

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF POSTMEDIA NETWORK CANADA CORP. TO BE HELD ON JANUARY 10, 2019

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

POSTMEDIA NETWORK CANADA CORP. NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting of shareholders (the "**Meeting**") of Postmedia Network Canada Corp. ("**Postmedia**") will be held at Postmedia Place, 365 Bloor Street East, 11th Floor, Toronto, Ontario M4W 3L4 on January 10, 2019, at 2:00 p.m. (Toronto time), for the following purposes:

- 1. to receive Postmedia's consolidated financial statements, and the independent auditor's report thereon, for the year ended August 31, 2018;
- 2. to re-appoint PricewaterhouseCoopers LLP as Postmedia's auditor for the year ending August 31, 2019 and to authorize the board of directors of Postmedia (the "Board of Directors") to fix the auditor's remuneration;
- 3. to elect the directors for the coming year; and
- 4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Management Information Circular. Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The Board of Directors has fixed the close of business on November 19, 2018 as the record date, being the date for the determination of the registered holders of Class C voting shares and Class NC variable voting shares in the capital of Postmedia entitled to receive notice of and vote at the Meeting and any adjournment thereof. Proxies to be used or acted upon at the Meeting or any adjournment thereof must be deposited with Postmedia's transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 no later than 2:00 p.m. (Toronto time) on January 8, 2019 or forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chair of the Meeting in his discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

DATED at Toronto, Ontario this 27th day of November, 2018.

By Order of the Board of Directors

Paul Godfrey

Executive Chairman of the Board of Directors

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POSTMEDIA NETWORK CANADA CORP. MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular ("Circular") is furnished in connection with the solicitation of proxies by and on behalf of the management of Postmedia Network Canada Corp. ("Postmedia") for use at the annual general meeting of shareholders (the "Meeting") to be held on January 10, 2019 at 2:00 p.m. (Toronto time) at Postmedia Place, 365 Bloor Street East, 11th Floor, Toronto, Ontario M4W 3L4 and any adjournment thereof. The Meeting has been called for the purposes set forth in the Notice of Annual General Meeting of Shareholders (the "Notice of Meeting") that accompanies this Circular.

References in this Circular to the "Corporation", the "Company", "we", "us", "our" and similar terms, as well as references to Postmedia, refer to Postmedia Network Canada Corp. and, if the context requires, its subsidiary, Postmedia Network Inc. Unless otherwise indicated, the information in this Circular is given as at November 13, 2018 and all dollar references in this Circular are to Canadian dollars.

GENERAL PROXY INFORMATION

This Circular provides the information you need to vote at the Meeting.

If you are a registered holder of Class C voting shares in the capital of Postmedia ("Voting Shares") or Class NC variable voting shares in the capital of Postmedia ("Variable Voting Shares", and collectively with Voting Shares, the "Shares"), a proxy form is enclosed that you can use to vote at the Meeting.

If your Shares are held by a nominee, you should contact that nominee to arrange to receive either a form of proxy or voting instruction form.

These security holder materials are being sent to both registered and non-registered owners of the Shares ("Shareholders"). If you are a non-registered owner, and Postmedia or its agent has sent these materials directly to you, your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Shares on your behalf.

The solicitation of proxies will be primarily by mail, but proxies may also be solicited in person, by telephone or other forms of correspondence. The cost of preparing and mailing this Circular and other materials relating to the Meeting and the cost of soliciting proxies has been or will be borne by Postmedia.

VOTING INFORMATION

VOTING MATTERS

At the Meeting, Shareholders will be asked to vote on: (a) the re-appointment of our auditor for the year ending August 31, 2019 and the authorization of the Company's board of directors ("Board of Directors") to fix the auditor's remuneration; and (b) the election of directors for the coming year.

WHO CAN VOTE

The record date for the Meeting is November 19, 2018. Our transfer agent, Computershare Investor Services Inc. ("Transfer Agent"), will prepare a list, as of the close of business on the record date, of the registered holders of the Shares. A holder of Shares whose name appears on such list is entitled to vote such Shares on such list at the Meeting.

VOTING YOUR SHARES

IF YOU ARE A REGISTERED SHAREHOLDER ON THE RECORD DATE, YOU MAY VOTE IN PERSON AT THE MEETING OR GIVE ANOTHER PERSON AUTHORITY TO REPRESENT YOU AND VOTE YOUR SHARES AT THE MEETING, AS DESCRIBED BELOW UNDER "VOTING YOUR SHARES BY PROXY".

VOTING YOUR SHARES BY PROXY

IF YOU WILL NOT BE AT THE MEETING OR DO NOT WISH TO VOTE IN PERSON, YOU MAY VOTE BY USING THE ENCLOSED PROXY FORM. A PROXY MUST BE IN WRITING AND MUST BE EXECUTED BY YOU OR BY YOUR ATTORNEY AUTHORIZED IN WRITING.

