and Opportunities for Astral Media and Other Québec-based Media Companies

As the case study of Astral Media Inc. presented in the previous section illustrates, Québec-based media companies can prevail over domestic and foreign competition. However, in order to achieve lasting success requires a combination of factors, including:

- Geographic proximity to major markets in the United States
- An integrated communications and transportation infrastructure that links Québec with its provincial counterparts throughout Canada as well as to the United States
- Diversification of products and services within a defined media sector and/or select group of related media sectors
- Access to an educated workforce
- Access to raw materials (e.g., wood for newsprint)
- Access to private (domestic and foreign), provincial, and federal funding sources
- Regulatory protection from foreign competitors in selected media sectors
- Entry into strategic alliances with domestic and foreign competitors

Given today's ever-changing domestic and international environment, complacency is not a strategic option for Québec-based media companies. Instead, the companies must confront a barrage of micro and macro level challenges. These challenges can be grouped into four categories: 1) economic, 2) technological, 3) regulatory, and 4) demographic. Each category will be addressed individually in the following section.

Economic Challenges

The current global economic malaise and sharp fluctuations of financial markets worldwide is profoundly affecting North American media companies, their operations, and their markets. The associated "credit freeze" only adds to the companies' already difficult task of

⁵⁴ Hoover's Inc., "Hoover's Company Records - Basic Record [Astral Media Inc.]," October 21, 2008.

raising money to maintain existing equipment, operations, and work forces or to pursue new ventures. Even before the economic meltdown of 2008, the Canadian cultural industries faced major problems whenever they attempted to tap private funding sources, especially for Canadian-centric projects. Undoubtedly, this task will prove even more arduous for the foreseeable future. Federal, and to a lesser degree provincial, subsidy programs provide only limited support for Canada's cultural industries irrespective of economic conditions. Therefore, media companies cannot rely solely upon public funding if they wish to remain viable.

Globalization also presents a number of unique challenges to Québécois media companies. Thanks to the abundance of skilled and unskilled labor combined with lower labor costs and technological innovations, China, India, and numerous other countries throughout Asia now dominate a wide array of industries, many of which were previously dominated by North American firms. For example, Chinese printing presses now produce a significant percentage of books, calendars, notebooks, and other associated products sold in North America. The Chinese expansion into the North American marketplace places it in direct competition with Montréal-based Transcontinental, especially in the book publishing sector. On a positive note, these same emerging economies afford new market opportunities for Québec-based companies.

As a general rule, Québec companies must take whatever prudent measures are within their powers to mitigate the problems associated with oscillating financial markets and exchange rates, rising raw material and labor costs and other ongoing economic-related issues.

Technological Challenges

The ongoing digital transition is transforming the production, distribution, and consumption of media content across the globe. Today, consumers enjoy almost instantaneous access to news, information, and entertainment via their television sets, computers and cell

phones. However, a number of challenges remain. For example, although Web-based media content is currently enormously popular with consumers and the media industries alike, finding feasible business models for Web-based content remains elusive. Even Websites coupled with popular magazines or television shows are not guaranteed success. Nevertheless, personnel and content from existing print or audiovisual properties can often serve double duty in the print and online world.

Québec-based companies must also address vulnerabilities in traditional media sectors, most notably arising from the ongoing shift from print to online media. A significant proportion of Québecor, Transcontinental and other Québécois companies' portfolios remain in traditional media formats that are experiencing a precipitous loss of readers or viewers. These businesses include book, magazine, and newspaper publishing; as well as conventional television broadcasting. On a related note, given current economic conditions, advertising revenues are likely to remain stagnant or even decrease irrespective of media sector.

Québec-based media firms must also consider a number of communications infrastructure-related issues when formulating their corporate strategies. These issues include the robustness of broadband pipelines in markets where full-length motion pictures, especially in high-definition formats, are offered to customers; the ongoing digital conversion and its effect upon the production, distribution, and viewing of media content; the management of conflicting format and standards; and finally, user-generated media content

Given the ever-changing nature of technologies, today's hot new communications technologies are surely destined to become tomorrow's techno-relics. As a result, it is imperative for Québécois companies to be forward thinking and on the lookout for new technologies that are likely to reach the market in the not-so-distant future.

Legal and Regulatory Challenges

A host of legal and regulatory questions, most notably associated with new media still remain unresolved, including:

- Will the CRTC place Canadian content guidelines and/or other regulatory restrictions upon Web-based media?
- How will licensing gaps/conflicts between traditional and new media formats be worked out?
- Will foreign ownership restrictions on cultural industries eventually be lifted?

Québécois media companies must closely monitor the actions of Canadian and international legislative, regulatory, and judicial bodies with respect to media-related issues since a single regulation or decision can have wide-ranging ramifications.

Demographic Challenges

Canada is undergoing a fundamental demographic shift thanks to the rapid racial and ethnic diversification of its population, especially in urban areas. While English and French remain the country's two official languages, a multiplicity of other languages are spoken by a growing percentage of Canada's populace. Since Astral and many other Quebecois media companies' markets span Canada, they will need to modify their products and services to correspond to Canada's changing demographic landscape.

