

TRANSCONTINENTAL INTRODUCES RATIONALIZATION MEASURES

Montreal, February 18, 2009 – Transcontinental today announced major rationalization measures to address the recession. Some 1500 jobs are eliminated and substantive cost-cutting measures are being implemented throughout Canada, the United States and Mexico.

In recent weeks the rapid deterioration of the economy has reduced the communication and marketing investments of a number of Transcontinental's customers, significantly affecting some of the Corporation's business niches. Commercial printing projects, direct mail projects and magazine advertising placements have been cancelled or postponed by companies that have been hit by the recession.

"It's a difficult situation for everyone affected, but we are acting in the interests of all of our employees and our shareholders," said François Olivier, President and Chief Executive Officer of Transcontinental. "In the short term, this rationalization comes at a cost, but in the medium term it will protect the Corporation's financial health."

Due to the economic downturn caused by the financial crisis, in November 2008 the Corporation announced that it was consolidating the operations of Transcontinental Direct USA Inc., its U.S. subsidiary. This consolidation, along with a company-wide review of production capacity, the adjustment of costs to demand, the closure of plants and the termination of some publications involves the elimination of 1500 jobs. The employees affected by the cuts will be entitled to severance packages and professional career counselling services.

In addition, as part of the rationalization measures, all of Transcontinental's employees are being asked to do their share. A number of extraordinary initiatives in light of the situations and specific needs of each business group have been implemented. Each budget item and each new project has been reviewed. A hiring freeze has been implemented. Unpaid leave, reduced work weeks and other measures are also being implemented. For their part, the Corporation's senior managers have decided to take two weeks of unpaid leave but to work throughout that period. In total, these measures will cut costs by about \$75 million on an annualized basis, including \$50 million in 2009. Capital investments, except for those assigned to outsourced newspaper printing, have been reduced. "We plan to maintain our prudent balance between our profits, costs, debt and investments," said Mr. Olivier.

Reinventing Transcontinental

In fiscal 2009, Transcontinental plans to continue its transformation by expanding its service offering on the Internet, integrating new marketing services and creating new communication platforms. This



transformation will take place along with the development of its core activities as a publisher and printer.

As François Olivier pointed out, Transcontinental is in an enviable position for maximizing its growth: “We have the customer base, and we already provide those customers with a major portion of their marketing tools. We have the necessary assets and organizational capacities. We have the strategy, the values, the people and the financial solidity to get through the economic crisis and come out of it in a stronger position for growth.”

About Transcontinental

Transcontinental provides printing, publishing and marketing services that deliver exceptional value to its clients and provide a unique, integrated platform for them to reach and retain their target audiences. Transcontinental is the largest printer in Canada and sixth-largest in North America. It is also the country’s leading publisher of consumer magazines and French-language educational resources, its second-largest community newspaper publisher, and its digital platform delivers unique content through more than 120 Web sites. Its Marketing Communications Sector provides advertising services and marketing products using new communications platforms supported by database analytics, premedia, email marketing, and custom communications. Transcontinental is a growing company with a culture of continuous improvement and financial discipline, whose values, including respect, innovation and integrity, are central to its operation. Transcontinental (TSX: TCL.A, TCL.B) operates in Canada, the United States and Mexico, and reported revenues of C\$2.4 billion in 2008. For more information about the Corporation, please visit www.transcontinental.com.

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