

Letter to Shareholders

My message to shareholders is very special this year, since it is my last as Executive Chairman of the Board of Directors. In September 2011, the Board of Transcontinental Inc. ratified my decision to step down as Executive Chairman at the Annual Meeting of Shareholders on February 16, 2012. It also announced the appointment of Isabelle Marcoux as Chair of the Board as of that date. I will, however, continue to sit on the Board.

Ms. Marcoux has played an active role in the development of TC Transcontinental since she joined the company in 1997. At the time of her appointment in September she had been Vice Chair of the Board since 2007 and Corporate Vice President, Development since 2004. In the latter position she had entire responsibility for our strategic planning process. This change thus reflects a well-structured and orderly transition, one which clearly demonstrates our commitment to developing Transcontinental Inc. in a spirit of continuity and sound progress.



Cutting edge approach to marketing

To penetrate and remain in a market, a company must be in business for a reason that differentiates it from its competitors and makes sense to its customers. At TC Transcontinental, we have always defined ourselves as a business partner whose mission is to help companies and advertisers attract, reach and retain their target customers. Our actions have always been driven by two premises: to make life easier for our customers and to anticipate their new marketing communication needs with respect to their own customers.

Our service offering was initially built around a broad line of mass marketing and targeted products in print, as well as door-to-door distribution and the opportunity to advertise in our newspapers and magazines; it gradually grew to include personalized advertising made possible by data analytics and data management, interactive marketing solutions like mobile applications and digital promotions, and the creation of branded content. This significant transformation was a natural progression that flowed from our commitment to helping our clients meet the emerging needs of their target consumers. Today, we have business relationships with many major corporations, particularly in book, magazine and newspaper publishing, in retail sales and in the production of consumer goods. This constantly evolving and integrated marketing service offering gives us a unique position in the marketplace.

A winning formula

When I founded Transcontinental in 1976, I dreamt of creating a company built on strong values. Being an investor, customer or employee of TC Transcontinental means being associated with a company which adheres every day to a set of values that includes respect, innovation, performance and teamwork. Thanks to these values, we have been able for many years to remain relevant to our customers. To do so, we had to adjust, anticipate trends, innovate and transform ourselves. Our success at doing so is now an integral part of who we are and a source of inspiration for the future.

To ensure our methods matched our ambitions and to protect the future of the company, I also established disciplined financial management based on a careful balance between profits and expenses, debt and investments. This solid financial foundation has allowed us to continually and judiciously invest in the development of our print and media operations, and in our digital platforms and interactive marketing solutions.

These investments have also strengthened and revitalized our customer relations. Clients appreciate our ability to effectively leverage their communications with their customers through multiplatform campaigns that combine new media, interactive marketing tools and print. Indeed, it is not surprising that the most recent statistics on advertising spending in Canada* show that print is still the primary vehicle of communication. By providing our customers

with our proven printed products and our cutting edge digital and interactive solutions, we offer them the best of both worlds. This allows them to get the most out of their marketing dollar while also taking advantage of new communication channels. This is the spirit in which we will continue our transformation.

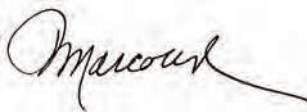
Teamwork

In business, teamwork and the quality of one's partners are the primary factors in success. It is vital to have people who are motivated, dedicated and share a common culture of continuous improvement and innovation. These have always been our strengths, as demonstrated with my first associates, then with our managers and then with all of our employees. Today I would like to express my special thanks to everyone over the past 35 years who has helped build our company.

I'd also like to take this opportunity to express my total confidence in our management team under the leadership of François Olivier, and my confidence in our approximately 10,000 employees who are fully committed to ensuring the development and growth of TC Transcontinental.

Our teamwork extends to our Board of Directors, which has done an excellent job of actively protecting the interests of all our shareholders over many years. I would like to thank past and present members for their commitment. I also note the addition of two new members in 2011: Nathalie Marcoux, Vice President Finance of Capinabel Inc., and Anna Martini, President of Groupe Dynamite Inc. Their corporate management skills and strategic visions have benefited TC Transcontinental in this period of major transformations. We have long been recognized for the quality and independence of our governance and there is no doubt in my mind that this will continue under Isabelle Marcoux.

Lastly, I wish to thank our customers—businesses, advertisers and consumers—and all our shareholders, for their loyalty. I am certain that our industry will continue to offer TC Transcontinental excellent opportunities for development and investment going forward. We have the right strategy, the culture of innovation, the financial foundation and the leaders we need to succeed. We will continue to tackle challenges and merit the trust of our partners.



Rémi Marcoux
Executive Chairman of the Board and Founder
December 23, 2011

*Source: TVB Canada/TD Newcrest