DEADLINE FOR PROXIES

Any proxy to be used at the Meeting must be received by our Transfer Agent at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 no later than 2:00 p.m. (Toronto time) on January 8, 2019 or forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting. Registered Shareholders may provide their voting instructions by any of the following means:

- BY MAIL to the address set forth above by a pre-paid, pre-addressed return envelope (where available); or
- BY HAND OR BY COURIER to the address set forth above.

YOUR PROXY VOTE

On the proxy form, you can indicate how you want to vote your Shares, or you can let your proxyholder decide for you.

All Shares represented by properly completed proxies received by our Transfer Agent, no later than 2:00 p.m. (Toronto time) on January 8, 2019 or forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting, will be voted or withheld from voting, in accordance with your instructions as specified in the proxy, on any ballot votes that take place at the Meeting.

If you give instructions regarding how to vote your Shares on your proxy form, your proxyholder must vote your Shares according to your instructions. If you have not specified how to vote on a particular matter on your proxy form, your proxyholder can vote your Shares as he or she sees fit. **IF NEITHER YOU NOR YOUR PROXYHOLDER GIVES SPECIFIC INSTRUCTIONS, YOUR SHARES WILL BE VOTED:**

- (a) <u>FOR</u> the re-appointment of PricewaterhouseCoopers LLP as our independent auditor for the year ending August 31, 2019 and the authorization of the Board of Directors to fix the auditor's remuneration; and
- (b) <u>FOR</u> the election of each of the nominees to the Board of Directors listed under the heading "Matters to be acted upon at the Meeting Election of Directors".

APPOINTING A PROXYHOLDER

A proxyholder is the person you appoint to act on your behalf at the Meeting (including any continuation after an adjournment of the Meeting) and to vote your Shares. YOU MAY CHOOSE ANYONE TO BE YOUR PROXYHOLDER, INCLUDING SOMEONE WHO IS NOT A SHAREHOLDER. SIMPLY FILL IN THE NAME OF YOUR CHOSEN PROXYHOLDER IN THE BLANK SPACE PROVIDED ON THE ENCLOSED PROXY FORM. IF YOU LEAVE THE SPACE IN THE PROXY FORM BLANK, THE PERSON DESIGNATED IN THE FORM, WHO IS EXECUTIVE CHAIRMAN OF OUR BOARD OF DIRECTORS ("CHAIR") OR, FAILING HIM, OUR PRESIDENT, IS APPOINTED TO ACT AS YOUR PROXYHOLDER.

REVOKING YOUR PROXY

If you give a proxy, you may revoke it at any time before it is used by doing any one of the following:

- you may send another proxy form with a later date to our Transfer Agent, but it must reach our Transfer Agent no later than 2:00 p.m. (Toronto time) on January 8, 2019 or forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting;
- you may deliver a signed written statement stating that you want to revoke your proxy to our Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary, Gillian Akai, no later than 5:00 p.m. (Toronto time) on January 9, 2019, the last business day preceding the day of the Meeting, or any adjournment thereof, at Postmedia Place, 365 Bloor Street East, 12th Floor, Toronto, Ontario, M4W 3L4;
- you may attend the Meeting and notify the Chair of the Meeting prior to the commencement of the Meeting that you have revoked your proxy; or
- you may revoke your proxy in any other manner permitted by law.

VOTING BY NON-REGISTERED SHAREHOLDERS

You are a non-registered Shareholder if your Shares are held in the name of a nominee (such as a bank, trust company or securities broker). Your nominee will generally provide you with a voting instruction form or a proxy form. You should follow the voting instructions provided by your nominee. If you wish to vote in person at the Meeting, you must insert your own name in the space provided for the appointment of a proxyholder on the form provided by your nominee and return same by following the instructions provided.

ADDITIONAL MATTERS PRESENTED AT THE MEETING

The enclosed proxy form confers discretionary authority upon the persons named as proxies therein with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting.

If you sign and return the proxy form and do not appoint a proxyholder by filling in a name, and any matter is presented at the Meeting in addition to, or as an amendment or variation to, the matters described in the Notice of Meeting, the Postmedia representatives named as proxies will vote on such matters on your behalf in their best judgment. Management is not currently aware of any matters to be considered at the Meeting other than the matters described in the Notice of Meeting, or any amendments or variations to the matters described in such notice.

