

About Transcontinental

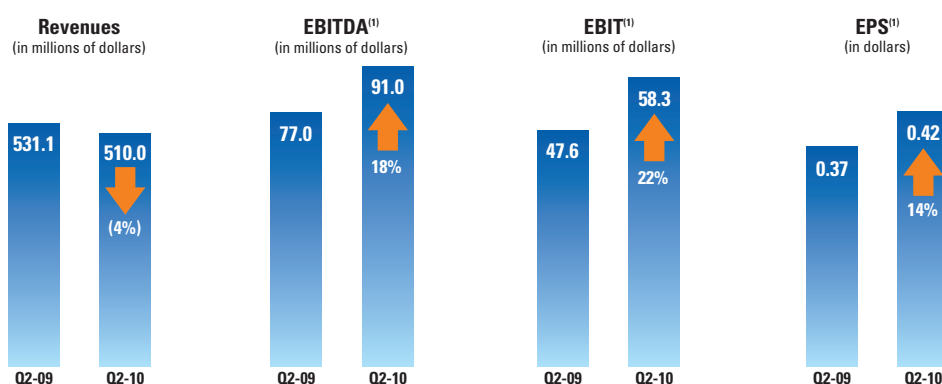
Transcontinental creates marketing products and services that allow businesses to attract, reach and retain their target customers. The Corporation is the largest printer in Canada and Mexico, and fourth-largest in North America. As the leading publisher of consumer magazines and French-language educational resources, the second-largest community newspaper publisher, and with its digital platforms that deliver unique content through more than 120 websites, it is also one of Canada's leading media groups. In addition, Transcontinental offers marketing products and services that use new communications platforms supported by database analytics, premedia, e-flyers, email marketing, custom communications and mobile solutions.

Transcontinental (TSX: TCL.A, TCL.B, TCL.PR.D) has 11,000 employees in Canada, the United States and Mexico, and reported revenues of C\$2.4 billion in 2009. For more information about the Corporation, please visit www.transcontinental.com.

Quarterly Highlights

- **Revenues** decreased 4% versus last year. Excluding negative impact of exchange rate, paper and acquisitions/closures/divestitures, revenues were up 2%.
- **EBITDA⁽¹⁾** was up 18%, compared with Q2-09, primarily due to the effect from last year's rationalization plan, efficiency improvement initiatives and the contribution from the *San Francisco Chronicle* contract.
- As at April 30, 2010 our **net debt (including securitization) to EBITDA⁽¹⁾** ratio stood at 2.1x, within the target range of 2.0x to 2.5x set by management.
- **We sold our U.S. high-volume direct mail operations** to IWCO Direct, for net proceeds of \$106 million, on April 1, 2010.
- **We acquired Lipso**, a leading provider of integrated mobile solutions, including connectivity, transaction management and applications development.

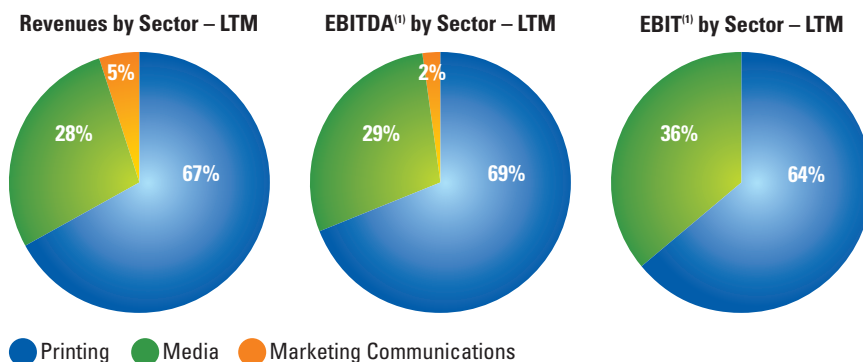
Financial Highlights



Variance Analysis

(in millions of dollars)	Revenues	%	EBIT ⁽¹⁾	%
Q2-09	531.1		47.6	
Acquisitions/Divestitures/Closures	-21.2	-4.0%	-0.6	-1.3%
Existing Operations				
Paper effect	-6.8	-1.3%	2.1	4.4%
Exchange rate	-3.4	-0.6%	0.7	1.5%
Organic growth	10.3	1.9%	8.5	17.9%
Q2-10	510.0	-4.0%	58.3	22.5%

Overview (LTM: last twelve months)



FORWARD-LOOKING STATEMENT

This report contains certain forward-looking statements concerning the future performance of the Corporation. Such statements, based on the current expectations of management, inherently involve numerous risks and uncertainties, both general and specific. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors, many of which are beyond the Corporation's control. The risks, uncertainties and other factors that could influence actual results are described in Management's Discussion and Analysis for the second quarter ended April 30, 2010 and in the 2009 Annual Information Form.

Note 1: On adjusted basis. For additional information regarding the specific items and non-GAAP measures, please refer to the section entitled "Reconciliation of non-GAAP financial measures" in the Management's Discussion and Analysis for the second quarter ended April 30, 2010.

