Postmedia Network Canada Corp.

Q3 F2012 Investor and Analyst Conference Call

July 10, 2012

POSTMEDIA NETWORK

POSTMEDIA NETWORK

PRINT

Edmonton Journal
The Gazette montrealgazette.com
The Windsor Star
Calgary Herald
Tilbury Times
The Province
Tecumseh Shoreline
Kingsville Reporter
National Post
WindsorParent Magazine
LaSalle Post
Leader-Post
The Vancouver Sun
Lakeshore News
The StarPhoenix
Ottawa Citizen

DIGITAL

VS P CH EJ SP LP NP WS OC G

canada.com
dose.ca
infomart
sprouter
SwarmJam Sweet Deals Daily
celebrating.com Share the joy. Tell the world.
working.com jobs careers advice
househunting.ca
remembering.ca
driving.ca

SERVICES

Calgary Flyer Force A Division of Postmedia Network Inc.
Edmonton Flyer Force A Division of Postmedia Network Inc.
Ottawa Flyer Force A Division of Postmedia Network Inc.
Postmedia Editorial Services
Postmedia News

Forward-Looking Statements

This presentation may include certain information that is "forward-looking information" under applicable Canadian securities laws and "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995.

By their nature, forward-looking information and statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties include, among others, competition from other newspapers and alternative forms of media; the effect of economic conditions on advertising revenue; the ability of the Company to build out its digital media and online businesses; the failure to maintain current print and online newspaper readership and circulation levels; the realization of anticipated cost savings; possible damage to the reputation of the Company's brands or trademarks; possible labour disruptions; possible environmental liabilities, litigation and pension plan obligations; fluctuations in foreign exchange rates and the prices of newsprint and other commodities. For a complete list of our risk factors please refer to the section entitled "Risk Factors" contained in our annual management's discussion & analysis for the year ended August 31, 2011, which can be found on the Company's website at *www.postmedia.com*, on SEDAR at *www.sedar.com or on the SEC's website at www.sec.gov. Although the Company bases such information and statements on assumptions believed to be reasonable when made, they are not guarantees of future performance and actual results of operations, financial condition and liquidity, and developments in the industry in which the Company operates may differ materially from any such information and statements in this presentation.*

Given these risks and uncertainties, undue reliance should not be placed on any forward-looking information or forward-looking statements, which speak only as of the date of such information or statements. Other than as required by law, the Company does not undertake, and specifically declines, any obligation to update such information or statements or to publicly announce the results of any revisions to any such information or statements.

Unless otherwise noted, all references to "$" are to Canadian dollars.

Q3 Fiscal 2012 Highlights

Operating Results

- Q3 consolidated revenue declined 6.9% relative to the same quarter in the prior year vs consolidated revenue decline in Q2 F'12 of 7.6% and decline of 9.1% in Q1 F'12.
- Largest declines continue to be in national print advertising revenue representing approximately 44% of total decline.
- Q3 digital revenue growth of 6.8% vs. prior year.
- Operating costs decreased 2.9% relative to prior year.
- Operating income before depreciation, amortization and restructuring decreased $10.4 million to $36.2 million versus Q3 in prior year.
- Q3 debt repayment totaled $7.6 million (US$7.5).

Sale of 1450 Don Mills in Toronto

- Subsequent to the end of the quarter the Company entered into an agreement of sale and purchase of the corporate headquarters to The Rose & Thistle Group Ltd. for $24 million.
- Proceeds to be used for debt repayment.

Audience

- Postmedia's newspaper websites[1] rank #1 in the newspaper category reaching 32% of Canadians who visit newspaper websites with 5.4 million average monthly unique visitors.
- Postmedia mobile audiences[2] surpassed 4 million monthly unique visitors in May, up 125% vs. prior year.

1.Source: comScore, MediaMetrix., Total Canada, All Locations, May 2012 (3-mth avg – March/April/May)
*2. Omniture SiteCatalyst, Mar/Apr/May 2012. * Note: UV duplication among properties. Note: Year-over-Year May 2012 vs. May 2011.*

Q3 Fiscal 2012 – Financial Highlights

In thousands of Canadian dollars	For the three months ended May31, 2012 and 2011			For the nine months ended May 31, 2012 and 2011		
	Q3 F2012	Q3 F2011 (1)	Variance favourable (unfavourable)	Q3 F2012	Q3 F2011 (1)	Variance favourable (unfavourable)
Revenues						
Print advertising	131,077	145,601	(14,524)	402,830	451,637	(48,807)
Print circulation	52,484	55,327	(2,843)	157,954	164,879	(6,925)
Digital	23,584	22,077	1,507	67,139	65,850	1,289
Other	4,876	4,623	253	13,830	14,371	(541)
	212,021	227,628	(15,607)	641,753	696,737	(54,984)
Operating expenses						
Compensation	89,469	95,801	6,332	266,766	283,771	17,005
Newsprint	13,644	14,493	849	40,911	44,538	3,627
Distribution	31,456	32,585	1,129	94,654	95,899	1,245
Other operating	41,224	38,169	(3,055)	123,259	116,860	(6,399)
	175,793	181,048	5,255	525,590	541,068	15,478
Operating income before depreciation, amortization and restructuring	36,228	46,580	(10,352)	116,163	155,669	(39,506)
Depreciation	6,585	6,769	184	19,564	20,344	780
Amortization	10,828	11,102	274	32,685	33,982	1,297
Restructuring and other items	14,730	1,589	(13,141)	22,341	35,040	12,699
Operating income	4,085	27,120	(23,035)	41,573	66,303	(24,730)
Net loss from continuing operations	(12,137)	(5,162)	(6,975)	(8,924)	(11,316)	2,392
Net earnings from discontinued operations	-	2,437	(2,437)	14,053	2,078	11,975
Net earnings (loss)	(12,137)	(2,725)	(9,412)	5,129	(9,238)	14,367

Notes:

(1) Results for the three and nine months ended May 31, 2011 have been revised from amounts previously reported to present the results of the properties sold to Glacier Media Inc. as discontinued operations as well as to reflect the adoption of IFRS.

