NOTICE OF THE ANNUAL SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Special Meeting (the "Meeting") of the holders of Class A Subordinate Voting Shares and of Class B Shares of TRANSCONTINENTAL INC. (the "Corporation") will be held at the Omni Mont-Royal Hotel, 1050 Sherbrooke Street West, Salon des Saisons, Montreal, Quebec, Canada, on Wednesday, March 30, 2005 at 4 p.m. for the following purposes:

1. to receive the Consolidated Financial Statements of the Corporation for the fiscal year ended October 31, 2004 with the Auditor's Report thereon;
2. to elect directors for the ensuing year;
3. to appoint Samson Bélair/Deloitte & Touche s.e.n.c.r.l. as auditor and to authorize the directors to fix its remuneration;
4. to consider and, if deemed appropriate, to adopt, with or without any change, the resolutions as set forth in their entirety in Schedule A to the accompanying Management Proxy Circular amending Transcontinental Inc.'s Stock Option Plan;
5. to transact such other business as may properly be brought before the Meeting.

A copy of the Annual Report, the Consolidated Financial Statements and the Auditor's Report accompany this notice. The specific details of all matters proposed to be put before the Meeting are set forth in the Management Proxy Circular attached hereto.

The directors have by resolution fixed the close of business on February 23, 2005 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting.

Shareholders who are unable to attend the Meeting are entitled to be represented by proxy and are requested to date, sign and return the enclosed form of proxy in the envelope provided for that purpose or, alternatively, to vote by telephone, or over the internet or in person at their discretion, the whole in accordance with the enclosed instructions.

By order of the Board of Directors,

Hélène Lévesque

Hélène Lévesque
Vice President, Legal Affairs
and Corporate Secretary

Dated at Montreal, this 1st day of February, 2005

TRANSCONTINENTAL INC.
MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

This Management Proxy Circular is furnished in connection with the solicitation of proxies for use at the Annual Special Meeting of Shareholders (the "Meeting") of Transcontinental Inc. (the "Corporation") to be held on Wednesday, March 30, 2005 at the place and time and for the purposes set forth in the notice of such Meeting. Unless otherwise specified, the information herein contained is given as of February 1, 2005.

The record date to determine the shareholders entitled to receive notice of the Meeting has been established as February 23, 2005. In order to be entitled to vote, a holder of Class A Subordinate Voting Shares or of Class B Shares who has acquired his shares after this date must, at least ten (10) days before the Meeting, request that the Corporation enter his name on the list of shareholders entitled to vote.

PROXIES IN THE ENCLOSED FORM ARE SOLICITED BY MANAGEMENT and the cost of printing and mailing same will be borne by the Corporation. In addition to the solicitation of proxies by mail, proxies may be solicited personally by telephone or fax machine by officers and employees of the Corporation who will receive no compensation therefor in addition to their regular remuneration. The cost of any such solicitation is expected to be nominal and will be borne by the Corporation. The Corporation may also reimburse brokers and other persons holding shares in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies. Such costs are expected to be nominal and will be borne by the Corporation.

REVOCATION OF PROXIES

A shareholder giving a proxy pursuant to this solicitation may revoke any such proxy by instrument in writing executed by the shareholder or by his representative authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or representative thereof duly authorized, and deposited either at the registered office of the Corporation at 1 Place Ville Marie, Suite 3315, Montreal, Quebec, H3B 3N2 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or, as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy, by depositing such instrument with the Chairman of the Meeting at the Meeting or any adjournment thereof. A shareholder may also revoke the proxy in any other manner permitted by law.

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are officers or directors of the Corporation. **EACH SHAREHOLDER IS ENTITLED TO APPOINT A PERSON OTHER THAN THE INDIVIDUALS NAMED IN THE FORM OF PROXY ENCLOSED TO REPRESENT THE SHAREHOLDER AT THE MEETING**.

A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him at the Meeting may do so either by striking out the names set forth in the form of proxy and by inserting such person's name in the blank space provided therein or by completing another proper form of proxy, and, in either case, sending the completed proxy to the Secretary of the Corporation, c/o CIBC Mellon Trust Company, 200 Queen's Quay East, Unit 6, Toronto, Ontario, M5A 4K9, for delivery before 4 p.m. on March 28, 2005, or by giving it to the Chairman at the Meeting.

EXERCISE OF DISCRETION CONFERRED BY PROXY

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the directions of the shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES WILL BE VOTED: (1) FOR THE ELECTION OF DIRECTORS FOR THE COMING YEAR; (2) FOR THE APPOINTMENT OF SAMSON BÉLAIR/DELOITTE & TOUCHE S.E.N.C.R.L. AS AUDITOR AND THE AUTHORIZATION OF THE DIRECTORS TO FIX ITS REMUNERATION AND (3) FOR THE AMENDMENTS TO TRANSCONTINENTAL INC.'S STOCK OPTION PLAN.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice of the Meeting and with respect to such other matters as may properly come before the Meeting. At the date hereof, the management of the Corporation knows of no such amendments or other matters that may be raised at the Meeting. Should any amendment or other matter properly come before the Meeting, the persons named in the enclosed form of proxy would vote in accordance with their best judgment.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The only voting shares of the Corporation currently issued and outstanding are the Class A Subordinate Voting Shares and Class B Shares. There are presently 71,179,860 Class A Subordinate Voting Shares and 17,760,591 Class B Shares outstanding. These shares carry one (1) and twenty (20) votes per share respectively. Each holder of Class A Subordinate Voting Shares is entitled to cast one (1) vote for each share registered in his name at the close of business on February 23, 2005, the date fixed by the Board of Directors for determining the registered shareholders entitled to receive the Notice attached hereto. Each holder of Class B Shares is entitled to cast twenty (20) votes for each share registered in his name at the close of business on February 23, 2005, the date fixed by the Board of Directors for determining the registered shareholders entitled to receive the Notice attached hereto.

The Articles of the Corporation provide that if an Offer, as defined in the Articles of the Corporation, is made, each Class A Subordinate Voting Share, the holder of which has indicated at any time during the Period of Participation his intention to take part in the Offer and has not subsequently exercised his right to withdraw within the prescribed period, shall be deemed to be converted into one (1) Class B Share on the last Business Day prior to the Effective Date of the Offer. This conversion is subject however to the preliminary condition that a sufficient number of shares be taken up and paid for by the Offeror under the Offer so as to cause the Majority Group, as defined in the Articles of the Corporation, to cease to be, as a result thereof, the Majority Group.

Each Class B Share may, at any time, at the holder's option, be converted into one (1) fully-paid Class A Subordinate Voting Share.

To the knowledge of management, the only persons who owned, directly or indirectly, or exercised control or direction over more than 10% of the outstanding voting shares of either class, as of February 1, 2005, were:

Name	Number of Class A Subordinate Voting Shares / % of Outstanding Shares of this Class of Security	Number of Class B Shares / % of Outstanding Shares of this Class of Security	Percentage of Outstanding Shares
Capinabel [(1)]	Nil	13,209,840/74.38%	14.85%
Mackenzie Financial Corporation[(2)]	10,133,232/14.24%	-	-

(1) All outstanding shares of Capinabel Inc. are beneficially owned directly and indirectly by Mr. Rémi Marcoux and members of his immediate family. Capinabel Inc. is a holding company controlled directly by Mr. Rémi Marcoux. These shares represent 61.96% of the voting rights carried by the outstanding equity shares of the Corporation.

(2) These shares are held in various accounts managed by Mackenzie Financial corporation ("Mackenzie"). Mackenzie acquired the shares in the ordinary course of business and not with the purpose or effect of changing or influencing control of Transcontinental Inc.

ELECTION OF DIRECTORS

The Corporate Governance Committee of the Corporation proposes the election, at the Meeting, of thirteen (13) directors, each to remain in office until the following Annual Meeting of Shareholders or until the election or appointment of his or her successor.

Unless otherwise specified by the shareholder, the shares represented by the proxy enclosed herewith will be voted FOR the election of the persons hereinafter named, each of whom will be proposed as nominee for election as director.

The name of the individuals nominated for election as directors of the Corporation, their place of residence, their principal occupation, the period during which they have exercised their mandate, the number of Class A Subordinate Voting Shares and Class B Shares of the Corporation that they owned beneficially or over which they exercised control or direction, as well as the number of deferred share units held, as of February 1, 2005, are indicated below. For the sake of convenience, the number of deferred share units is rounded off to the lower unit number when the decimal amount is less than 0.5 and to the higher unit number when it is 0.5 and above.