Key investment considerations

- Investment grade credit rating
- Free cash flow profile to return to prior levels in the near term
- Leader in most of the markets we serve
- Solid relationships with our customers
- Balanced portfolio of businesses
- Track record of dividend growth
- Family-owned and operated business
- Long term contracts ranging from 1-18 years with customers who generate more than 50% of printing revenues
- Close to 40% of consolidated revenues are less exposed to cyclical changes in the economy
- Almost half of advertising revenues from the media sector is from local advertising

Selected Financial Data

(in millions of dollars, except ratios)	Q2-10	Q1-10	Q4-09	Q3-09	LTM	Q2-09
Printing	354.3	362.5	402.6	342.2	1461.6	379.0
Media	148.3	135.7	164.0	151.9	599.9	151.2
Marketing Communications	28.3	30.3	28.9	29.2	116.7	25.6
Other	-20.9	-16.9	-25.8	-19.0	-82.6	-24.7
Total Revenues	510.0	511.6	569.7	504.3	2095.6	531.1
Printing	71.2	65.6	81.3	53.4	271.5	54.2
Media	26.0	16.3	39.8	33.3	115.4	25.5
Marketing Communications	0.7	3.1	2.0	0.4	6.2	1.6
Other	-6.9	-3.9	-2.9	-4.6	-18.3	-4.3
Total EBITDA⁽¹⁾	91.0	81.1	120.2	82.5	374.8	77.0
Printing	20.1%	18.1%	20.2%	15.6%	18.6%	14.3%
Media	17.5%	12.0%	24.3%	21.9%	19.2%	16.9%
Marketing Communications	2.5%	10.2%	6.9%	1.4%	5.3%	6.3%
EBITDA margin⁽¹⁾	17.8%	15.9%	21.1%	16.4%	17.9%	14.5%
Selected Data						
Net debt / EBITDA ⁽¹⁾	2.1x	2.4x ⁽⁴⁾	2.6x ⁽⁴⁾	3.2x ⁽⁴⁾		3.4x ⁽⁴⁾
Net indebtedness	778.0	804.1 ⁽⁴⁾	791.1	929.2 ⁽⁴⁾		915.3

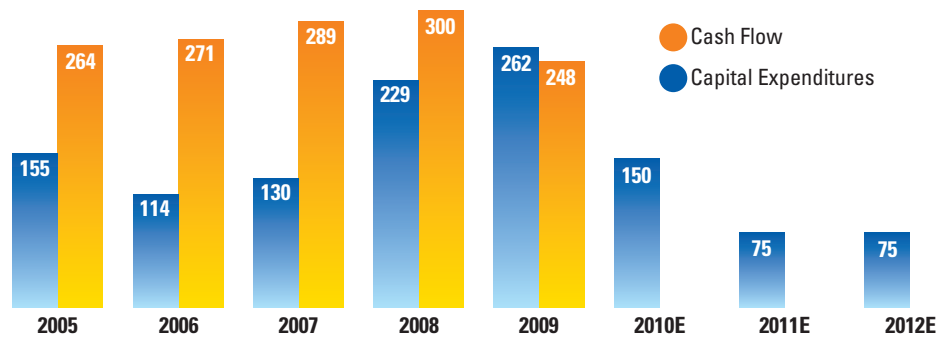
Revenues by Group 2009

(in millions CAD)

Printing Sector	1,730
Magazine, Book and Catalogue Group	487
Retail Group	458
Marketing Products Group	273
Newspaper Group	235
Direct Mail Group ⁽²⁾	200
Mexico Group	77
Media Sector	607
Local Solutions Group	352
Business & Consumer Solutions Group	167
Educational Book Publishing Group	62
New Media and Digital Solutions Group	26
Marketing Communications Sector	124

Cash Flow⁽³⁾ and Capital Expenditures

(in millions of dollars)

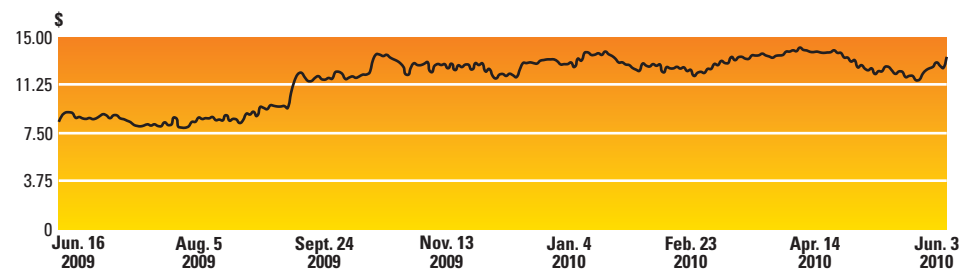


Stock Market Information

As at June 7, 2010

Symbol on the TSX:	TCL.A	TCL.B	TCL.PR.D
Participating Shares Outstanding:	80.8 M		
Public Float:	67.6 M		
Market Capitalization:	\$992 million		
Dividend Yield:	2.9%		
Corporate Credit Ratings:	DBRS: BBB high, Stable S&P: BBB -, Stable		

TCL.A Stock Price - LTM



Analyst Coverage

BMO Capital Markets	Tim Casey
CIBC	Robert Bek
Credit Suisse	Randal Rudniski
National Bank Financial	Adam Shine
RBC Capital Markets	Drew McReynolds
Cormark Securities Inc.	David McFadgen
TD Newcrest	Scott Cuthbertson
Scotia Capital	Paul Steep
Bank of America Merrill Lynch	Christopher Li

Important Dates

Quarterly Results

Q3 - 2010	September 8, 2010
Q4 - 2010	December 8, 2010

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Note 1: On adjusted basis. For additional information regarding the specific items and non-GAAP measures, please refer to the section entitled "Reconciliation of non-GAAP financial measures" in the Management's Discussion and Analysis for the second quarter ended April 30, 2010.

Note 2: Transcontinental sold its direct mail operations April 1, 2010.

Note 3: Cash flow from operating activities before changes in non-cash operating items (continuing operations).

Note 4: As originally reported.