DESCRIPTION OF SHARES

Voting Rights

Voting Shares and Variable Voting Shares are the only Shares that entitle Shareholders to vote at the Meeting. Each Voting Share entitles the holder thereof to one vote on each item of business identified in the Notice of Meeting. Each Variable Voting Share entitles the holder thereof to one vote on each item of business identified in the Notice of Meeting, except if:

- (a) the number of issued and outstanding Variable Voting Shares exceeds 49.9% of the total number of all issued and outstanding Shares; or
- (b) the total number of votes that may be cast by or on behalf of holders of Variable Voting Shares present at any meeting of holders of Shares exceeds 49.9% of the total number of votes that may be cast by all holders of Shares present and entitled to vote at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically and without further act or formality, to equal the maximum permitted vote per Variable Voting Share as indicated below. Under the circumstance described in subparagraph (a) above, the Variable Voting Shares as a class cannot carry more than 49.9% of the aggregate votes. Under the circumstance described in subparagraph (b) above, the Variable Voting Shares as a class cannot, for the applicable Shareholders' meeting, carry more than 49.9% of the total number of votes that can be cast at the Meeting.

Conversion of Shares and Coattail Provisions

An issued and outstanding Variable Voting Share shall be converted into one Voting Share, automatically and without any further act of Postmedia or the holder if: (a) such Variable Voting Share is not, or ceases to be, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by one or more persons who are citizens or subjects of a country other than Canada or one or more persons who are controlled by one or more citizens or subjects of a country other than Canada (collectively, "Non-Canadians"), unless such Variable Voting Share resulted from the exercise of a voluntary election to convert a Voting Share into a Variable Voting Share; or (b) (i) the foreign ownership restrictions of the *Income Tax Act* (Canada) (the "Tax Act") are repealed and not replaced with other similar restrictions in the Tax Act or other applicable legislation; and (ii) there is no Canadian federal or provincial law applicable to Postmedia prescribed for the purposes of subsection 46(1) or paragraph 174(1)(c) of the *Canada Business Corporations Act* (the "CBCA") or any other similar provision in the CBCA or the CBCA Regulations.

An issued and outstanding Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of Postmedia or the holder, if such Voting Share becomes held or beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by one or more Non-Canadians. In addition to such automatic conversion feature, a holder of Voting Shares shall have the option at any time to convert some or all of such Shares into Variable Voting Shares on a one-for-one basis and to convert those Shares back to Voting Shares on a one-for-one basis.

In the event that an offer is made to purchase Voting Shares or Variable Voting Shares and the offer is one which must, pursuant to applicable securities legislation or the rules of a stock exchange on which the Shares are then listed, be made to all or substantially all of the holders of the Shares of such class, and a concurrent offer at an equal price and with identical terms (subject to certain exceptions) is not made to purchase the Shares of such other class, each Variable Voting Share or Voting Share, as the case may be, shall become convertible at the option of the holder into one Share of the other class that shall be subject to the offer at any time while the offer is in effect. The conversion right may only be exercised in respect of Shares for the purpose of depositing the resulting Shares in response to the offer and a Canadian trustee designated by Postmedia shall deposit the resulting Shares on behalf of the participating Shareholder.

If the Shares resulting from the conversion, and deposited pursuant to the offer, are withdrawn from the offer or are not taken up by the offeror or if the offer is abandoned or withdrawn, the Shares resulting from the conversion shall be reconverted back into the original class automatically and without further act from Postmedia or the holder.

Quorum and Principal Holders

The presence of at least two people holding or representing by proxy at least 10% of the total number of issued and outstanding Shares for the time being enjoying voting rights at such meeting is necessary for a quorum at the Meeting. As at November 13, 2018, 46,474 Voting Shares and 93,670,725 Variable Voting Shares were issued and outstanding.

To the knowledge of the Board of Directors and executive officers of Postmedia, no person owns, directly or indirectly, or exercises control or direction over, voting securities of Postmedia carrying more than 10% of the voting rights attached to any class of our voting securities as at November 13, 2018, other than for the Variable Voting Shares: (a) Chatham Asset Management, LLC ("Chatham LLC") and certain investment funds or accounts for which Chatham LLC or its affiliates acts as investment advisor, sub-advisor or manager ("Chatham") which collectively hold 62,301,249 Variable Voting Shares representing 66.51% of the outstanding Variable Voting Shares; (b) Allianz Global Investors U.S. LLC which holds 17,778,131 Variable Voting Shares representing 18.98% of the outstanding Variable Voting Shares; and (c) Leon Cooperman who holds 13,083,882 Variable Voting Shares representing 13.97% of the outstanding Variable Voting Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

FINANCIAL STATEMENTS

The annual report, which includes the audited consolidated financial statements of the Company for the years ended August 31, 2018 and 2017, accompanying this Circular will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the audited consolidated financial statements. If any Shareholder has questions regarding such audited consolidated financial statements, such questions may be brought forward at the Meeting.