Name		Principal Occupation	Director Since	Number of Class A Subordinate Voting Shares	Number of Class B Shares	Number of Deferred Shares Units[1]
Lucien Bouchard Montreal, Quebec	≤	Partner Davies Ward Phillips & Vineberg, L.L.P. (law firm)	2001	1,128	Nil	3,953
Pierre Brunet Montreal, Quebec	∇	Director of corporations	1984	Nil	1,400	2,326
Robert Chevrier Montreal, Quebec	❍	President Société de gestion Roche Inc. (management company)	2001	8,000	Nil	4,208
J.V. Raymond Cyr Montreal, Quebec	∇	Chairman of the Board Polyvalor Inc. (telecommunications)	1997	6,000	Nil	3,974
Luc Desjardins Montreal, Quebec		President and Chief Executive Officer of the Corporation	2000	5,100	Nil	Nil
Claude Dubois Montreal, Quebec	≤	President Gestion Phila Inc. (management company)	1978	142,572 [2]	4,000 [2]	3,832
Richard Fortin Longueuil, Quebec	❍	Executive Vice President and Chief Financial Officer Alimentation Couche-Tard Inc. (distribution – convenience stores)	2004	1,000	Nil	1,269
Harold P. Gordon, Q.C. Sunny Isles, Florida, USA	∇	Chairman of the Board Dundee Corporation (financial services – investment corporations and funds)	1993	Nil	1,000	3,942
Hubert T. Lacroix Montreal, Quebec	❍ ∇	Special Advisor to Entreprises Télémédia Inc. and Stikeman Elliott, LLP (private management company and law firm)	2000	4,000	Nil	4,994

Name		Principal Occupation	Director Since	Number of Class A Subordinate Voting Shares	Number of Class B Shares	Number of Deferred Shares Units[1]
Monique Lefebvre Montreal, Quebec	≤	Director of corporations and business coaching consultant	2000	1,000	Nil	2,874
Isabelle Marcoux Montreal, Quebec		Vice President, Corporate Development of the Corporation	-	Nil	Nil	Nil
Pierre Marcoux Montreal, Quebec		Joint publisher and Editor in Chief, *Les Affaires*, Transcontinental Media G.P.	-	Nil	Nil	Nil
Rémi Marcoux Montreal, Quebec		Executive Chairman of the Board of the Corporation	1978	Nil	13,209,840 [3]	Nil

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❍ Member of the Audit Committee of the Board of Directors.
∇ Member of the Human Resources and Compensation Committee of the Board of Directors.

≤ Member of the Corporate Governance Committee of the Board of Directors.
(1) For more detailed information, see "Deferred Share Unit Plan".
(2) Of which 137,572 Class A Subordinate Voting Shares and 4,000 Class B Shares are held by Gestion Phila Inc., a management company controlled by Mr. Claude Dubois.
(3) These Class B Shares are held by Capinabel Inc., a holding company controlled directly by Mr. Rémi Marcoux. All outstanding shares of Capinabel Inc. are beneficially owned directly and indirectly by Mr. Rémi Marcoux and members of his immediate family. These shares represent 61.96% of the voting rights carried by the outstanding equity shares of the Corporation. Mrs. Isabelle Marcoux and Mr. Pierre Marcoux are members of Mr. Rémi Marcoux's immediate family.

The individuals nominated by management for election as directors of the Corporation who have not occupied their current principal occupation for more than five (5) years have had the following principal occupations during the last five (5) years:

Mr. Lucien Bouchard became a partner of Davies Ward Phillips & Vineberg L.L.P. on April 1, 2001. Before that date, he was Prime Minister of Quebec, an office which he held since January 29, 1996;

Mr. Pierre Brunet is a director of various corporations and he has held the position of lead director of the Corporation since December 10, 2003. Mr. Brunet has held the position of Chairman of the Board of the Canadian Institute of Chartered Accountants from June 2002 to June 2004. Before that date, he was Vice Chairman of the Board of National Bank of Canada from November 2000 to June 2002. Prior thereto, he was President and Chief Executive Officer of National Bank Financial Inc.;

Mr. Robert Chevrier is currently President of Société de gestion Roche Inc. He took up that position on March 31, 2001. Before such date and since November 1993, he had been Chairman of the Board and Chief Executive Officer of Rexel Canada Inc. (formerly Westburne Inc.);

Mr. Luc Desjardins became President and Chief Executive Officer of the Corporation on March 24, 2004. Before that date and since May 2000, he held the positions of President and Chief Operating Officer. Before that date, he successively held the positions of President and Chief Executive Officer of Supremex Canada and Mail-Well U.S.A. over a period of nine (9) years;

Mr. Richard Fortin joined Alimentation Couche-Tard Inc. in 1984 and is currently Executive Vice President and Chief Financial Officer, a position he has held for more than five (5) years;

Mr. Harold P. Gordon became Chairman of the Board of Dundee Corporation on November 15, 2001. Before such date, he had been Vice Chairman of the Board of Hasbro, Inc. from February 1995 to May 2002;

Mr. Hubert T. Lacroix acts as special advisor to Entreprises Télémédia Inc. (a private management company) and to Stikeman Elliot LLP (a Canadian law firm) since June 2003. He also teaches at the Law Faculty of the University of Montreal, holding the position of guest professor. From January 1, 2000 to June 1, 2003, Mr. Lacroix was Chairman of the Board of Directors of Télémédia Corporation Inc. (a private communications and telecommunications corporation).

Ms. Monique Lefebvre is a corporate director and a business coaching consultant. Ms. Lefebvre held the position of Chairperson of the Transition Committee for the new City of Montreal from January 2001 to February 2002. Prior thereto, she successively held the positions of Vice Rector for teaching and research at UQÀM, President and General Manager of the Centre de recherche informatique de Montréal, President of Quebecor Multimédia Inc. and Vice President, Quebec and the Atlantic Provinces with Eriksson Canada Inc.

Ms. Isabelle Marcoux became Vice President, Corporate Development of the Corporation on March 24, 2004. From September 2001 to March 2004, she held the position of Manager of Acquisitions Management of the Corporation. Before that date, she served as a legal counsel for the Corporation from 1998.

Mr. Pierre Marcoux is the joint publisher and Editor in Chief of the newspaper *Les Affaires* for Transcontinental Media G.P. since 2004. Before that date, he held the position of Director of Business Development for economic publications from 2003 to 2004, of Assistant Editor in Chief of *Les Affaires* from 2002 to 2003, of Director of the investment section of *Les Affaires* from 2001 to 2002 and of journalist for *Les Affaires* from 2000 to 2001.

Mr. Rémi Marcoux holds the position of Executive Chairman of the Board of the Corporation since March 24, 2004. Before that date, he held the positions of Chairman of the Board, President and Chief Executive Officer and of President and Chief Executive Officer of the Corporation.

REMUNERATION AND ATTENDANCE OF DIRECTORS

The following table presents, for the fiscal year ended October 31, 2004, the total remuneration paid by the Corporation or its subsidiaries to directors other than executive officers.

	Number of Beneficiaries	Cash Remuneration	Deferred Share Unit Remuneration
Other Directors	10 [(1)]	$19,390	$337,191

(1) Ms. Gail Cook Bennett was a director from November 1, 2003 to March 24, 2004. She chose not to renew her candidacy. The remuneration paid to this director is reflected in the total indicated in the table.

Each director of the Corporation who is not an executive officer and is not an employee of the Corporation or of any of its subsidiaries receives the director's remuneration. As such, a director receives from the Corporation an annual fee of $20,000 and an attendance fee of $1,200 for each meeting of the Board of Directors that he attends unless he attends by telephone, in which case he receives $1,000.

Each director who is also a member of a committee of the Board of Directors receives additional annual fees of $3,000 and an attendance fee of $1,200 for each meeting of the committee of the Board of Directors that he attends unless he attends by telephone, in which case he receives $1,000.

The chairman of the Corporate Governance Committee and the chairman of the Human Resources and Compensation Committee each receive additional annual fees of $3,000. The chairman of the Audit Committee receives additional annual fees of $5,000.

The Corporation paid consulting fees of $125,000 to Gestion Phila Inc. for services rendered until the end of March 2004 when the consulting contract expired. Mr. Claude Dubois, a director of the Corporation, controls Gestion Phila Inc.

The total attendance record of directors at the meetings of the Board of Directors was 98.5%. The attendance record at the meetings was 100% for the Audit Committee, 95% for the Human Resources and Compensation Committee and 100% for the Corporate Governance Committee.

Other Public Corporations Where Directors of the Corporation Sit as Members of the Board of Directors

Director	Name of Corporation
Lucien Bouchard	Saputo Inc.
	Group BMTC Inc.

Director	Name of Corporation
Pierre Brunet	Metro Inc.
	Russell Metals Inc.
Robert Chevrier	Bank of Montreal
	Richelieu Hardware Ltd.
	CGI Group Inc.
	Cascades Inc.
	Capital Inc.
J.V. Raymond Cyr	Canadian National Railway
	SR Telecom Inc.
	ART Advanced Research Technologies Inc.
	IsacSoft
Harold P. Gordon, Q.C.	Dundee Corporation
	Alliance Atlantis Communications Inc.
	Sonomax Hearing Healthcare Inc.
	Dorel Industries Inc.
Richard Fortin	Alimentation Couche-Tard Inc.
Hubert T. Lacroix	Zarlink Semiconductor Inc.
	SFK Pulp Fund
	ITS Investments Limited Partnership
Monique Lefebvre	Theratechnologies Inc.
	Groupe Contact Image
Rémi Marcoux	Canadian Tire Corporation Limited

Deferred Share Unit Plan for Directors

In March 2002, the Corporation implemented a deferred share unit plan with the express purpose of granting its directors share units of the Corporation in order to motivate director involvement in the growth and development of the Corporation and to help the Corporation attract and retain experienced and competent directors. The Corporation's Human Resources and Compensation Committee designated the outside directors who receive from the Corporation the level of compensation that makes them eligible for this Deferred Share Unit Plan. A participating director is not entitled to receive his cash payment representing the value of these units until the date he ceases being a director. At the latest on January 1, 2006, each director should hold shares or deferred share units equal to at least three times his annual aggregate remuneration.

