



Investor Presentation

October 2014

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. Forward-looking statements in this presentation include statements with respect to the acquisition of certain Sun Media publications, the review of the transaction by the Competition Bureau, the proposed debt and equity financing for the transaction and the anticipated benefits to Postmedia from the transaction and financings, including improved financial strength, free cash flow, leverage ratios and synergies. Any “financial outlook” in this presentation, as defined by applicable securities legislation, has been approved by management of Postmedia and is included for the purpose of illustrating the materiality of the acquisition of the assets of QMI’s English language publications, and for no other purpose. 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: the possibility that the transaction, including the related financings, will not close (including, without limitation, as a result of the failure to gain regulatory approvals); the risks associated with the possible failure to realize the anticipated synergies in integrating the operations of the Sun Media publications with the operations of Postmedia; competition from other newspapers and alternative forms of media; the effect of economic conditions and structural changes in the industry 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 labor 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, 2013, 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.

Transaction Summary

Transaction Overview

- Postmedia Network Canada Corp. (“Postmedia” or the “Company”) has entered into an agreement with Quebecor Media Inc. to acquire its Sun Media’s English language newspaper assets, associated digital properties, as well as its Toronto printing facility (collectively “Sun Media”)

Sun Media Acquisition

- 175 publications, including:
 - 6 major market urban daily newspapers
 - 27 daily newspapers in smaller communities largely in Ontario
 - 140 weekly community newspapers and specialty publications across Canada
 - The 24 Hours free “commuter” papers in Toronto and Vancouver
- Sun Media’s associated digital properties (Sun chain of dailies), including the English portions of the Canoe Network and Autonet, as well as yourlifemoments.ca, classifiedextra.ca, homes-extra.ca and autodealersolutions.com
- Real estate assets with >1mm ft² and an estimated value of \$50-\$60 million

Purchase Price

- \$306 million; 100% cash consideration
 - \$316 million less an adjustment of \$10 million related to real estate disposals to be completed prior to closing
 - Includes working capital, but subject to customary working capital adjustment
- 3.5x acquisition multiple on LTM (June 30, 2014) adjusted EBITDA of \$87 million (excl. synergies)
 - 3.3x multiple including synergies of \$6 million

Financing

- \$140 million add-on to Postmedia’s first lien 8.25% Notes due 2017
 - Fully committed from existing investor via subscription agreement
- Equity Rights Offering - ~\$186 million less net proceeds of any real estate proceeds prior to launch
 - Could reduce offering by up to \$50 million
 - Fully backstopped by GoldenTree Asset Management
 - Preliminary prospectus to be filed in January 2015

Timing

- Transaction remains subject to regulatory and competition approval
 - Review process of 4-6 months anticipated

Transaction Rationale

Leading Multi-Platform English News Provider

- #1 English language print and online newspaper source in its key urban areas, with additional urban/community papers from Sun Media
- Provides significant enhancement to Postmedia digital media platform, improving competitive position against foreign-based digital giants
- Provides strong value proposition to advertisers for local, regional, and national reach
- Four platform strategy driving conversion from legacy printing business into a content engine offering customized bundles to both readers and advertisers
- Robust, enterprise-wide data analytics driving sales approach

Strong Integration and Synergy Potential

- Paul Godfrey and Wayne Parrish have significant knowledge of Sun Media
 - Paul Godfrey spent 16 years with the company including as President and CEO
 - Wayne Parrish was formerly President and CEO of Canoe, and General Manager and Executive Editor of the Toronto Sun, and VP-Strategic Development for Sun Media Corporation
- Identifiable cost saving synergies of \$6 to 10 million per annum expected within 24 months
- Combined entity can accelerate the realization of existing tax losses from prior years

Significant De-Risking of Capital Structure

- De-leveraging event that meaningfully improves Postmedia's capital structure
- Reduction in combined net leverage ratio from 3.8x to 2.9x and injection of significant new equity
- Further potential de-leveraging through monetization of Sun Media's real estate portfolio

Enhances Free Cash Flow Profile

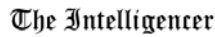
- Sun Media produces significant free cash flow that will improve the credit profile and financial strength of the combined entity

Sun Media Overview

Newspapers



The London Free Press



+ weekly community and specialty publications located in Ontario and Western Canada