RE-APPOINTMENT OF AUDITOR

PricewaterhouseCoopers LLP is the auditor of Postmedia and was first appointed as our auditor in 2010.

Unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote for the reappointment of PricewaterhouseCoopers LLP as our auditor until the close of our next annual meeting of Shareholders and the authorization of the Board of Directors to fix the remuneration of the auditor.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE <u>FOR</u> THE RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR AUDITOR FOR THE YEAR ENDING AUGUST 31, 2019 AND THE AUTHORIZATION OF THE BOARD OF DIRECTORS TO FIX THE AUDITOR'S REMUNERATION.

ELECTION OF DIRECTORS

Pursuant to its constating documents, Postmedia is required to have a minimum of three directors and a maximum of 15 directors. Postmedia currently has eight directors, which number will remain the same in the event that all nominees are elected at the Meeting.

The Board of Directors has adopted a majority voting policy in director elections that will apply at any meeting of Shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chair of the Board of Directors promptly following the applicable Shareholders' meeting. Following receipt of such resignation, the Corporate Governance and Nominating Committee will consider whether or not to accept the offer of resignation and make a recommendation to the Board of Directors in connection with same. Within 90 days following the applicable Shareholders' meeting, the Board of Directors shall publicly disclose their decision whether to accept the applicable director's resignation or not, including the reasons for rejecting the resignation, if applicable, provided that the Board of Directors shall accept the resignation absent exceptional circumstances. Save for exceptional circumstances that would warrant the continued service of the applicable director on the Board of Directors, the resignation will be effective when accepted by the Board of Directors. The Company will be required to issue a news release announcing the Board of Directors' decision and, if the Board of Directors determines not to accept a resignation, the news release will be required to state the reasons for that decision. A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board of Directors or the Corporate Governance and Nominating Committee at which the resignation is considered. A copy of the majority voting policy may be found on the Postmedia website at www.postmedia.com.

The following table identifies the name and residence of the persons proposed to be nominated for election by Shareholders as directors, their current positions with Postmedia, the date on which they first became a director of Postmedia and their principal occupations.

NAME AND RESIDENCE	POSITION HELD WITH POSTMEDIA	DIRECTOR SINCE	PRINCIPAL OCCUPATION IF DIFFERENT FROM POSITION HELD WITH POSTMEDIA
Paul Godfrey Toronto, Ontario, Canada	Executive Chairman of the Board of Directors and Chief Executive Officer	April 26, 2010	-
John Bode ⁽⁴⁾ Naples, Florida, USA	Director	October 25, 2018	Chief Operating Officer, Readerlink Distribution Services, LLC
Janet Ecker ⁽¹⁾⁽²⁾⁽⁴⁾ Ajax, Ontario Canada	Director	May 16, 2017	Corporate Director
Wendy Henkelman ⁽¹⁾⁽²⁾⁽⁴⁾ Canmore, Alberta, Canada	Director	January 13, 2016	Corporate Director
Mary Junck ⁽¹⁾⁽²⁾⁽³⁾ Pleasant Valley, Iowa, USA	Director	October 5, 2016	Executive Chairman of Lee Enterprises, Incorporated
Daniel Rotstein ⁽³⁾ Plantation, Florida, USA	Director	October 5, 2016	Director of Human Resources/Risk Management, City of Pembroke Pines
Graham Savage ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	Director	July 12, 2010	Corporate Director
Peter Sharpe ⁽¹⁾⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada	Lead Director	June 17, 2010	Corporate Director

- (1) Independent member of the Board of Directors.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Pension Committee.
- (4) Member of the Corporate Governance and Nominating Committee.

All of the nominees are currently directors of Postmedia and have been appointed or elected for a term ending on the date of the Meeting. Each director elected at the Meeting will hold office for a term ending on the date of the next annual meeting of Shareholders, or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by reasons of his or her death, removal or other cause.

It is not expected that any of the nominees will be unable, or for any reason will become unwilling, to serve as a director but should that occur prior to the election, the persons named in the accompanying form of proxy or voting instruction form reserve the right to vote for another nominee in their discretion, unless the Shareholder has specified that his or her Shares be withheld from voting on the election of directors. For more information on our proposed nominees, see "Board of Directors – Director Biographies".

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE NOMINEES PROPOSED FOR ELECTION.

BOARD OF DIRECTORS

DIRECTOR BIOGRAPHIES

The following are brief profiles of persons proposed to be nominated for election by Shareholders as directors, including a description of each individual's principal occupation within the past five years.