Percentage of the Remuneration of Directors Received in Cash or in Deferred Share Units

Director	Cash	Deferred Share Units
Lucien Bouchard	Nil	100%
Pierre Brunet	Nil	100%
Robert Chevrier	Nil	100%
J.V. Raymond Cyr	Nil	100%
Luc Desjardins	Nil	Nil
Claude Dubois	Nil	100%
Richard Fortin	Nil	100%

Harold P. Gordan, Q.C.	Nil	100%
Hubert T. Lacroix	Nil	100%
Monique Lefebvre	Nil	100%
Rémi Marcoux	Nil	Nil

REMUNERATION OF EXECUTIVE OFFICERS

The following table presents the remuneration of the President and Chief Executive Officer, the Vice President and Chief Financial Officer and the three (3) most highly compensated executive officers of the Corporation for each of the last three (3) fiscal years ended on October 31, 2004.

Name and principal position	Fiscal Year	Salary ($)	Bonus ($) [(1)]	Number of Securities Under Option Granted [(2)]
Rémi Marcoux	2003-2004	625,038	315,000	41,000
Executive Chairman of the Board	2002-2003	591,923	300,000	42,000
	2001-2002	547,115	481,250	70,800
Luc Desjardins	2003-2004	584,250	315,000	128,200
President and Chief Executive Officer	2002-2003	490,154	198,000	79,600
	2001-2002	461,373	425,500	49,800
Daniel Denault	2003-2004	338,346	102,000	15,000
Vice President and Chief Financial Officer	2002-2003	328,385	99,000	16,200
	2001-2002	279,600	173,811	21,600
Guy Manuel	2003-2004	347,519	157,500	25,000
President, Marketing Products Printing Sector	2002-2003	244,808	107,410	20,000
	2001-2002	Nil	Nil	Nil
Serge Bragdon	2003-2004	309,512	180,380	20,000
President, Information Products Printing Sector	2002-2003	300,869	115,515	15,000
	2001-2002	276,085	46,356	23,400

(1) Bonuses are paid in cash during the year following the year in which they were earned.
(2) Class A Subordinate Voting Shares.

OPTIONS GRANTED TO EXECUTIVE OFFICERS DURING FISCAL 2004

The following table presents the number of options granted under the Stock Option Plan of Transcontinental Inc. (the ”Plan”) for the fiscal year ended on October 31, 2004. The principal terms and conditions of the Plan are set out later in this Circular.

Name	Number of Securities Under Option [(1)]	% of Total Number of Options Granted During the Fiscal Year	Exercise Price ($/Security)	Average Trading Price of Securities Under Option Five Days Prior to the Grant [(4)] ($/Security)	Expiration Date D/M/Y
Rémi Marcoux	41,000	8.48%	21.97	21.97	09/12/2013
Luc Desjardins	28,200	26.50%	21.97	21.97	09/12/2013
	100,000[(2)]		24.01	24.01	09/06/2014
Daniel Denault	15,000	3.10%	21.97	21.97	09/12/2013
Guy Manuel	25,000	5.17%	21.97	21.07	09/12/2013
Serge Bragdon	20,000	4.13%	21.97	21.97	09/12/2013

(1) The options granted pursuant to the Plan apply to Class A Subordinate Voting Shares and shall terminate ten (10) years subsequent to the granting thereof. Options are normally exercisable at a rate of 20% per year as of the first anniversary of their grant.

(2) Special grant with respect to the nomination of Mr. Luc Desjardins as President and Chief Executive Officer.

AGGREGATE OPTIONS EXERCISED BY EXECUTIVE OFFICERS DURING FISCAL 2004 AND YEAR-END OPTION VALUES

The following table indicates for each designated officer of the Corporation, the member of options vested, the gain realized when the option is exercised, the total number of non-vested stock options and the value of unexercised options as at October 31, 2004.

Name	Number of Securities Vested on Exercise (1)	Realized Gain ($) (2)	Total Number of Unexercised Options at Year-End (Exercisable/Unexercisable)	Total Realizable Value of Unexercised Options at Year-End (Exercisable/Unexercisable) ($) (3)
Rémi Marcoux	Nil	Nil	149,154 / 177,908	2,096,209 / 1,689,121
Luc Desjardins	Nil	Nil	231,360 / 285,440	3,320,575 / 1,700,012
Daniel Denault	Nil	Nil	21,438 / 61,924	269,390 / 568,741
Guy Manuel	Nil	Nil	4,000 / 41,000	25,040 / 152,410
Serge Bragdon	20,000	328,770	26,924 / 68,598	349,175 / 612,286

(1) Class A Subordinate Voting Shares.

(2) The realized gain at the time the options are exercised is the difference between the closing price of the Class A Subordinate Voting Shares on the Toronto Stock Exchange on the exercise date and the exercise price of the option.

(3) The total realizable value of unexercised options is the difference between the exercise price of the option and the closing price of the Class A Subordinate Voting Shares on the Toronto Stock Exchange on October 29, 2004, the last business day of the fiscal year, which closing price was $24.06 per share. Any gain realized at the time the option is exercised will depend on the closing price of the Class A Subordinate Voting Shares on the exercise date. There is no assurance that any gains will be realized.

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE ON THE COMPENSATION OF EXECUTIVE OFFICERS

Compensation Guidelines

Within the Corporation, remuneration plays an important role in attracting and retaining key employees of the management team.

Plans and programs are designed so as to constitute adequate reward for services and incentive for the management team to implement both short-term and long-term strategies aimed at increasing share value and creating economic value.

The purpose of the remuneration is also to reward, both materially and competitively, members of the management team who made a significant contribution to the achievement of the Corporation's long-term objectives.

Remuneration potential as well as the allocation of various remuneration components have been established in order to compete with remuneration practices of rival corporations and even exceed such practices based on the level of success achieved.

The performance and incremental remuneration of the executive officers are assessed on the basis of successful achievement of financial objectives fixed when the Corporation's budget is adopted.

For purposes of establishing its remuneration levels, the Corporation compares itself with a variety of large Canadian industrial corporations in order to identify remuneration practices and remuneration levels appropriate for the Corporation. The information contained in the databases to which the Corporation has access are updated regularly by the Human Resources and Compensation Committee to ensure that it has a proper understanding of remuneration trends as well as the relevance of any programs in effect. The Corporation aims at establishing the total remuneration of its executives based on the average of the selected market's practices.

Compensation Components

Each remuneration component - basic salary, annual incentives, options and share units - plays a specific role in support of remuneration based on performance and is established in order to reinforce the expectations of the Corporation with respect to the position and the person holding it.

Basic salary is the remuneration for performing duties related to a given position and reflects the holder's expected performance over the long term. Annual salary adjustments take into account both present and past performance. Salary levels for equivalent positions are also used as reference points.

Annual incentives serve to acknowledge and reward the success and efforts during a given year. Levels are established on a quantitative basis. In 2004, the principal basis for financial performance was earnings per share for executives based at the head office and sector profitability combined with earnings per share for executives in charge of the Corporation's operating sectors.

Stock Option Plan

The Corporation believes that it is important to base a portion of the remuneration paid to its senior executives on the long-term success of the Corporation, as measured by the increase in the value of its shares. The Plan has the following principal features:

(i) the executive officers, senior executives and certain managers recognized for their strategic contribution and identified by the Human Resources and Compensation Committee as having a significant influence on the Corporation's long-term results are eligible to participate in the Plan;

(ii) the total number of shares issuable following the exercise of any options to be granted under the Plan shall be 3,078,562 Class A Subordinate Voting Shares, which number accounted for 4.33% of the outstanding Class A Subordinate Voting Shares and 0.72% of the voting rights carried by the Corporation's outstanding equity shares;

(iii) the maximum number of Class A Subordinate Voting Shares that may be subject to options granted in favour of any one participant may not exceed 5% of the total number of Class A Subordinate Voting Shares issued and outstanding of the Corporation;

(iv) the Human Resources and Compensation Committee is responsible for administering the Plan and thus for fixing the date of the grants as well as the number of options to be granted;

(v) the price at which stock options may be granted may not, under any circumstance, be less than the average weighted trading price of the shares on the Toronto Stock Exchange for the five (5) business days immediately preceding the date the options are granted;

(vi) options granted under the Plan are for Class A Subordinate Voting Shares and shall terminate ten (10) years after the granting thereof. Options are normally exercisable at a rate of 20% per year as of the first anniversary of their grant; and

(vii) options shall be exercised only according to the manner, and at the dates specified at the time of the grant.

It should be noted that a proposed modification to the Plan, including amending the exercise schedule and the term of the options as well as increasing the number of reserved shares, is the subject of two proposals to be presented to shareholders for consideration and approval at the Meeting. In order to better align the Stock Option Plan with the Corporation's strategic planning cycle and to reduce the effects of dilution, the Corporation proposes to reduce the term of the options from its initial term of ten (10) years to seven (7) years. As a result of the reduction in term, the exercise schedule would be reduced from five (5) to four (4) years. In general, institutional investors recommend an exercise schedule that is at least equal to 40% of the term of the options, which would be the case here.

