

*For Immediate Release*

**TRANSCONTINENTAL COMBINES ITS COMMERCIAL PRINTING AND  
DIRECT-MARKETING OPERATIONS IN TORONTO**

Montreal, May 16, 2006 – Transcontinental announced today plans to combine its commercial printing and direct-marketing facilities in the Toronto area. The equipment at Transcontinental O’Keefe Toronto, where the lease was set to expire, will gradually be transferred to the Transcontinental Direct Toronto facility by the end of September.

The management team of Transcontinental’s Marketing Products and Services sector met first with employees at the plants this morning to explain the reasons and timetable for the consolidation. The majority of Transcontinental O’Keefe Toronto’s 50 employees will be transferred to the Transcontinental Direct Toronto facility. Every effort will be made to support the employees given notice today at the two plants – 11 at Transcontinental O’Keefe Toronto and 12 at Transcontinental Direct Toronto, which now has 225 employees. The affected employees will receive severance payments and outplacement counselling exceeding legal requirements.

“Transcontinental has a reputation of being responsible and fair to its employees, and we will live up to this reputation,” said Guy Manuel, president of the Marketing Products and Services sector, to the employees. “I want to stress that this decision in no way reflects the quality of work that you have done here, which is excellent, nor was it an easy one to make. It was made strictly on the basis of a sound business case to keep Transcontinental competitive and thereby protect the maximum number of jobs in the company as a whole.”

The Canadian commercial printing industry – that is brochures, annual reports, posters, etc. – remains highly competitive because of lower demand in certain product categories as well as overcapacity due to the strengthening of the Canadian dollar and low barriers to entry into this market segment.

“While Transcontinental is outperforming in other printing niches,” explained Mr. Manuel, “our commercial printing operations in Ontario required further consolidation to realize similar economies of scale and efficiencies.” Today’s announcement will bring more products and services together under one roof, giving customers the opportunity to choose from a greater variety of communication tools such as direct marketing, database management and more, all while maintaining the excellent service for which Transcontinental is known.

**Profile**

The largest printer in Canada and seventh in North America, Transcontinental is also the country’s leading consumer magazine publisher and second-largest community newspaper publisher. Transcontinental distinguishes itself by creating strategic partnerships that integrate the company into



its customers' value chain, notably through its unique newspaper printing outsourcing model and its value-added services. From mass to highly personalized marketing, the company offers its clients integrated solutions which also include a diverse digital platform and a door-to-door distribution network of advertising material. Transcontinental is a company whose values, including respect, innovation and integrity, are central to its operation.

Transcontinental (TSX: TCL.SV.A, TCL.MV.B) has more than 14,000 employees in Canada, the United States and Mexico, and reported revenues of C\$2.2 billion (US\$1.9 billion) in 2005.

- 30 -

For information:

Media

Jake Brennan  
Media Relations Coordinator  
Transcontinental Inc.  
Telephone: (514) 942-2821  
[jake.brennan@transcontinental.ca](mailto:jake.brennan@transcontinental.ca)  
[www.transcontinental.com](http://www.transcontinental.com)

Financial Community

Stéphane Milot  
Director, Public and Investor Relations  
Transcontinental Inc.  
Telephone: (514) 954-2821  
[stephane.milot@transcontinental.ca](mailto:stephane.milot@transcontinental.ca)