



**Postmedia Network Canada Corp.
Q1 F2013 Investor and Analyst Conference Call**

January 10, 2013

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, 2012, 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.

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Unless otherwise noted, all references to “\$” are to Canadian dollars.

POSTMEDIA NETWORK

PRINT

DIGITAL

NATIONAL POST

THE VANCOUVER SUN

The Province

The StarPhoenix

CALGARY HERALD

EDMONTON JOURNAL

LEADER-POST

The Gazette
montrealgazette.com

THE WINDSOR STAR

OTTAWA CITIZEN

Kingsville
REPORTER

TILBURY TIMES

LASALLE POST

SHORELINE
At the heart of your community.

WindsorParent
MAGAZINE

Lakeshore News



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SERVICES



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Q1 Fiscal 2013 Highlights

Operating Results

- Q1 consolidated revenue declined 8.4% relative to the same quarter in the prior year.
- Largest declines experienced in the classified and national advertising categories.
- Digital revenue increased \$2.2 million or 9.7% compared to Q1, F2012.
- Expense decreases in Q1, F2013 versus Q1, F2012 of 7.9% helped partially offset revenue declines resulting in a drop in operating income before depreciation, amortization and restructuring of \$5.5 million to \$49.1 million.

Three Year Transformation Program

- As of November 30, 2012, implemented transformation initiatives expected to yield net annualized cost savings of approximately \$42 million.

Redemption of Notes

- On October 12, 2012 completed the sale of 1450 Don Mills Road in Toronto for gross proceeds of \$24 million.
- On November 12, 2012 net proceeds were used for a mandatory redemption of \$23.2 million aggregate principal amount of 8.25% Senior Secured Notes due 2017, at par.

Q1 Fiscal 2013 Highlights (Continued)

Audience

- Postmedia's newspaper websites¹ rank #1 in the newspaper category reaching 35% of Canadians who visit newspaper websites with 6 million average monthly unique visitors.
- Postmedia mobile audiences² of 4.7 million monthly unique visitors in Q1, up 138% compared to the prior year.

1. Source: comScore, MediaMetrix., Total Canada, All Locations, November 2012 (3-mth avg – Sept/Oct/Nov)

2. Omniture SiteCatalyst, Sept/Oct/Nov 2012. * Note: UV duplication among properties. Note: Year-over-Year November 2012 vs. November 2011.

Q1 Fiscal 2013 – Financial Highlights

(In thousands of Canadian dollars)

For the three months ended November 30, 2012 and 2011

	Q1 F2013	Q1 F2012	Variance favourable (unfavourable)
Revenues			
Print advertising	132,741	149,368	(16,627)
Print circulation	49,276	54,269	(4,993)
Digital	24,813	22,622	2,191
Other	4,842	4,831	11
	211,672	231,090	(19,418)
Operating expenses			
Compensation	82,948	87,121	4,173
Newsprint	12,108	14,634	2,526
Distribution	28,192	32,705	4,513
Other operating	39,318	41,983	2,665
Operating income before depreciation, amortization and restructuring	49,106	54,647	(5,541)
Depreciation	6,890	6,462	(428)
Amortization	10,734	11,021	287
Restructuring and other items	4,797	2,982	(1,815)
Operating income	26,685	34,182	(7,497)
Net earnings from continuing operations	8,304	14,278	(5,974)
Net earnings from discontinued operations, net of tax of nil	-	14,053	(14,053)
Net earnings	8,304	28,331	(20,027)

Q1 Fiscal 2013 – Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended Feb 29, 2012	3 months ended May 31, 2012	3 months ended August 31, 2012	3 months ended November 30, 2012
National print advertising	-15%	-12%	-6%	-11%
Retail print advertising	-8%	-8%	-8%	-8%
Classified print advertising	-11%	-14%	-15%	-20%
Insert revenue	-4%	-3%	-4%	-7%
Digital revenue - Advertising	+1%	+4%	+6%	+10%
Digital revenue - Other	-1%	+13%	-2%	+9%
Print circulation	-4%	-5%	-6%	-9%

Factors affecting Q1 Fiscal 2013 Revenue

- Classified category experienced declines in all major segments (auto, employment & real estate).
- Growth in digital revenue due to gains in local advertising and Infomart revenue.
- Circulation revenue decline is partially due to implementation of cost reduction initiatives, including reduced publishing days and elimination of unprofitable circulation.

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