Shareholders can obtain a copy of Transcontinental Inc.'s Stock Option Plan free of charge by calling the Corporate Secretary at (514) 954-4000.

Share Unit Plan

The Share Unit Plan was approved by the Board of Directors of the Corporation on January 18, 2005. The goal of this plan is the same as the Stock Option Plan without any dilution for the shareholders of the Corporation.

The Corporation implemented the Share Unit Plan (the "Share Unit Plan") in order to grant share units to various officers, executive officers and highly qualified officers in recognition of their contribution to, and their involvement in the long-term results of the Corporation. As of February 1, 2005, the Share Unit Plan had only one participant.

The Human Resources and Compensation Committee of the Corporation is in charge of making recommendations to the Board of Directors with respect to the participants in the Share Unit Plan and for its administration. The Board of Directors will establish the terms and conditions of the grant, the type of units granted, namely deferred share units ("DSU") or restricted share units ("RSU"), the date of the grant and the vesting conditions of the rights as well as the performance goals.

The number of share units granted will be established by the Board of Directors based on the weighted average of share transactions on the Toronto Stock Exchange for the five (5) trading days immediately preceding the date of the grant (the "Market Value").

The Share Unit Plan is non-dilutive. With respect to their share units, participants will receive, as of the date of conversion (with respect to DSUs) and as of the date of acquisition (with respect to RSUs), a value equal to the Market Value at the date of acquisition in the case of an RSU, or equal to the Market Value at the date of conversion in the case of a DSU. The Board of Directors will determine, at the time of acquisition or conversion, if the payment will be made in shares traded on the market or in cash.

Insider Policy

In 1992, the Corporation adopted a policy to ensure compliance with the securities legislation regarding actions that could be taken by directors, officers, employees or any other person having privileged information regarding securities issued by the Corporation or that are outstanding on the market. This policy was updated and the revised policy has been in effect since January 18, 2004. On a quarterly basis, the Corporation reminds its insiders that all trades must be reported to the competent authorities within ten (10) days of any transaction and that failure to do so could lead to penalties. In addition, the Corporation has established a rule whereby insiders can only trade on the Corporation's securities during a period of thirty (30) days starting two (2) business days after the publication of the annual and quarterly financial reports. The policy expressly provides that an insider cannot carry out any trades if he or she has knowledge of a material fact, the disclosure of which could affect a change in the share price.

Remuneration of the President and Chief Executive Officer

In December 2004, the Committee studied and evaluated the compensation offered to the President and Chief Executive Officer in order to make a recommendation to the Board of Directors regarding all of the various components of his remuneration. To this end, the Committee members retained the services of an external consulting firm whose mandate was to carry out a study of the compensation offered for a similar position within similar corporations and to recommend to the Committee any changes deemed advisable to the President and Chief Executive Officer's employment contract in order to ensure that his remuneration remains at a competitive level within the market.

Pursuant to this new contract duly approved by the Board of Directors effective January 1, 2005, his basic salary which is fixed to the median of the market benchmark is revised on January 1 of each year.

A financial goal is specified at the beginning of each fiscal year by the Committee, and thereafter the Corporation's performance is regularly followed with respect to such goal. The annual bonus, expressed as a percentage of the President and Chief Executive Officer's basic salary, amounts to 60% provided that the Corporation's goal regarding financial performance on a per share basis is fully achieved. The bonus increases in proportion to the amount by which the above-mentioned goal is exceeded up to a maximum of 120% of his basic salary.

Options are granted pursuant to the terms and conditions of the Stock Option Plan and the career plan established by the members of the Corporation's Human Resources and Compensation Committee.

The President and Chief Executive Officer also participates in the new Share Unit Plan, the number of units having been established by the Human Resources and Compensation Committee and approved by the Board of Directors. For fiscal 2005, the share units granted pursuant to this plan will only be vested if the total yield for the Corporation's shareholders, after a three-year period, is comparable or higher than the yield of the companies comprising the industrial sector of the TSX Index. No share units will be vested if Transcontinental's yield is less than the yield of the fortieth percentile of the comparison group. However, 75% of share units will be vested in the event of a median yield and 100% if the yield is in the seventy-fifth percentile or higher. Ownership rules have been introduced whereby the President and Chief Executive Officer must hold, by March 23, 2009, the equivalent of three times his base annual compensation in vested share units or in shares of the

Corporation. The other terms and conditions of the employment contract are similar to those of the employment contracts entered into with other officers of the Corporation.

Conclusion

According to the compensation policy established by management, a major portion of the remuneration paid to officers is based on the performance of the Corporation as well as its operating sectors and the executives concerned. The Human Resources and Compensation Committee reviews the compensation programs for officers on a regular basis to ensure that they remain competitive and are in keeping with the goals as well as the values and commercial strategies of the Corporation.

When the circumstances warrant it, the Human Resources and Compensation Committee may recommend job requirements that deviate from current policies, as well as the execution, by the Corporation or its subsidiaries, of specific employment contracts.

The Human Resources and Compensation Committee composed entirely of unrelated directors:

Pierre Brunet, Chairman   J.V. Raymond Cyr   Harold P. Gordon, Q.C.   Hubert T. Lacroix

PENSION PLAN

Officers of the Corporation benefit from a pension plan and Messrs. Marcoux, Desjardins, Denault and Bragdon contribute to an individual supplementary retirement plan. Basic annual estimated benefits payable on retirement are shown on the first line while total annual estimated benefits, including supplementary plans, are indicated on the second line of the following tables.

Individual Supplementary Retirement Plans for Messrs. Denault and Bragdon

YEARS OF SERVICE

Remuneration ($)(1)(2)	15	20	25	30	35
150,000	38,250	51,000	63,750	76,500	89,250
	38,250	51,000	63,750	76,500	89,250
200,000	51,000	68,000	85,000	102,000	119,000
	51,000	68,000	85,000	102,000	119,000
250,000	51,293	68,391	85,489	102,587	119,684
	63,750	85,000	106,250	127,500	148,750
300,000	51,293	68,391	85,489	102,587	119,684
	76,500	102,000	127,500	153,000	178,500
400,000 and higher	51,293	68,391	85,489	102,587	119,684
	102,000	136,000	170,000	204,000	238,000

(1) Salary for purposes of the pension plans includes the basic salary paid by the Corporation, excluding special payments and bonuses up to a maximum of $201,150 as at January 1, 2005, or $400,000 in the case of the supplementary pension plan. Normal retirement age is 65. However, employees may retire as early as 62 and still be entitled to a full pension. The normal method of payment regarding the pension of a participant with a spouse consists of a lifetime annuity and a 60% survivorship pension to the spouse. If a participant does not have a spouse, the pension is paid for life, subject to a ten (10) year guarantee period. Pensions (with the exception of the payable portion of the supplementary pension plan) are subject to an annual adjustment during retirement based on 75% of the increase in the Consumer Price Index, less 1%, subject to a minimum annual adjustment of 0% and a maximum annual adjustment of 6.5%.

(2)

Name	Salary for Purposes of the Plan (as of January 1, 2005)	Years of Service Deducted (as of January 1, 2005)	Projected Years of Service Deducted (on retirement)
Daniel Denault	$350,000	6.58	19.00

Serge Bragdon	$325,000	6.75	11.67

Individual Supplementary Retirement Plans for Mr. Desjardins

YEARS OF SERVICE

Remuneration ($)(1)(2)	15	20	25	30	35
300,000	51,293	68,391	85,489	102,587	119,684
	90,000	120,000	150,000	180,000	210,000
400,000	51,293	68,391	85,489	102,587	119,684
	120,000	160,000	200,000	240,000	280,000
500,000	51,293	68,391	85,489	102,587	119,684
	150,000	200,000	250,000	300,000	350,000
600,000	51,293	68,391	85,489	102,587	119,684
	180,000	240,000	300,000	360,000	420,000
700,000	51,293	68,391	85,489	102,587	119,684
	210,000	280,000	350,000	420,000	490,000

(1) Salary for purposes of the supplementary pension plan includes the basic salary paid by the Corporation, excluding special payments and bonuses. Normal retirement age is 65. However, employees may retire as early as 62 and still be entitled to a full pension. The normal method of payment regarding the pension of a participant with a spouse consists of a lifetime annuity and a 60% survivorship pension to the spouse. If a participant does not have a spouse, the pension is paid for life, subject to a ten (10) year guarantee period. Pensions (with the exception of the payable portion of the supplementary pension plan) are subject to an annual adjustment during retirement based on 75% of the increase in the Consumer Price Index, less 1%, subject to a minimum annual adjustment of 0% and a maximum annual adjustment of 6.5%.

