

**TRANSCONTINENTAL'S ANNUAL MEETING:
ON THE THEME OF TRANSFORMATION AND LONGEVITY**

Montreal, February 18, 2010 – Transcontinental management stressed the theme of transformation, innovation and sustainable development in its review of its fiscal 2009 results at its annual meeting of shareholders.

Rémi Marcoux, Executive Chairman of the Board and founder of Transcontinental, set the tone: “The world is changing every day and this is even more true since the recent recession,” said Mr. Marcoux. “Transcontinental was born out of change. We will continue to evolve in pace with our customers, whether businesses or consumers, to meet their new needs and new expectations. I view the future with great confidence.”

Mr. Marcoux spoke of the economic conditions of the past year, saying that they were a major challenge. “We achieved two things that are encouraging for the future: we did much better than most of our competitors and in the past two quarters we have outperformed our 2008 results. Plus, we did all that while continuing to invest in our development. We were able to achieve this because of our financial discipline, which has always been our hallmark.”

The founder of Transcontinental then spoke about an aspect that is very important to him: the longevity of his company. “Transcontinental’s long-term success will be assured by a profound transformation and we have already come a long way along that path. More specifically, it will come from our ability to innovate and offer our customers, whether businesses or advertisers, new services based on one-to-one marketing and new digital communication platforms. More than 1,000 people are now working on building these new services at Transcontinental.”

Mr. Marcoux pointed out that the printing industry would experience low growth in the next few years, but explained that Transcontinental is well positioned to get the most out of the situation. He noted that the mix and complementarity of the products and services offered by Transcontinental, which combine media, marketing communications and printing, are all provided through a one-stop shop. He concluded by returning to the theme of longevity: “In the final analysis, the longevity of Transcontinental relies upon the longevity of the planet and its resources. That is why our business practices have always emphasized protection of the environment. Today we are proud to be releasing our first Sustainability Report, drafted using the internationally recognized Global Reporting Initiative standard, which is highly respected in the industry.”

Building the “New Transcontinental”

François Olivier, President and Chief Executive Officer, described the steps Transcontinental took to quickly counter the effects of the recession, which was of “unprecedented scope in the history of Transcontinental.” The measures resulted in recurring annual cost savings of \$110 million, of which close to \$80 million had a beneficial impact on the 2009 results. “The recession has made us stronger. Today we are a more flexible business, more



focused on our assets and strategic priorities, with a solid balance sheet. Also, the actions we took to deal with the recession did not hinder our efforts to offer and develop top quality products and services.”

Mr. Olivier then talked about the “new Transcontinental” which is being built “patiently and systematically every day” through the introduction of state-of-the-art services as well as the transformation of traditional activities. The promising new initiatives he mentioned included the creation of the Marketing Communications sector, which is focused on new one-to-one advertising services and new digital communication platforms. He listed some of the services that are now available to retailers: data analytics, email-based marketing, e-flyers and custom publishing. He then spoke about the recent development of a unique pre-shopping website, Dealstreet.ca for English-language consumers, and Publisac.ca for French-language consumers, “an original solution that will help our retailer customers get the most out of their marketing dollar, and help consumers search and compare to find the best deals.”

Mr. Olivier also pointed out that “this means that for our retailer customers, for whom we already print and distribute flyers, we can prepare an interactive marketing campaign, a promotional microsite and a dynamic application for wireless technologies, while continuing to sell them advertising space in our magazines and newspapers. In short, we provide multiple integrated services so that retailers can effectively communicate with their target consumers.”

The President and Chief Executive Officer also talked about the new offering in the Media Sector. “Our magazines, newspapers and some 120 websites are in dialogue with millions of qualified consumers who are interested and open to information and entertainment. We provide advertisers with space in our print newspapers and magazines or banner advertising on our websites, we distribute community newspapers through our Publisac; and, since November 2008, we also offer hosting or subscriptions on our Canada-wide search site, weblocal.ca. For Transcontinental, these are four diversified yet integrated revenue streams.”

Mr. Olivier then explained that the “new Transcontinental” extends also to its printing operations. “Thanks to our ongoing capital investments, we now head one of the most modern and efficient printing platforms in North America. In 2009, this technological superiority won us market share, and new major contracts such as those with Rogers Communications and the *San Francisco Chronicle*.”

About the 15-year contract valued at one billion dollars for the *San Francisco Chronicle* he had this to say: “Production started on time, on budget, and to the complete satisfaction of our client. Furthermore, our plant was profitable from the very first day. In the coming months we are planning to open our doors to new publishing and retail customers coming mainly from the Greater San Francisco area.”

François Olivier also spoke about setting up a newspaper and flyer-printing platform through Transcontinental’s network of printing plants across Canada. This unique hybrid platform is being developed as part of an 18-year, \$1.7 billion contract with *The Globe and Mail* that will take effect at the end of this year. “We will provide *The Globe and Mail* with the capacity to print on glossy stock and to put colour on every page, while also making the latest print technologies available to our retail customers. For Transcontinental, this is a new form of specialization that brings with it significant benefits in terms of synergy and operational efficiencies.”

Mr. Olivier concluded by saying that “our actions going forward will be guided by the same drive that has made Transcontinental a major player in the communications industry. We will be creating new products that will offer good growth potential and we will continue to improve our financial performance in our more traditional markets. These two avenues of development will ensure that Transcontinental thrives well into the future. My confidence in that future is based on another critical factor: our people. They are what makes the difference, recession or not. We will continue to invest in their development, knowledge and ability to innovate.”



Lastly, the audience heard from Benoit Huard, Vice President and Chief Financial Officer, who put the 2009 results in perspective in terms of the recession, provided an update on the Corporation's financial position given the number of financing arrangements worked out over the course of the year, explained how the cash flow from operations was used and gave an overview of Transcontinental's financial evolution in the coming years.

"The year 2010 will be one of many challenges and business opportunities. We will benefit from the full-year impact of the contract to print the *San Francisco Chronicle* and recurring savings of about \$110 million from our rationalization plan. We will also benefit from the positive impact of our ongoing investments to strengthen our traditional profitable operations, and to develop our new marketing services and new digital communication platforms. I am convinced that we are well positioned for the future."

Profile

Transcontinental provides printing, publishing and marketing services that deliver exceptional value to its clients and provide a unique, integrated platform for them to reach and retain their target audiences. Transcontinental is the largest printer in Canada and in Mexico, and sixth-largest in North America. It is also the country's leading publisher of consumer magazines and French-language educational resources, the second-largest community newspaper publisher, and its digital platform delivers unique content through more than 120 Web sites. Its Marketing Communications Sector provides advertising services and marketing products using new communications platforms supported by database analytics, premedia, e-flyers, email marketing, and custom communications. Transcontinental is a growth-oriented company with a culture of continuous improvement and financial discipline, whose values, including respect, innovation and integrity, are central to its operation.

Transcontinental (TSX: TCL.A, TCL.B, TCL.PR.D) has approximately 12,500 employees in Canada, the United States and Mexico, and reported revenue of C\$2.3 billion in 2009. For more information about the Corporation, please visit www.transcontinental.com.

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