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For Immediate Release

Toon Boom Animation Acquires Pegs

As part of its growth strategy, Toon Boom Animation Inc. acquires Pegs'n Co's technology and opens an office in France.

Montreal (June 5, 2006) – Emmy award-winning Toon Boom Animation Inc. today announced that it has signed a definitive agreement with Pegs'n Co, a privately held developer of 2D bitmap animation technology. With this strategic market consolidation, Toon Boom Animation will deliver greater animation solutions and reinforce its growth strategy in the media, entertainment and educational arenas.

"Toon Boom's software solutions are recognized as the market leading technology in the animation industry and the integration of Pegs' technology in Toon Boom's portfolio will enable the company to continue delivering quality, efficiency and reliability to the animation community - for all animation styles, formats and users," said Joan Vogelesang, President and Chief Executive Officer at Toon Boom.

Toon Boom Animation Inc. will hold a press conference at MIFA 2006 on Wednesday, June 7 at 11:30 at its booth 2.03 to present the new solutions and address all media inquiries.

About Toon Boom Animation Inc.

Winner of the 2005 Primetime Emmy® Engineering Award, Toon Boom Animation Inc. is the worldwide leader of animation software solutions with high-tech tools such as morphing, inverse kinematics and glue. Toon Boom carries several leading animation products, including Harmony, Opus, Solo and Studio. Harmony is a revolutionary solution designed to meet digital animation production needs, whether it is cut-out or paperless. Its superior toolset, with morphing, inverse kinematics and glue, makes it the solution for any studio wanting to create the highest-quality animation cost-effectively. Toon Boom Opus is the industry standard for traditional animation production. From scanning, inking and painting, to compositing and rendering, its powerful features translate into significant savings throughout the production process. Designed to meet the needs of small studios and independent filmmakers, Toon Boom Solo brings the power of Toon Boom's most advanced applications into this stand-alone animation software solution. As for Toon Boom Studio, this application is the ideal tool for individuals. Toon Boom also offers consulting and training services dedicated to increasing animation production efficiency and quality. With these great offerings, Toon Boom Animation is well-poised to continue delivering quality, efficiency and reliability to the animation community - for all animation styles and formats.

Toon Boom's client base ranges from major studios creating Hollywood blockbuster animated films to individual animators creating their first masterpieces. Market-leading studios using Toon Boom's products include Nelvana, Klasky Csupo, Warner Bros., Paramount Pictures, Universal, Mercury Filmworks, Alphanim, LuxAnimation, Cosgrove Hall, King Camera, Cromosoma and Lanterna Magica, to name a few. Some of the prestigious productions done with Toon Boom's technology include *Les Triplettes de Belleville*, *Looney Tunes: Back in Action*, *Rugrats*, *The SpongeBob SquarePants Movie* and *Curious George*.

For additional information, visit Toon Boom at www.toonboom.com.

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