(2)

Name	Salary for Purposes of the Plan (as of January 1, 2005)	Years of Service Deducted (as of January 1, 2005)	Projected Years of Service Deducted (on retirement)
Luc Desjardins	$661,000	4.58	13.83

Individual Supplementary Retirement Plans for Mr. Marcoux

YEARS OF SERVICE

Remuneration ($)[(1)(2)]	**25**	**30**	**35**
300,000	85,489	102,587	119,684
	500,000	500,000	500,000
400,000	85,489	102,587	119,684
	500,000	500,000	500,000
500,000	85,489	102,587	119,684
	500,000	500,000	500,000
600,000	85,489	102,587	119,684
	500,000	500,000	500,000
700,000	85,489	102,587	119,684
	500,000	500,000	500,000

(1) Salary for purposes of the supplementary pension plan includes the basic salary paid by the Corporation, excluding special payments and bonuses. Normal retirement age is 65. However, employees may retire as early as 62 and still be entitled to a full pension. The normal method of payment regarding the pension of a participant with a spouse consists of a lifetime annuity and a 60% survivorship pension to the spouse. If a participant does not have a spouse, the pension is paid for life, subject to a ten (10) year guarantee period. Pensions (with the exception of the payable portion of the supplementary pension plan) are subject to an annual adjustment during retirement based on 75% of the increase in the Consumer Price Index, less 1%, subject to a minimum annual adjustment of 0% and a maximum annual adjustment of 6.5%.

(2)

Name	**Salary for Purposes of the Plan** (as of January 1, 2005)	**Years of Service Deducted** (as of January 1, 2005)	**Projected Years of Service Deducted** (on retirement)
Rémi Marcoux	$630,000	29.00	33.58

INDEBTEDNESS OF DIRECTORS OR OFFICERS

The Corporation has not granted any loans to any of its directors or officers.

EMPLOYMENT CONTRACTS AND TERMS AND CONDITIONS OF TERMINATION OF EMPLOYMENT

Generally, the officers of the Corporation or its subsidiaries do not have employment contracts. However, employment proposals made to external candidates or resulting from certain acquisitions carried out by the Corporation contain specific terms and conditions in case of termination of employment, which provide for the payment of indemnities the amount of which can vary from one (1) to two (2) times their basic annual salary.

EMPLOYMENT CONTRACT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr. Luc Desjardins' employment contract is described under the heading "Remuneration of the President and Chief Executive Officer" in the section entitled "Report of the Human Resources and Compensation Committee on the Compensation of Executive Officers".

In the event that the Corporation terminates the employment of Mr. Luc Desjardins, other than for just and sufficient cause, the Corporation will pay monetary compensation in an amount equal to two (2) years of basic salary and one (1) year of performance bonuses earned during the last complete year. Any options held and that would vest according to the terms and conditions of the Stock Option Plan within twelve (12) months after the last day of work will be subject to accelerated vesting and may thus be exercised immediately.

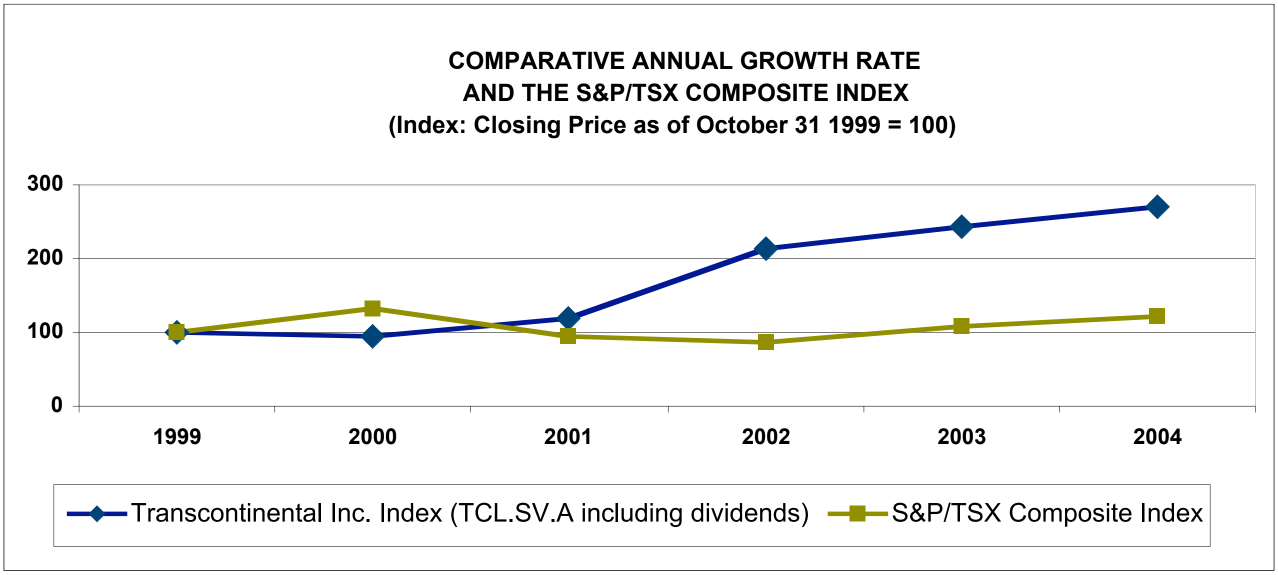
STOCK PERFORMANCE

The following graph illustrates the total cumulative yield of a $100 investment in the shares of the Corporation made on October 31, 1999 compared with the cumulative performance of the S&P/TSX Composite Index on the Toronto Stock Exchange for the last five (5) fiscal years.

Compounded Annual Growth Rate

(including dividends)

The Corporation: 22% and S&P/TSX Composite Index: 4.1%



	As of October 31					
	1999	**2000**	**2001**	**2002**	**2003**	**2004**
Closing TCL.SV.A	$9.25	$8.75	$10.75	$19.23	$21.85	$24.06
Closing TCL.MV.B	$9.55	$8.85	$11.14	$19.13	$21.60	$23.99
Dividends	$0.08	$0.10	$0.10	$0.12	$0.14	$0.17
S&P/Composite Index	$7,256.22	$9,639.57	$6,885.70	$6,248.79	$7,772.70	$8,870.97
Transcontinental Inc. Index (TCL.SV.A including dividends)	100	96	119	214	244	271
S&P/TSX Composite Index	100	133	95	86	107	122

STATEMENT REGARDING CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Corporation believes that sound corporate governance practices are important for the efficient operation of the Corporation. The information provided by the Corporation in respect of the corporate governance guidelines issued by the Toronto Stock Exchange is set forth in Schedule B of this Circular.

INFORMATION REGARDING THE AUDIT COMMITTEE

Information regarding the Audit Committee is available under Item 10 entitled "Information regarding the Audit Committee" in the Corporation's Annual Information Form for the fiscal year ended October 31, 2004. A copy of the Annual Information

Form can be obtained on SEDAR's Website at www.sedar.com, the Corporation's Website at www.transcontinental.com or by making a request therefor to the Secretary of the Corporation at its registered office at 1 Place Ville Marie, Suite 3315, Montreal, Quebec H3B 3N2, telephone (514) 954-4000.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation subscribes to an insurance policy for the benefit of directors and officers of the Corporation against liability incurred by them in these capacities. The current annual policy limit per risk and per year is US$35,000,000. In the event of a claim, the deductible amount is US$250,000. The annual premium is US$261,000.

APPOINTMENT AND REMUNERATION OF AUDITOR

At the Meeting, the shareholders will be called upon to appoint the auditor to hold office until the next Annual Meeting of Shareholders and to authorize the directors to fix the remuneration of the auditor so appointed.

Unless otherwise specified by the shareholder, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Samson Bélair/Deloitte & Touche s.e.n.c.r.l., 1 Place Ville Marie, Suite 3000, Montreal, Quebec, Canada, H3B 4T9, as auditor of the Corporation and to authorize the directors to fix its remuneration.

Samson Bélair/Deloitte & Touche s.e.n.c.r.l. has acted as auditor of the Corporation since 1978.

SPECIAL MATTERS TO BE TREATED AT THE ANNUAL SPECIAL MEETING

Amendments to the Rules of the Stock Option Plan

Schedule A of this Circular contains the text of ordinary resolutions 2005-1 and 2005-2 that shareholders will be asked to approve at the Meeting to authorize amendments to the rules of the Corporation's Stock Option Plan (the "Plan") so as (i) to increase by 3,000,000 the number of reserved shares issuable by the Corporation regarding the exercise of options granted under the Plan and (ii) to amend and reduce the exercise schedule and the term of the options pursuant to the Plan.

Management believes that the changes to the Plan are advisable for the following reasons:

(i) with respect to increasing by 3,000,000 the number of shares reserved for the Plan, as of December 15, 2004 of the 3,078,562 shares already authorized, there only remains 294,978 shares reserved and issuable by the Corporation for the exercise of options granted pursuant to the Plan. This increase thus brings the total number of shares reserved under the Plan to 6,078,562, namely 6.8% of the outstanding shares of the Corporation as at January 1, 2005, which is less than the norm prescribed by institutional investors;

(ii) with respect to amending and reducing the exercise schedule and the term of the options under the Plan, the exercise schedule of the options is reduced from five (5) years to four (4) years and the term of the options, from ten (10) years to seven (7) years. These amendments allow for a better alignment of the Stock Option Plan with the strategic planning cycle of the Corporation and reduce the dilutive effects of such Plan.

To be adopted, ordinary resolutions 2005-1 and 2005-2 must be approved by a majority of the votes cast by holders of Class A Subordinate Voting Shares and holders of Class B Shares, voting together as one class, each Class A Subordinate Voting Share entitling its holder to one (1) vote and each Class B Share entitling its holder to twenty (20) votes.