Une compagnie de Quebecor Media



Digital

Printing

- Broad range of paid and free urban daily newspapers reach ~4 million readers each week across Ontario and Western Canada⁽¹⁾
- Includes 140 properties in smaller communities where it is often the only newspaper
- Digital network averages more than 4 million unique monthly visitors, including newspaper websites and related sites⁽²⁾

(1) Source: NADbank 2013; Weekly Print/PDF (Sun Media English and 24H two markets)

(2) Source: Comscore May 2014 Multi-Platform including web and mobile and excluding Quebec visitors

Leading Digital News & Information Sites

- Sun Media has a number of pure digital properties supplementing its newspaper websites
- Its flagship Canoe network is the #2 network of sites for unique monthly visitors in the News & Information category (just slightly behind CBC), and the combination of its English language audience with the Postmedia Network is anticipated to create the Canada's #1 News & Information digital network

Digital Properties

(unique visitors 000's) ⁽¹⁾



4,317⁽²⁾



Canoe Newspaper Sites

3,279⁽²⁾



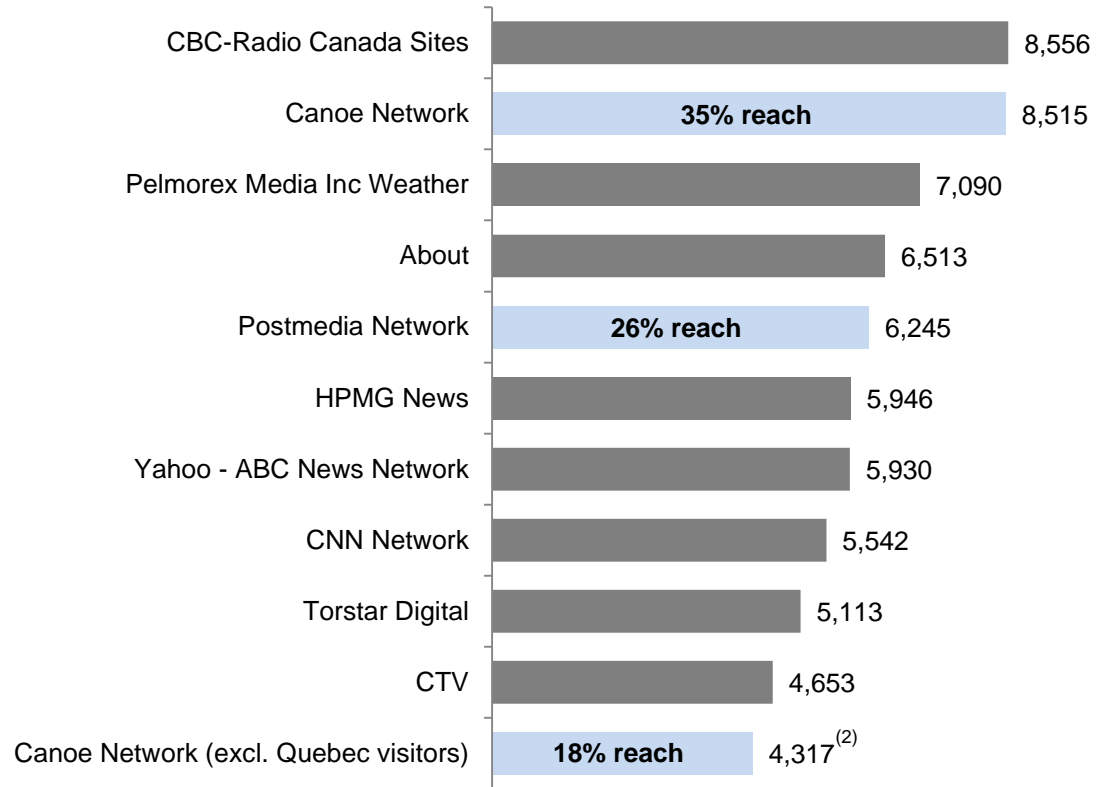
443



235

News & Information Category – Q3 F2014⁽¹⁾

(Unique Visitors 000s) ⁽¹⁾



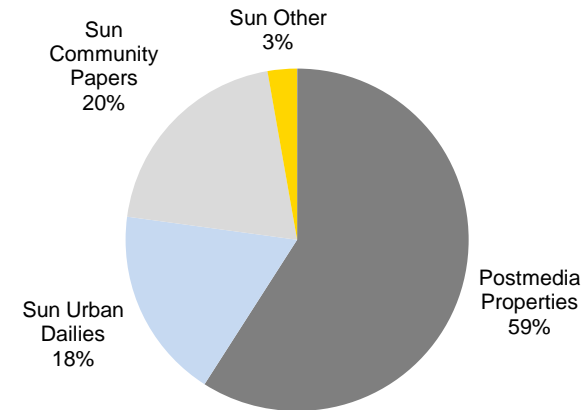