PAUL GODFREY (Executive Chairman)

Mr. Godfrey is the Executive Chairman of the Board of Directors and Chief Executive Officer of Postmedia. Prior to this, he served as President and Chief Executive Officer of Postmedia, President and Chief Executive Officer of National Post Inc., President and Chief Executive Officer of the Toronto Blue Jays Baseball Club and spent 16 years with Sun Media Corporation, eventually taking the role of President and Chief Executive Officer. Mr. Godfrey has a proud record of public service including a record four terms (11 years) as the Chairman of the Municipality of Metropolitan Toronto. He served as the Chairman of the Ontario Lottery and Gaming Corporation from 2010 until 2013. He is Chairman of the board of RioCan Real Estate Investment Trust. He also serves on the board of Cargojet Inc. and serves as Vice Chairman of Baycrest Centre for Geriatric Care.

LOCATION	Toronto, Ont	tario, Canada	DIRECTO	R SINCE	April 26, 201	10	STATUS	Non-Independent ⁽¹⁾
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATT	F2018 ATTENDANCE		CURRENT PUBLIC BOARD MEMBERSHIPS		
Board of Directors			9 of 9	100%	Cargo	ojet Inc.		
					RioCa	an Real Estate Inve	estment Trus	t
EQUITY OWNER	EQUITY OWNERSHIP (BENEFICIALLY OWNED, CONTROLLED OR DIRECTED)							
Voting Shares		5,034			Options	None		
Variable Voting	Shares	0			RSUs	2,343,930 ⁽²⁾		
Total Number o	f Shares	5,034						
Total Number of Shares, Options, and RSUs			2,348,96	54				

Notes:

- (1) Mr. Godfrey is not independent as a result of his position as CEO of Postmedia. For more information on director independence, see "Statement of Corporate Governance Practices Independence".
- (2) This includes Mr. Godfrey's Tandem Award (as defined below). For more information on the Tandem Award, see "Statement of Executive Compensation Restricted Share Unit Plan".

JOHN BODE (Director)

Mr. Bode is currently Chief Operating Officer at ReaderLink Distribution Services. Previously, Mr. Bode owned and operated a strategic consultancy practice focused on working with companies, primarily legacy print media companies, undertaking major transformation initiatives and transactions. Prior to his consultancy practice, Mr. Bode was Chief Financial officer at Tribune Publishing.

LOCATION N	laples, Florid	la, USA	DIRECTO	R SINCE	October 25,	2018	STATUS	Non-Independent ⁽¹⁾
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATT	F2018 ATTENDANCE C		CURRENT PUBLIC BOARD MEMBERSHIPS		
Board of Directors ⁽²⁾		N/A	N/A	FISION Corporation				
Corporate Governance and Nominating Committee ⁽²⁾			N/A	N/A				
EQUITY OWNERSHIP (BENEFICIALLY OWNED, CONTROLLED OR DIRECTED)								
Voting Shares		None			Options	None		
Variable Voting Sh	hares	None			RSUs	None		
Total Number of S	Shares	None						
Total Number of Shares, Options, and RSUs			None					

- (1) The Board of Directors has determined that Mr. Bode is not independent as a result of his relationship with Chatham and previous strategic and financial consulting services that he provided to Postmedia management through a third party which is an associated company of Chatham. Mr. Bode ceased providing such services to Postmedia in August, 2018. For more information on director independence, see "Statement of Corporate Governance Practices Independence".
- (2) Mr. Bode was appointed to the Board of Directors and the Corporate Governance and Nominating Committee following the end of Fiscal 2018.

JANET ECKER (Director)

Ms. Ecker is a corporate director who recently retired from the role of President and Chief Executive Officer of Toronto Financial Services Alliance, having served in the role for nearly 13 years. Ms. Ecker served as a member of provincial parliament in Ontario from 1995 to 2003 and held the portfolios of Minister of Finance, Minister of Education, Minister of Community and Social Services and Government House Leader. In 2002 she was the first woman to deliver a budget in Ontario. In November 2016, Ms. Ecker was named a Member of the Order of Canada for being a leader in the financial industry.

LOCATION	Ajax, Ontario	o, Canada	DIRECTO	R SINCE	May 16, 201	7	STATUS	Independent
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATTENDANCE		CURRENT PUBLIC BOARD MEMBERSHIPS			SHIPS
Board of Directors		9 of 9	100%	None				
Audit Committ	ee		5 of 5	100%				
Corporate Governance and Nominating Committee			4 of 4	100%				
EQUITY OWNE	RSHIP (BENEF	ICIALLY OWNED, CONTROLL	ED OR DIREC	TED)				
Voting Shares		None			Options	None		
Variable Votin	g Shares	None			RSUs	None		
Total Number	of Shares	None						
Total Number of Shares, Options, and RSUs			None					