The Board of Directors of the Corporation has approved the proposed amendments to the Plan (i) with respect to the addition of 3,000,000 reserved shares for the Plan at a meeting held on December 15, 2004; and (ii) with respect to the amendment of the exercise schedule and the term of the options in the Plan at a meeting held on January 18, 2005. The Board of Directors recommends that shareholders vote **FOR** ordinary resolutions 2005-1 and 2005-2.

Moreover, in January 2005, the Toronto Stock Exchange effectively approved the above-mentioned amendments to the Plan.

Unless otherwise specified by the shareholder, the persons named in the enclosed form of proxy intend to vote FOR the amendments to Transcontinental's Stock Option Plan.

MISCELLANEOUS

Management is not aware of any other matters that will be presented for action at the Meeting. If, however, other matters properly come before the Meeting, the persons designated in the enclosed form of proxy will vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by the proxy with respect to such matters.

The Board of Directors of the Corporation has approved the content and the sending of this Management Proxy Circular.

By order of the Board of Directors,

Hélène Lévesque
Vice President, Legal Affairs
and Corporate Secretary

Dated at Montreal, this 1st day of February, 2005

SCHEDULE A

RESOLUTION 2005-1

OF TRANSCONTINENTAL INC.

WHEREAS it is appropriate to amend the Stock Option Plan of Transcontinental Inc. (the "Plan"):

BE IT RESOLVED:

THAT the Corporation be authorized to increase the number of reserved shares issuable by the Corporation following the exercise of options granted pursuant to the Plan by an additional number of 3,000,000, bringing the aggregate number of shares reserved for the Plan since its inception to 6,078,562;

THAT two (2) officers or directors of the Corporation be authorized to take any and all necessary and pertinent actions and sign all of the documents required to give effect to this resolution; and

THAT even if the shareholders of the Corporation adopt this ordinary resolution, the directors of the Corporation be hereby authorized, without any prior notice to the shareholders of the Corporation and without their approval, not to proceed with the amendments to the Plan as provided for in this resolution.

RESOLUTION 2005-2

OF TRANSCONTINENTAL INC.

WHEREAS it is appropriate to amend the Stock Option Plan of Trancontinental Inc. (the "Plan"):

BE IT RESOLVED:

THAT the Corporation be authorized to amend the exercise schedule of the options from five (5) years to four (4) years, to amend the term of the options from ten (10) years to seven (7) years and to amend Article 7 of the Plan by adding the following paragraph 7.2:

> **"7.2 Regarding options granted as of March 30, 2005**, unless the Committee, at its sole discretion, decides otherwise with respect to any grant, the options granted pursuant to the Plan may be exercised at any time or from time to time, in whole or in part, according to the following exercise schedule (the "Expiry Date");
>
> (i) up to 25% of the options may be exercised during the twelve-month period immediately following the date of the first anniversary of the grant;
>
> (ii) up to 50% of the options may be exercised during the twelve-month period immediately following the date of the second anniversary of the grant;
>
> (iii) up to 75% of the options may be exercised during the twelve-month period immediately following the date of the third anniversary of the grant;
>
> (iv) up to 100% of the options may be exercised during the twelve-month period immediately following the date of the fourth anniversary of the grant.
>
> Unexercised options expire and are terminated after the date of the seventh anniversary of the granting and such unexercised options thus become null and void upon the expiry of this maximum period of seven (7) years.

The determination of the number of shares exercisable according to the exercise schedule will be rounded off to the lower full number when the decimal amount is less than 0.5; otherwise, it will be rounded off to the higher full number."

THAT two (2) officers or directors of the Corporation be authorized to take any and all necessary and pertinent actions and sign all of the documents required to give effect to this resolution; and

THAT even if the shareholders of the Corporation adopt this ordinary resolution, the directors of the Corporation be hereby authorized, without any prior notice to the shareholders of the Corporation and without their approval, not to proceed with the amendments to the Plan as provided for in this resolution.

SCHEDULE B

TRANSCONTINENTAL INC.
STATEMENT OF CORPORATE GOVERNANCE PRACTICES
AS OF FEBRUARY 1, 2005

	Corporate Governance Guidelines	*Comments*
1.	The Board should explicitly assume the responsibility for stewardship of the Corporation, and specifically for the following:	The Board of Directors is legally responsible for overseeing the stewardship of the Corporation's affairs to ensure that its resources are managed so as to increase share value and create economic wealth, in accordance with the law and in keeping with the Corporation's corporate liability. The Board of Directors reviews, analyses, approves and oversees the development of the Corporation's major initiatives and policies as prepared by management, namely: (i) the Corporation's strategic plan, its business objectives and its annual budget; (ii) the Corporation's financial objectives, in particular with respect to executive compensation; (iii) identification of the major risks faced by the Corporation and of the systems put in place to manage these risks, (iv) the Corporation's organizational structure as well as the program for management succession planning; (v) the internal control and management information systems which are evaluated with respect to internal and external auditing procedures; and (vi) the structures implemented to ensure efficient communication between the Corporation, its shareholders and the public.
a)	Adoption of a strategic planning process;	On a regular basis, the Corporation's senior management reviews and updates the Corporation's strategic plan, such as the *Horizon 2005* project, and submits the details to the Board of Directors. The strategic plan reviews the Corporation's market position and its business strategy for expanding the Corporation's general market position, and assesses external growth opportunities as well as the potential for further internal growth. Management reports regularly to the Board of Directors regarding the implementation and success of the duly adopted strategic plan.
b)	Identification of principal risks and implementation of risk management systems;	The Board of Directors ensures that the Corporation's senior management identifies the principal risks related to the Corporation's business operations and properly manages such risks. The Corporation has implemented guidelines in order to manage the risks to which it is exposed, thus protecting its assets. The Corporation believes that all important risks have been identified, assessed, reported and monitored in compliance with the Corporation's rules, policies, practices and level of tolerance. All major risks beyond the Corporation's tolerance level are brought to the attention of its Executive Committee. Management is responsible for implementing appropriate measures and procedures in connection with risk management in order to monitor the impact of the risks on the Corporation. Managers constantly oversee the risk management measures and tools implemented within their jurisdiction. The Corporation develops performance control and monitoring mechanisms and periodically informs the Executive Committee, the Audit Committee and the Board of Directors of its risk management program.
c)	Succession planning, including appointing and monitoring senior	The Human Resources and Compensation Committee is responsible, among others, for proposing to the Board new nominees to senior

	Corporate Governance Guidelines	*Comments*
	management;	management, assessing the performance of members of senior management and reviewing the organizational structure and the succession planning program at management level.
d)	Communications Policy;	In this respect, the Board of Directors believes that management should handle all communications with investors on behalf of the Corporation. However, all major communications by the Corporation intended for its shareholders and the public (in particular, its Annual Financial Statements, Annual Report, Quarterly Reports, Management's Discussion and Analysis, Annual Information Form and Management Proxy Circular) are reviewed and approved beforehand by the Audit Committee and are then approved by the Board before mailing. In order to maintain high standards regarding disclosure issues, the Corporation has adopted a disclosure policy with respect to financial information. The purpose of the disclosure policy is to ensure that communications to the investing public are timely, factual and accurate, and that the information is disseminated in accordance with all applicable, legal and regulatory requirements of the Toronto Stock Exchange and various securities commissions. To ensure that all communications are efficiently and rapidly disseminated to all its shareholders, the Corporation uses wire services and the major media, holds teleconferences on the Web, meets with financial analysts and mails documents to all registered holders. Communications are always issued in French and English. Requests for information as well as shareholder comments and suggestions can be made verbally or in writing directly to the Corporation's head office.
e)	Integrity of internal control and management information systems.	The Audit Committee, which is composed entirely of outside directors, is primarily responsible for assisting the Board of Directors in fulfilling its duties (i) by meeting with the head of the Corporation's Finance Department and its external auditor in order to examine issues pertaining to the presentation of financial information, accounting practices, the internal accounting system as well as financial controls and procedures, auditing procedures and auditing programs; (ii) by recommending that the Board approve the Quarterly Financial Statements and the Annual Financial Statements, as well as the Management's Discussion and Analysis relating thereto; (iii) by overseeing and assessing the efficiency and integrity of the internal control and information management systems pertaining to internal and external financial auditing processes; and (iv) by assessing the Corporation's risks related to its activities as well as its risk management systems. The Audit Committee meetings also provide an opportunity for direct communications between the directors, external auditor, internal auditors and executives responsible for financial issues. Upon the recommendation of the Audit Committee, the Board of Directors has adopted a policy regarding complaints filed by "whistle-blowers", defining the procedures to be followed by any employee wishing to bring to light a breach of duty, or an infraction to the Code of Ethics or to a corporation policy or to a law governing the Corporation when such infractions involve accountability, internal controls and conflicts of interest. The Audit Committee is responsible for the execution of this policy and any follow-up measures.
2.	The majority of directors should be "unrelated" (independent of management and without any	The Corporation's articles provide for a minimum of five (5) directors and a maximum of fifteen (15) directors. Thirteen (13) individuals are currently nominated as directors of the Corporation, nine (9) of whom