(1) Source: comScore, MediaMetrix, Total Canada, All Locations, 3month average, Q3 = March/April/May 2014

(2) Canoe Network excluding Quebec visitors

Sun Media Diversifies Revenue Profile

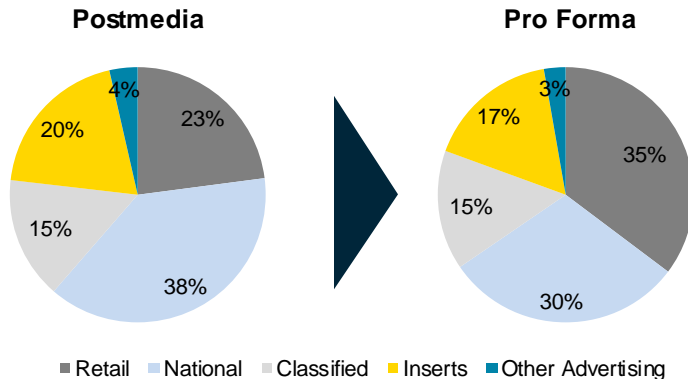
- Postmedia's properties will contribute just under 60% of revenue
- Remaining revenue split ~50/50 between community and urban daily newspapers
- Postmedia has significantly higher level of national advertising compared to Sun Media given Postmedia's national sales force and national footprint of leading urban dailies

Revenue Contribution by Property



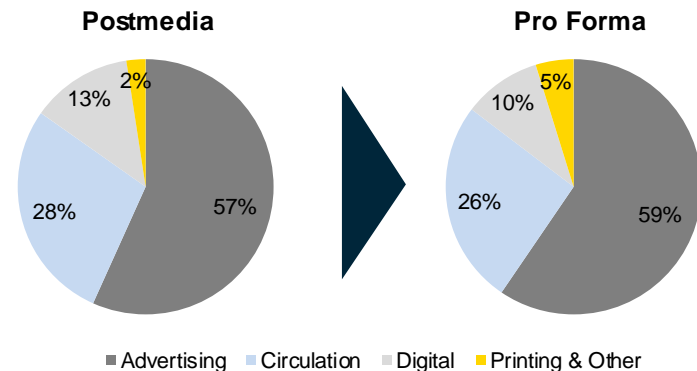
Advertising Revenue by Type

Sun Media's relatively lower mix of national advertising will increase pro forma mix to include more retail/local ad revenue



Revenue by Type

Overall revenue mix is largely the same following the transaction, although advertising and printing revenue increase slightly



Postmedia charts based on LTM at May 31, 2014

Pro forma charts estimated LTM at May 31, 2014 using Sun financials LTM at June 30, 2014

Pro Forma Financials and Credit Metrics

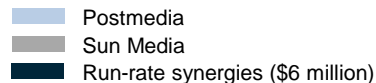
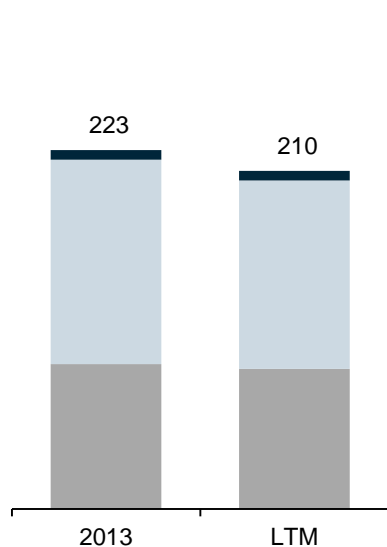
- Pro forma credit statistics would improve meaningfully post transaction
- Pro forma net debt/Adjusted EBITDA⁽³⁾ at May 31, 2014 would decrease from 3.8x to 2.9x