WENDY HENKELMAN (Director)

Ms. Henkelman is a corporate director with extensive experience in finance including accounting, treasury, taxation, information systems, internal controls and risk management. She has held executive positions in major oil and gas companies including VP, Treasury and Compliance with Penn West Exploration and Country Tax Manager at Shell Canada Limited. She began her career with KPMG LLP, progressing from the audit function to manager in the income tax group. Ms. Henkelman is a member of the board and is Treasurer for the Cochrane and Area Humane Society and has chaired major pension trusts of public corporations. She is the past President of the Canadian Petroleum Tax Society and is a former member of the Tax Executives Institute and the Canadian Tax Foundation. Ms. Henkelman currently sits on the board of ATB Financial, where she sits on both the Audit and Human Resources committees.

LOCATION	Canmore, Al	berta, Canada	DIRECTOR SINCE		January 13, 2016		STATUS	Independent
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATTENDANCE		CURRENT PUBLIC BOARD MEMBERSHIPS			
Board of Directors		9 of 9	100%	None				
Audit Committ	ee		5 of 5	100%				
Corporate Governance and Nominating Committee			4 of 4	100%				
EQUITY OWNE	RSHIP (BENEF	ICIALLY OWNED, CONTROLLI	ED OR DIREC	TED)				
Voting Shares		None			Options	None		
Variable Voting	g Shares	None			RSUs	None		
Total Number	of Shares	None						
Total Number of Shares, Options, and RSUs			None					

MARY JUNCK (Director)

Ms. Junck is Executive Chairman of Lee Enterprises, Incorporated, a leading provider of local news, information and advertising in 50 primarily midsize markets in the United States. Ms. Junck began her career at the Charlotte Observer in 1972 as marketing research manager. She later held senior executive positions at the former Times Mirror Company, as Executive Vice President of Times Mirror and President of Times Mirror Eastern Newspapers. Ms. Junck is the retired Chairman of the Associated Press, the world's oldest and largest newsgathering organization and serves on the boards of the (Iowa-Illinois) Quad Cities Chamber of Commerce, one of the largest business networks in Eastern Iowa and Western Illinois and the Board of Trustees of Augustana College in Rock Island, Illinois, a private liberal arts college.

LOCATION	Pleasant Val	ley, Iowa, USA	DIRECTO	R SINCE	October 5, 2	016	STATUS	Independent
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATT	F2018 ATTENDANCE		CURRENT PUBLIC BOARD MEMBERSHIPS		
Board of Directors			8 of 9	88%	Lee Enterprises, Incorporated			
Audit Committ	Audit Committee			100%				
Compensation	Compensation and Pension Committee ⁽¹⁾			100%				
EQUITY OWNE	RSHIP (BENEF	ICIALLY OWNED, CONTROLL	ED OR DIREC	TED)				
Voting Shares		None			Options	None		
Variable Voting	g Shares	None			RSUs	None		
Total Number	of Shares	None						
Total Number of Shares, Options, and RSUs			None					

Notes:

(1) Ms. Junck was appointed to the Compensation and Pension Committee on February 1, 2018.

DANIEL ROTSTEIN (Director)

Mr. Rotstein serves as the Director of Human Resources/Risk Management for the City of Pembroke Pines, Florida and provides human resources, risk management, and administrative consulting services to companies in various industries, including American Media, Inc. Prior to that, Mr. Rotstein was the Executive Vice President, Human Resources and Administration for American Media, Inc. Mr. Rotstein has over 25 years of experience holding human resources management positions in the manufacturing, financial services and retail services industries and has successfully assisted organizations in all facets of human resources, risk management and administration.

LOCATION	Plantation, F	lorida, USA	DIRECTO	R SINCE	October 5, 2	016	STATUS	Non-Independent ⁽¹⁾
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATTENDANCE		CURRENT PUBLIC BOARD MEMBERSHIPS			SHIPS
Board of Directors			9 of 9	100%	None			
Compensation a	and Pension C	ommittee ⁽²⁾	N/A	N/A				
Corporate Gove	ernance and N	ominating Committee ⁽³⁾	4 of 4	100%				
EQUITY OWNER	RSHIP (BENEFI	CIALLY OWNED, CONTROLL	D OR DIREC	TED)				
Voting Shares		None			Options	None		
Variable Voting	Shares	None			RSUs None			
Total Number of	of Shares	None						
Total Number of Shares, Options, and RSUs			None					

- (1) In 2016, Mr. Rotstein was nominated by Chatham pursuant to its nominating rights. For more information on Chatham's nominating rights, see "Board of Directors Conflicts of Interest". The Board of Directors has determined that Mr. Rotstein is not independent. For more information on director independence, see "Statement of Corporate Governance Practices Independence".
- (2) Mr. Rotstein was appointed to the Compensation and Pension Committee following the end of Fiscal 2018.
- (3) Mr. Rotstein resigned from the Corporate Governance and Nominating Committee following the end of Fiscal 2018.

