

 **PRESS RELEASE**

For Immediate Release

**TRANSCONTINENTAL INC. SELLS ITS
U.S. DIRECT MAIL OPERATIONS**

Montreal, February 10, 2010 – Transcontinental has signed an agreement to sell its U.S. high-volume direct mail operations to IWCO Direct, a U.S.-company headquartered in Minnesota. The sale includes substantially all of the assets of Transcontinental’s U.S. direct mail group in Warminster and Hamburg in Pennsylvania, and in Fort Worth, Texas and Downey, California. The transaction is subject to regulatory approval and is expected to close by the end of Transcontinental’s second quarter.

“Transcontinental has decided to focus on its other market segments,” explained François Olivier, President and Chief Executive Officer of Transcontinental. “The sale of our U.S. high-volume direct mail operations will benefit customers, employees and the industry.”

“We are pleased to combine the strengths of the Transcontinental Direct’s U.S. operations with IWCO Direct. This provides a robust national total package footprint for our customers seeking innovative and cost-effective programs for customer acquisition, loyalty and engagement programs anchored by powerful strategy development,” said Jim Andersen, IWCO Direct President and CEO. “The IWCO Direct team is looking forward to working with our new colleagues from Transcontinental to create exceptional direct marketing programs for our customers.”

While awaiting regulatory approvals, the two companies will continue to operate independently until the sale closes. Transcontinental’s high-volume direct mail group in the United States generated revenues of US\$153 million in 2009 and employs about 1,200 people. CIBC is acting as exclusive financial advisor to Transcontinental on this transaction.

About IWCO Direct

IWCO Direct (www.iwco.com), one of the nation's largest providers of direct marketing solutions, has served the needs of North American companies for more than 40 years. IWCO Direct helps its customers acquire, retain, and engage customers and members through highly personalized paper-based and digital marketing programs. The company provides direct marketing like no one else by seamlessly supplying all design, production, mailing and management services in an integrated “total package” supply chain solution. IWCO Direct pioneered commingling and continues to provide its customers with dramatic postage savings and faster time to market through its proprietary IWCO P.O.S.T. (Postal Optimization Strategy and Technologies) and RideShare™ commingling and logistics



management programs, as well as its automated marketing program platform and proprietary data services.

About Transcontinental

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 Canada'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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