Corporate Governance Guidelines		Comments		
	conflicts of interest) to the Corporation and its significant shareholder, if any.	are unrelated directors. As of February 1, 2005, the Board of Directors is composed of eleven (11) directors, nine (9) of whom are unrelated directors. In determining unrelated directors, management of the Corporation has identified those who are not officers of the Corporation or any of its subsidiaries, who have no relationship with the Corporation and no business relationship that could materially interfere with their ability to act in the best interests of the Corporation. The Corporation is of the opinion that the composition of its Board of Directors fairly reflects the voting rights of the Corporation's minority shareholders.		
3.	Disclose whether each director is related and how that conclusion was reached.	Rémi Marcoux	Related	Executive Chairman of the Board
		Luc Desjardins	Related	President and Chief Executive Officer
		Lucien Bouchard	Unrelated	
		Pierre Brunet	Unrelated	
		Robert Chevrier	Unrelated	
		J.V. Raymond Cyr	Unrelated	
		Claude Dubois	Unrelated	
		Richard Fortin	Unrelated	
		Harold P. Gordon, Q.C.	Unrelated	
		Hubert T. Lacroix	Unrelated	
		Monique Lefebvre	Unrelated	
		The corporate Governance Committee of the Corporation is proposing that the following individuals be elected as directors:		
		Isabelle Marcoux	Related	Vice President, Corporate Development
		Pierre Marcoux	Related	Joint publisher and editor in chief of *Les Affaires*
4. a)	Appoint a committee of directors responsible for proposing new nominees to the Board and for evaluating directors on a regular basis;	On March 12, 2003, the Board of Directors approved the creation of a Corporate Governance Committee. See Item 9 hereunder for the composition and terms of reference of this Committee.		
b)	Composed exclusively of outside (non management) directors, the majority of whom are unrelated.	This Committee is composed exclusively of outside directors who are unrelated.		
5.	Implement a process for assessing the effectiveness of the Board, its committees and individual directors.	The Committee has approved and implemented an evaluation questionnaire for the Board of Directors and its committees. The evaluation is carried out every two years, alternating with the evaluation of the Executive Chairman of the Board. The Chairman of the Corporate Governance Committee receives the duly completed questionnaires, compiles the results and reports to the Board of Directors. In addition, Board members complete a self-evaluation questionnaire that they can use as a basis of reference when they meet		

Corporate Governance Guidelines		*Comments*
		with the Executive Chairman of the Board every two years to discuss their individual contribution to the Board as well as the performance of the Board as a whole.
6.	Provide orientation and education programs for new directors.	Newly appointed directors benefit from an orientation program in the form of informal meetings with management as well as guided tours of the Corporation's facilities. Presentations on the Corporation's major business sectors, legal issues relating to the Corporation and directors' responsibilities are periodically made to the Board. Meetings of the Board are sometimes held in the Corporation's plants to provide directors with additional insight regarding the Corporation's activities. In addition, directors can individually retain the services of outside advisors, at the expense of the Corporation, with the approval of the Board, where circumstances warrant.
7.	The Board should consider its size and review the composition of its members with a view to improving effectiveness.	The Board of Directors is currently composed of eleven (11) directors. Thirteen (13) individuals are currently nominated for election as directors of the Corporation. The Board is of the opinion that the addition of two directors promotes the continuity of the business and furthers the efficiency of its deliberations, while ensuring a diversity of opinions and experiences.
8.	The Board should review the adequacy and form of the director compensation in light of risks and responsibilities.	The Corporate Governance Committee carries out a periodical review of the adequacy and form of compensation paid to its directors to ensure that they are adequate and realistically reflect the responsibilities and risks involved in being a director of the Corporation. The Corporate Governance Committee takes into account commitment, in terms of hours worked, as well as comparative levels of compensation and responsibilities to establish the adequacy and form of the compensation paid to its directors.
9.	Committees of the Board should generally be composed of outside (non management) directors, a majority of whom should be unrelated directors.	The Board has established the following committees: **The Audit Committee** is composed of three (3) directors, Messrs. Robert Chevrier (Chairman), Richard Fortin and Hubert T. Lacroix, who are all outside and unrelated directors (see Item 3 above). The Audit Committee met five (5) times during the last fiscal year. The mandate of the Audit Committee was amended in January 2005 and is presently as follows: The Audit Committee of Transcontinental Inc. (the "Corporation") is composed exclusively of independent directors who have no direct or indirect material relationship with the Corporation or any of its subsidiaries or affiliated companies. A materiel relationship is defined as any relationship that, in the opinion of the Board of Directors, could reasonably impede upon the exercise of the independent judgement of a member of the Committee. The Board of Directors must appoint a minimum of three (3) of its members to sit on the Audit Committee, one (1) of whom shall serve as Committee Chairman and all of whom shall be financially literate. Two (2) members shall constitute a quorum. The responsibilities of the Audit Committee are established by the Board of Directors and include the following: 1. helping members of the Board of Directors to fulfill their obligations, in particular their obligation with respect to overseeing the procedures regarding financial information; 2. improving the credibility and objectivity of financial information;

Corporate Governance Guidelines	*Comments*

3. recommending to the Board of Directors the nomination of the external auditor and approving its remuneration;
4. ensuring better lines of communication between directors and external auditor;
5. strengthening the independence of external auditor;
6. strengthening the role of directors by encouraging in-depth discussions between directors, management and external auditor;
7. examining and approving the mandate of external auditor and the nature and scope of the audit that it is to conduct and receiving from such auditor an official written statement attesting to its independence;
8. monitoring the work of the external auditor retained to prepare or deliver the audit report or to carry out other auditing, inquiry or certification services for the Corporation, including resolving any issues between management and the external auditor with respect to financial information;
9. approving beforehand all of the non-auditing services that the external auditor of the Corporation must carry out for the Corporation or its subsidiaries and ensuring the implementation of a detailed statement describing the services required in order to allow the Committee to carry out an orderly evaluation of the repercussions of the services on the independence of the external auditor. In particular, examining and authorizing all substantial fees (exceeding $100,000) paid to the external auditor for work other than tax or audit related. This responsibility of the Audit Committee cannot be delegated to the management of the Corporation in any way whatsoever;
10. examining and approving the mandate, the organization and the independence of the internal auditors of the Corporation, including the scope of its responsibilities, goals and work programs as well as its staff and its policy with respect to the presentation of information;
11. examining the accounting principles and practices followed by the Corporation, including all material changes made thereto during the fiscal year and ensuring that they are adequate given the circumstances and in compliance with the laws and regulations in effect;
12. monitoring and assessing the efficiency and integrity of the Corporation's internal controls and management information systems pertaining to the external auditor and the internal auditors of the Corporation;
13. examining the professional fees paid to the external auditor with a view to ensuring that the nature and amount of such fees do not jeopardize the independence of the auditor;
14. examining the financial data in the Corporation's quarterly financial statements, including management's discussion and analysis, changes made to accounting principles and practices, as

well as the impact of a major sale or acquisition on the disclosure of financial information;

15. examining and approving the annual and quarterly consolidated financial statements of the Corporation, management's discussion and analysis relating thereto, the press releases regarding the annual and quarterly results, as well as the auditor's report to shareholders. Recommending that the Board of Directors approves such documents as well as identifying the sectors of activity to be dealt with in the financial statements;
16. discussing with the external auditor any restrictions imposed on the scope of its work and any problems arising with respect to its auditing of the Corporation and its subsidiaries;
17. examining the auditing procedures of subsidiaries, the major issues as well as the recommendations of the external auditor with respect thereto;
18. examining the recommendations that the internal auditors and the external auditor bring to the attention of the management of the Corporation and which they consider important with a view to improving accounting practices, internal controls and management information systems;
19. ensuring that procedures are implemented regarding the reception, the conservation and the processing of complaints received by the Corporation regarding accounting, internal accounting controls or auditing and regarding the confidential and anonymous delivery by any employees of the Corporation of concerns regarding debatable issues with respect to accounting or auditing;
20. examining and approving the hiring policies of the Corporation regarding the current and former associates and employees of the current external auditor and the former external auditor of the Corporation;
21. ensuring the implementation of a process enabling management to identify the major risks relating to the Corporation and taking all necessary measures or requesting that such measures be taken to manage such risks; in this respect, making inquiries with respect to the insurance portfolio, the currency position, any pending and threatened litigation as well as any contingent liabilities of the Corporation and its subsidiaries, reviewing the level of provisions with respect to the Corporation's accounts and evaluating their adequacy;
22. examining, in conjunction with management and external auditor, any new financial or regulatory requirements that could affect the presentation of the Corporation's financial information;
23. notifying the Board of Directors of the Corporation of any conflict between the external auditor and the management of the Corporation which the Committee did not settle within a reasonable time period;
24. in order to allow it to fulfill the obligations mentioned hereinabove, the Audit Committee shall have unlimited access, at

any time, directly or through duly appointed representatives, to the pertinent registers and accounting systems of the Corporation, its external auditor, its internal auditors, its accounting staff and management staff and to retain the services of any independent legal counsel or other counsel deemed appropriate by the Committee and to remunerate them for such services. The external auditor as well as the internal auditors of the Corporation and the management staff shall also have unlimited access to the Audit Committee;

25. meeting privately on a regular basis with the internal auditors and the external auditor, without management being present, to discuss the management of the Corporation's financial affairs and internal controls.