Pro Forma Financials⁽¹⁾ (C\$ millions)

Adjusted Revenue⁽⁴⁾



Adj. EBITDA⁽²⁾



(1) Figures for Postmedia are based on 12 months ending November 30, 2013 for '2013' and May 31, 2014 for 'LTM'; Figures for Sun media are based on 12 months ending December 31, 2013 for '2013' and June 30, 2014 for 'LTM'

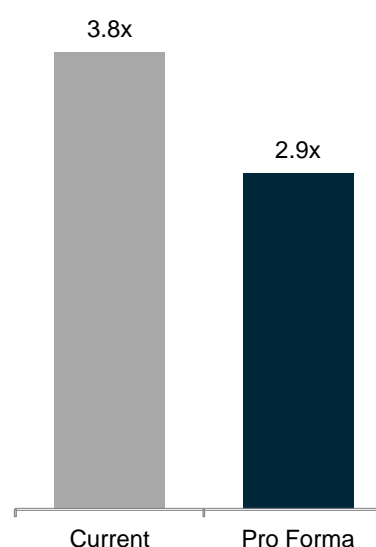
(2) Operating income before depreciation, amortization, impairment and restructuring and excluding any income or losses associated with closed properties. Includes \$6 million of annualized synergies.

(3) Does not include synergies

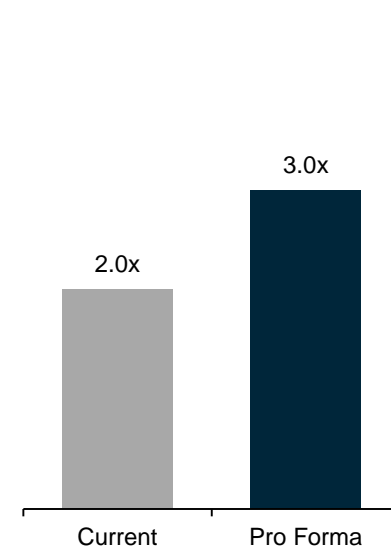
(4) Excludes revenue from closed properties

Credit Metrics

Net Debt / Adj. EBITDA⁽³⁾



Adj. EBITDA⁽³⁾ / Cash Interest



Enhances Postmedia's Strategy

Compliments Postmedia's mission to be Canada's premier destination for news, information and insights – and advertisers' preeminent source for engaged, high value audiences – across multiple platforms, every day

Monetize

- **Postmedia's Strategy:** Capitalize on **audience-selling** capabilities and leverage audience engagement through extension of digital media platform, in order to build **profitable relationships** between advertisers and their targets, and drive **All Access** and **Digital Access** offerings with consumers
- **Sun Media ELN Acquisition:**
 - Leverage Postmedia's national sales force and re-invest in local sales to sell Sun's audience to advertisers
 - Deepens audience database, enhances data analytics, and strengthens audience-based selling strategy
 - Extend current Postmedia audience and digital selling capabilities and strategies to Sun assets
 - Significantly grow national digital audience, especially under comScore's Multi-Platform measurement system, to better compete with pure plays foreign-based digital giants

Differentiate

- **Postmedia's Strategy:** Create distinctive and **differentiated** products across **four platforms** (print, web, tablet & smartphone) leveraging their unique features and uses to **deliver personalized experiences to specific audiences**, with a strong focus on **local** content.
- **Sun Media Acquisition:**
 - Combine Sun content, brands, and audience with Postmedia design, product technology, and multi-platform capabilities
 - Expand differentiation strategy and mobile audience by matching Sun brands and strengths to newly-developed mobile technologies and platforms

Engage

- **Postmedia's Strategy:** Leverage **differentiated products** and advanced audience analytics capabilities to **create experiences** that **exceed the expectations** of loyal subscribers, **deepen relationships** with engaged users, and **create a following** among urban Canadians
- **Sun Media Acquisition:**
 - Utilize Postmedia's expertise and four platform product capabilities, and rebuild content expertise at selected community papers to drive higher engagement at Sun and strengthen audience connection
 - Leverage deeper, wider audience database to extend and expand digital roster of audience segments

■ Thank you