GRAHAM SAVAGE (Director)

Mr. Savage is a corporate director and from 1997 to 2007 he was Chairman and Founding Partner of Callisto Capital, a private equity firm. Prior to that, Mr. Savage spent 21 years as a senior officer at Rogers Communications Inc. Mr. Savage is the Chairman of Sears Canada Inc. and a director of Cott Corporation. Mr. Savage has previously served as a director of Canadian Tire Corp., Rogers Communications Inc., Sun Media Corp., Royal Group Technologies Ltd. and Hollinger International Inc., among others.

LOCATION	Toronto, On	tario, Canada	DIRECTO	R SINCE	July 12, 2010)	STATUS	Independent
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATTENDANCE		CURRENT PUBLIC BOARD MEMBERSHIPS			SHIPS
Board of Directors			9 of 9	100%	Cott	Corporation		
Audit Committ	ee		5 of 5	100%	Sears	rs Canada Inc.		
Compensation and Pension Committee			5 of 5	100%				
EQUITY OWNE	RSHIP (BENEF	ICIALLY OWNED, CONTROLL	ED OR DIREC	TED)				
Voting Shares		None			Options	None		
Variable Voting	g Shares	None			RSUs	None		
Total Number	of Shares	None						
Total Number of Shares, Options, and RSUs			None					

PETER SHARPE (Lead Director)

Mr. Sharpe retired as President and Chief Executive Officer of Cadillac Fairview Corporation in 2010, having served with the company for over 25 years. Mr. Sharpe is currently a director of Morguard Corporation, First Industrial REIT (US) and Allied Property REIT. Mr. Sharpe is also a past Chairman and current Trustee of the International Council of Shopping Centers.

LOCATION	Toronto, On	tario, Canada	DIRECTOR SINCE		June 17, 201	.0	STATUS	Independent
CURRENT BOARD & COMMITTEE MEMBERSHIPS			F2018 ATT	F2018 ATTENDANCE		CURRENT PUBLIC BOARD MEMBERSHIPS		
Board of Directors			8 of 9	88%	Allied	Property REIT		
Compensation and Pension Committee			5 of 5	100%	First Industrial REIT (US)			
Corporate Governance and Nominating Committee			4 of 4	100%	Morguard Corporation			
EQUITY OWNE	RSHIP (BENEF	ICIALLY OWNED, CONTROLL	ED OR DIREC	TED)				
Voting Shares		166			Options	None		
Variable Votin	g Shares	998			RSUs None			
Total Number	of Shares	1,164						
Total Number of Shares, Options, and RSUs			1,164					

CEASE TRADE ORDERS, BANKRUPTCIES OR PLANS OF ARRANGEMENT

Other than as described below, no director, nominee or executive officer of Postmedia is, or within ten years before the date hereof has been a director, chief executive officer or chief financial officer of any company (including Postmedia) that:

- (a) was subject to an order that was issued while the director, nominee or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director, nominee or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of the preceding sentence, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation.

Other than as described below, to the knowledge of the Company, no director, nominee or executive officer, or Shareholder holding a sufficient number of securities to affect materially the control of Postmedia:

- (a) is at the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including Postmedia) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, or within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Shareholder.

Mr. Savage has been a director of Sears Canada Inc. ("Sears") since April 2015 and is currently the Chairman of the board. On June 22, 2017, Sears announced that it and certain of its subsidiaries (the "Sears Group") had been granted an order from the Ontario Superior Court of Justice (Commercial List) (the "Court") that, among other things, granted the Sears Group protection from their creditors under the Companies' Creditors Arrangement Act (the "CCAA"). On June 29, 2017, Sears received notice that the Continued Listings Committee of the Toronto Stock Exchange (the "TSX") had determined to delist Sears' common shares effective at the close of market on July 28, 2017. Sears did not appeal the decision. On October 16, 2017, Sears announced that it had received approval from the Court to proceed with a liquidation of all of its inventory and furniture, fixtures and equipment located at its remaining stores. Currently, the stay of proceedings against the Sears Group has been extended to December 18, 2018.

During the Company's recapitalization transaction which occurred in Fiscal 2017 (the "Recapitalization Transaction"), Messrs. Godfrey, Savage and Sharpe and Ms. Henkelman were directors of the Company and Paul Godfrey, Andrew MacLeod and Gillian Akai were executive officers of the Company. For more information on the Recapitalization Transaction, see "General Development of the Business – History of the Corporation" in the Company's latest Annual Information Form which is available on SEDAR at www.sedar.com.