The Audit Committee will report to the Board of Directors after every Committee meeting.

The Human Resources and Compensation Committee is composed of four (4) directors, Messrs. Pierre Brunet (Chairman), J.V. Raymond Cyr, Harold P. Gordon, Q.C. and Hubert T. Lacroix, all of whom are outside and unrelated directors (see Item 3 above). The Committee met seven (7) times during the last fiscal year.

The Human Resources and Compensation Committee is responsible for:

(a) proposing to the Board new nominees for executive management positions;

(b) assessing executive management performance;

(c) examining and approving the compensation and employment conditions of executive management;

(d) assessing the competitive nature of the Corporation's policies and practices in terms of compensation;

(e) administering the Corporation's stock option and pension plans;

(f) reviewing management's development programs; and

(g) reviewing the organizational structure and the management succession planning program.

The Corporate Governance Committee is composed of three (3) directors, Ms. Monique Lefebvre, Messrs. Lucien Bouchard (Chairman) and Claude Dubois, all of whom are outside and unrelated directors. The Committee met six (6) times during the last fiscal year.

The Corporate Governance Committee is responsible for:

(a) examining and consistently improving the Corporation's policies and practices with respect to governance;

(b) reviewing the mission and composition of the Board of Directors and proposing new candidates for election;

(c) ensuring efficient communications between the Board of Directors and management and ensuring that the Board of Directors operates independently from management;

(d) reviewing annually the remuneration of directors and ensuring that an ongoing information program is implemented with respect to directors;

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	(e) recommending the appointment of an independent director; and (f) reviewing annually the directors' Handbook and dealing therein with the directors' duties and responsibilities. In January 2005, the mandate of the Audit Committee was amended while the mandates of the Board of Directors and the other committees were renewed. The mandates of the Board of Directors and its committees are subject to ongoing reviews during the year.
10. The Board should expressly assume responsibility for corporate governance issues or assign general responsibility therefore to a committee.	See Item 9 above with respect to the mandate of the Corporate Governance Committee.
11. a) Define limits to management's responsibilities by formulating mandates for the following:	
i) the Board;	The Board of Directors has set certain limits on the powers of management on the basis of the nature and scope of the activities contemplated. The Board believes that the development and overall strategy of the Corporation are the responsibility of management. The role of the Board of Directors is to give its final approval of the Corporation's overall strategy by engaging in analysis and reflection thereof. The President and Chief Executive Officer is responsible for implementing the Corporation's strategic plan and business objectives as prepared by management and approved by the Board. These objectives include the general mandate to improve share value and create economic wealth. The performance of the President and Chief Executive Officer in this regard is evaluated by the Human Resources and Compensation Committee.
ii) Chief Executive Officer;	See Item 11 a) i) above.
b) The Board should approve the CEO's corporate objectives.	See Item 11 a) i) above.
12. Establish procedures to enable the Board to function independently of management.	Given the mandates of the Board's committees and the various approval levels involved in order to authorize any major commitment, the Corporation has established appropriate structures and methods ensuring that the Board of Directors can function independently of management. The Corporation adopted a policy on delegation of powers, the objectives of which are to establish lines of authority within the Corporation and its subsidiaries and to encourage coordination and cooperation with respect to various matters, including capital expenditures, long term special charges, disposal and acquisitions of assets and businesses. This policy was updated by management under the direction of the Corporate Governance Committee and was duly adopted by the Board of Directors on January 18, 2005. The position of Chairman of the Board and Chief Executive Officer was split up in March 2004. Since the position of Executive Chairman of the Board is held by a related person, Mr. Pierre Brunet (a director unrelated to the Corporation) shall continue to act as lead director responsible for ensuring that the Board of Directors operates independently from management. The lead director is an independent

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			director who, if need be, will chair board meetings *"in camera"*. He may also be called upon to replace, on an interim basis, the Executive Chairman of the Board, in the event of his death or temporary or permanent incapacity. The Board of Directors has regularly held *"in camera"* meetings thus ensuring a free discussion on any issue raised by management or directors.
13.	a)	Establish an Audit Committee with a specifically defined mandate;	See Items 1 and 9 above.
	b)	All members should be non-management directors.	See Item 9 above.
14.		Implement a system to enable individual directors to engage outside advisors, at the Corporation's expense.	See Item 6 above.

SCHEDULE C

QUESTIONS AND ANSWERS ON VOTING AND PROXIES

If you are not a registered Shareholder, please refer to page C-2 for a description of the procedure to be followed to vote your Shares.

Q: WHAT AM I VOTING ON?

A: Shareholders will be voting on the :

- Election of Directors;
- Appointment of Samson Bélair/Deloitte & Touche, s.e.n.c.r.l. as the Auditor and authorization given to the Directors to fix the Auditor's remuneration; and
- Approval of ordinary resolutions 2005-1 and 2005-2 to amend the Stock Option Plan of Transcontinental Inc.

Q: HOW DO I VOTE?

A: There are four (4) ways that you can vote your Shares if you are a registered Shareholder. You may (1) vote in person at the Meeting, (2) complete and sign the enclosed form of proxy and appoint one of the named persons or another person you choose to represent you and to vote your Shares at the Meeting and mail it, (3) vote electronically via Internet or (4) vote by telephone.

Completing, signing and returning your form of proxy does not preclude you from attending the Meeting in person. If you do not wish to attend the Meeting or do not wish to vote in person, your proxy will be voted or be withheld from voting, in accordance with your wishes as specified on your proxy, on any ballot that may be called at the Meeting. If the Shareholder is a body corporate or association, the form of proxy must be signed by a person duly authorized by that body corporate or association.

To vote by telephone: 1 866 271-1207.

To vote electronically, you must go to the following Website: **www.eproxyvoting.com/transcontinental-a** or **www.eproxyvoting.com/transcontinental-b** and enter your personalized 13-digit e-voting control number printed on your form of proxy and follow the instructions.

If your Shares are registered in the name of a nominee, please see **"Voting by Non-Registered Shareholders"** on page C-2.

Q: WHAT IF I PLAN TO ATTEND THE MEETING AND VOTE IN PERSON?

A: If you plan to attend the Meeting on March 30, 2005 and wish to vote your Shares in person at the Meeting, it is not necessary for you to complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, CIBC Mellon Trust Company, upon arrival at the Meeting. Non-registered Shareholders wishing to attend the Meeting should refer to **"Voting by Non-Registered Shareholders"** on page C-2.

Q: WHAT HAPPENS WHEN I SIGN AND RETURN THE FORM OF PROXY?

A: Signing the enclosed proxy gives authority to the named proxyholders on the form, or to another person you have appointed, to vote your Shares at the Meeting in accordance with the voting instructions you provide.

Q: WHAT DO I DO WITH MY COMPLETED FORM OF PROXY?

A: Sign it **exactly** with the name appearing on the proxy and return it to the transfer agent, CIBC Mellon Trust Company, in the envelope provided, so that it arrives no later than 4:00 p.m. on March 28, 2005. All Shares represented by a properly executed proxy received by CIBC Mellon Trust Company prior to such time will be voted or be withheld from voting, in accordance with your instructions as specified in the proxy, on any ballot that may be called at the Meeting.

Q: HOW WILL MY SHARES BE VOTED IF I RETURN MY PROXY?

A: The person named in the form of proxy will vote or withhold from voting your Shares in accordance with your instructions. **However, in the absence of such instructions, your Shares will be voted FOR the election of the Directors, FOR the appointment of the Auditor and FOR the amendments to the Stock Option Plan.**

Q: HOW CAN I CONTACT THE TRANSFER AGENT?

A: You can contact the transfer agent at:

CIBC Mellon Trust Company
200 Queen's Quay East, Unit 6
Toronto,Ontario, Canada M5A 4K9
Telephone: 1 800 387-0825(tool free throughout Canada and the U.S.)
Telecopier: (416) 368-2502
Internet Address: **cibcmellon.com**
E-mail: **inquiries@cibcmellon.com**

VOTING BY NON-REGISTERED SHAREHOLDERS

Q: IF MY SHARES ARE NOT REGISTERED IN MY NAME BUT ARE HELD IN THE NAME OF AN INTERMEDIARY (A BANK, TRUST COMPANY, SECURITIES BROKER, TRUSTEE, ETC.), HOW DO I VOTE MY SHARES?

A: Non-registered or beneficial Shareholders are not personally listed in Transcontinental's Inc. Share register. Their Shares are held in the name of an intermediary or a "nominee". If you are a non-registered Shareholder, there are two ways you can vote your Shares held in the name of your nominee:

1. **By providing voting instructions to your nominee**

   Applicable securities laws require your nominee to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive from your nominee a form of proxy for the number of Shares you hold. You should carefully follow the instructions with respect to the proxy to ensure that your Shares are voted at the Meeting.

2. **By attending the Meeting in person**

   The Corporation generally does not have access to the names of its non-registered Shareholders.

   If you wish to vote in person at the Meeting, insert your own name in the space provided on the form of proxy to appoint yourself as proxyholder and return the proxy in the enclosed envelope. Non-registered Shareholders who instruct their nominee to appoint themselves as proxyholders should, at the Meeting, present themselves to a representative of CIBC Mellon Trust Company.