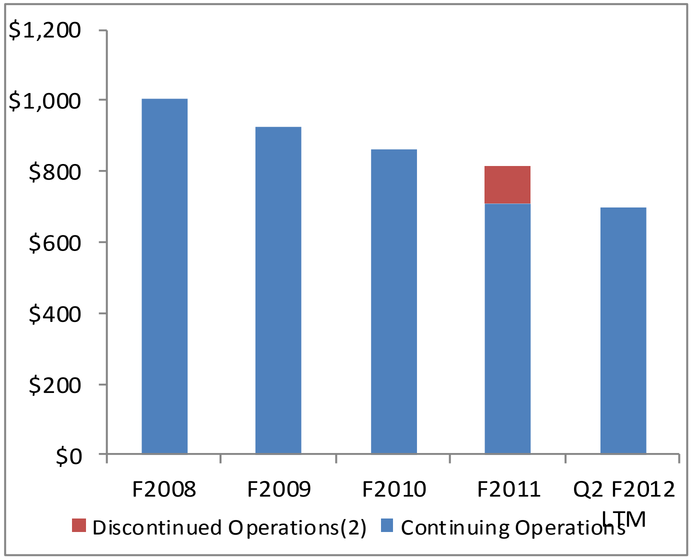
POSTMEDIA NETWORK

Business Transformation Initiatives

- The company successfully implemented over $50 million of operating cost reductions to the end of fiscal 2011.
- Recently initiated a new transformation program with target of eliminating additional 15% to 20% of operating costs over the next 3 years.
- Phase 1 of program to be completed in Q4 F'12/Q1 F'13 seeking to eliminate annualized costs of $35 to $40 million.

	Initiative
Completed in F'12	• Cancellation of Sunday/Monday editions. • Streamlining senior executive reporting structure. • Centralization of marketing function. • Monetization of B.C. Papers and related debt repayment • Elimination of breaking-news wire service and contracting with Canadian Press for "commodity news"
In Process	• Streamlining of advertising flyer inserting operations. • Consolidation of editorial production functions in Hamilton. • Introduction of common pages for international/national news and national features. • Outsourcing of business processes. • General staff reductions through voluntary and involuntary buyout programs. • Real estate efficiencies – sale/sublet of surplus real estate. • Elimination of unprofitable circulation outside of primary market zone.

Track Record of Cost Reduction[1]



(1) Financial information for periods prior to July 13, 2010 relate to Canwest Limited Partnership and for periods subsequent to July 13, 2010 relate to Postmedia Network Canada Corp. ("Postmedia" or the "Company"). Postmedia adopted IFRS Q1 F12. As a result, financial information for periods prior to Q1 F11 have been prepared in accordance with Canadian GAAP - Part V and financial information for periods subsequent to Q4 F10 have been prepared in accordance with IFRS. For a full discussion of the impact of the transition to IFRS see the interim condensed consolidated financial statements and MD&A for the three months ended November 30, 2011 and 2010.

(2) On November 30, 2011, the Company completed the sale of the Victoria Times Colonist and certain community newspapers in British Columbia (the "Disposed Properties") to affiliates of Glacier Media Inc. As a result of the sale, the Company has presented the results of the Disposed Properties as discontinued operations and as such the F11 and Q1 F12 have been revised to reflect this change in presentation.

Q3 Fiscal 2012 – Factors Affecting Revenue

Change vs. Prior Year for Key Revenue Categories

Revenue Category	3 months ended Aug 31, 2011 (1)	3 months ended Nov 30, 2011	3 months ended Feb 29, 2012	3 months ended May 31, 2012
National print advertising	- 5%	- 20%	-15%	-12%
Retail print advertising	- 6%	- 7%	-8%	-8%
Classified print advertising	- 13%	- 7%	-11%	-14%
Insert revenue	+ 3%	- 3%	-4%	-3%
Digital revenue - Advertising	+ 15%	- 2%	+1%	+4%
Digital revenue - Other	- 5%	- 1%	-1%	+13%
Print circulation	- 3%	- 3%	-4%	-5%

Notes:
(1) Variances for periods prior to Q1 Fiscal 2012 have not been revised to exclude the results of discontinued operations.

Factors affecting Q3 Fiscal 2012 Revenue

- National Print category accounted for approximately one-half of total revenue decline, with most significant weakness in technology and financial services category.
- Growth in digital advertising due to gains in local digital advertising revenue.

Liquidity and Covenants

- Cash at May 31, 2012 of $28.7 million.
- Revolver remains undrawn.
- Debt repayments in Q3 of $7.6 million.
- Term loan maintenance covenants:

	May 31, 2012	Feb 29, 2012	Nov 30, 2011	Credit Agreement at May 31, 2012[1]	Credit Agreement after Nov 29, 2012[1]
Consolidated Interest Coverage Ratio	2.38	2.56	2.74	>2.00	>2.00
Consolidated Total Leverage Ratio	3.61	3.36	3.13	<4.50	<4.00
Consolidated First Lien Indebtedness Leverage Ratio	1.70	1.60	1.48	<3.00	<2.50

Notes:
(1) Financial maintenance covenants as set out in First Amendment to Term Loan Credit Agreement which became effective April 4, 2011.

Postmedia Network Canada Corp.

Q3 F2012 Investor and Analyst Conference Call

July 10, 2012