Opportunities

Although Astral and other Quebec-based media companies face a litany of challenges, they also can avail themselves of an array of new opportunities, including:

- New emerging markets and market niches within existing markets worldwide
- Possible strategic opportunities related to Canada's anticipated free trade pact with the European Union
- Computer gaming design
- Expanding audiences (at home and abroad) via Internet-based delivery of media content

Conclusion

Québec-based media companies such as Astral Communications have been among the foremost innovators in Canada's media industries. Astral in particular has proven exceptionally resilient in a volatile North American and global media marketplace long dominated by large U.S. conglomerates. Moreover, the company has been able to achieve these goals without moving its corporate headquarters out of Québec or abandoning its Francophone clientele.

Throughout its history, Astral has been a trailblazing firm in terms of its strategic alliances, market flexibility, development of new sources of financing, and leveraging of new technologies. Moreover, while Astral's roots remain firmly rooted in Québec, its activities have extended far beyond the province's borders.⁵⁵ Although Astral and its Québécois colleagues unquestionably face a plethora of challenges home and abroad, Astral's experiences provide ample testimony that Quebec-based media companies can prevail over both their domestic and foreign counterparts.

⁵⁵ "Astral Shares Create Funds For Investment in Canadian Film and TV Productions," *That's Showbusiness*, 7 December 1971, 6.

Appendix A

**Astral Media Inc., Québecor Inc., and Transcontinental Inc.
Primary and Secondary SIC and NAICS Codes**

Company	Primary SIC Code	Primary NAICS Code	Secondary SIC Codes	Secondary NAICS Codes
Astral Media Inc.	Television broadcasting stations (4833)	Radio stations (515112)	Radio broadcasting stations (4832) Bank holding companies (6712) Outdoor advertising services (7312)	Radio stations (515112) Cable and other subscription programming (515210) Display advertising (541850)
Québecor Inc.	Newspapers (2711)	Printing (32311)	Newspapers (2711) Periodicals (2721) Book publishing (2731) Book printing (2732) Miscellaneous publishing (2741) Commercial printing, lithographic (2752) Commercial printing, gravure (2754) Commercial printing, nec (2759) Typesetting (2791) Prerecorded records and tapes (3652) Television broadcasting stations (4833) Cable and other pay TV services (4841) Communication services, nec (4899) Record & prerecorded tape stores (5735) Commercial art and graphic design (7336) Information retrieval services (7375) Computer related services, nec (7379) Business services, nec (7389) Video tape rental (7841)	Printing (32311) Support activities for printing (32312) Commercial lithographic printing (323110) Commercial gravure printing (323111) Digital printing (323115) Books printing (323117) Other commercial printing (323119) Tradebinding and related work (323121) Prepress services (323122) Prerecorded tape, compact disc, and record stores (451220) Newspaper publishers (511110) Periodical publishers (511120) Book publishers (511130) Television broadcasting (515120) Cable and other subscription programming (515210) Wired telecommunications carriers (517110) Video tape and disc rental (532230) Graphic design services (541430)
Transcontinental	Commercial printing, lithographic (2752)	Printing (32311)	Periodicals (2721) Book printing (2732) Miscellaneous Publishing (2741) Bank holding companies (6712) Commercial art and graphic design (7336)	Printing (32311) Support activities for printing (32312) Commercial lithographic printing (323110) Commercial gravure printing (323111) Digital printing (323115) Books printing (323117) Other commercial printing (323119) Tradebinding and related work (323121) Prerecorded compact disc (except software), tape, and record reproducing (334612) Newspaper publishers (511110) Periodical publishers (511120)

Appendix B

Astral Media Inc. Business Structure as of October 31, 2007

Legal Entity or Division	Jurisdiction-Incorporation /Organization	% Owned (Voting)	Nature of Business— Operating Entities or Licences
Astral Broadcasting Group Inc.	Canada	100%	Astral Television Networks/Astral Télé Réseaux Les Chaînes Télé Astral
<i>Astral Television Networks/Astral Télé Réseaux</i>			The Movie Network/HBO Canada Mpix Super Écran cinépop
The Family Channel Inc. Viewer's Choice Canada Inc.	Canada Canada	100% 50.1%	Family Viewer's Choice Pay-Per-View
<i>Le Chaînes Télé Astral</i>			Canal D Canal Vie VRAK.TV Ztélé
MusiquePlus Inc.	Canada	100%	MusiquePlus MusiMax TV MaxPlus Productions Inc.
Historia & Séries+, S.E.N.C.	Québec	50%	Historia Séries+
TELETOON Canada Inc.	Canada	50%	TELETOON/TÉLÉTOON TELETOON Retro (English)
Astral Media Radio Inc.	Canada	100%	21 FM stations including: Énergie network (10 stations) RADIO RockDétent network (7 stations) Boom fm network (4 stations) Astral Media Radio Interactive
Astral Media Radio Atlantic Inc.	Canada	100%	7 FM stations 1 AM station
Astral Media Radio G.P.	Québec	100%	32 FM stations 21 AM stations
Astral Media Outdoor, L.P.	Québec	100%	Outdoor advertising
Astral Media Outdoor (Toronto), G.P.	Québec	100%	Outdoor advertising (Toronto street furniture program)
Astral Media Plus Inc.	Canada	100%	Astral Media TVPlus Astral Media Mix

Source: Astral Media Inc., *Astral Media Inc. Annual Information Form, Year ended August 31, 2007* (S.I.: Astral Media Inc., November 29, 2007), 11.

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