Mr. Godfrey served on the board of directors of Data and Audio-Visual Enterprises Wireless, d/b/a Mobilicity, from November 20, 2008 to April 30, 2013. Mobilicity sought and received CCAA protection on September 30, 2013.

Ms. Junck served as Executive Chairman, President and Chief Executive Officer of Lee Enterprises, Incorporated ("Lee") in 2011 when Lee, and certain of its subsidiaries, filed voluntary, prepackaged petitions for relief under Chapter 11 of the *United States Bankruptcy Code* (the "USBC") (the "Lee Chapter 11 Proceedings"). On January 23, 2012, the United States Bankruptcy Court approved a second amended joint prepackaged plan of reorganization (the "Lee Plan") under the USBC and on January 30, 2012, Lee emerged from the Lee Chapter 11 Proceedings. The Lee Plan became effective on January 30, 2012 and the transactions contemplated by the Lee Plan were consummated.

On October 6, 2009, the subordinate voting shares and the non-voting shares of Canwest Global Communications Corp. ("Canwest Global") were suspended from trading on the TSX while a review to determine whether the company was meeting the continued listing requirements was conducted. On October 15, 2009, Canwest Global received a notice from the TSX informing the company that its subordinate voting shares and non-voting shares would be delisted from the exchange effective November 13, 2009 for failure to meet the continued listing requirements. In response to this notice, on November 13, 2009, Canwest Global announced that its subordinate voting shares and non-voting shares would begin trading on the TSX Venture Exchange effective November 16, 2009. Mr. Godfrey, the Chief Executive Officer of Postmedia, was a senior officer of certain subsidiaries of Canwest Global throughout the period described above.

Prior to his mandate with Postmedia, Mr. Godfrey was an executive officer of Canwest Publishing Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership (the "Canwest LP Entities") or one of the Canwest LP Entities' wholly-owned subsidiaries. On January 8, 2010, the Ontario Superior Court of Justice issued an order that, among other things, granted the Canwest LP Entities protection from their creditors under the CCAA. Postmedia acquired substantially all of the newspaper and digital media businesses previously owned by the Canwest LP Entities pursuant to a plan of compromise or arrangement that was implemented during the course of the Canwest LP Entities'

proceedings under the CCAA. On April 24, 2013, the Ontario Superior Court of Justice made an order terminating the CCAA proceedings of the Canwest LP Entities.

Mr. Savage was a director of Sun-Times Media Group, Inc. ("Sun Times"), formerly Hollinger International Inc. He served as a director of that company from July 2003 until November 2009. Sun Times filed for protection under Chapter 11 of the USBC in April 2009, and the principal operating assets of the Sun Times were subsequently sold.

PENALTIES OR SANCTIONS

To the knowledge of the Company, no director, nominee or executive officer or Shareholder holding a sufficient number of securities to affect materially the control of Postmedia, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Pursuant to the nominating rights under the Second-Lien Support Agreement (as defined below) dated July 7, 2016, among the Company, Postmedia Network Inc. and certain holders of the Second-Lien Notes (as defined below), Chatham had the right to select up to 33% of the Board of Directors of the Company. One of Chatham's nominees to the Board of Directors pursuant to the aforementioned rights was Mr. Rotstein.

Chatham is located at 26 Main Street, Suite 204, Chatham, New Jersey, USA 07928. Chatham owns 62,301,249 Variable Voting Shares and a portion of the New Second-Lien Notes (as defined below). Chatham's combined debt and equity holdings, along with Mr. Rotstein's relationship with Chatham, and in particular, Mr. Rotstein's nomination to the Board of Directors pursuant to Chatham's nominating rights in 2016, may give rise to a potential conflict of interest. Mr. Rotstein is also currently engaged as a consultant with an associated company of Chatham. Additionally, the Board of Directors has determined that Mr. Bode is not independent as a result of his relationship with Chatham and previous strategic and financial consulting services that he provided to Postmedia management through a third party which is an associated company of Chatham. Mr. Bode ceased providing such services to Postmedia in August, 2018.

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis examines the compensation earned by the Company's: (a) Chief Executive Officer (the "CEO"); (b) President and Chief Operating Officer (the "President"); (c) Executive Vice President and Chief Financial Officer (the "CFO"); and (d) two other most highly compensated individuals, who served as executive officers of the Company, or in a similar capacity, for the year ended August 31, 2018 ("Fiscal 2018") (collectively with the CEO, the President and the CFO, the "Named Executive Officers" or "NEOs"). In addition, it describes and explains Postmedia's compensation philosophy and objectives and the significant elements of compensation of the Company's NEOs during Fiscal 2018.

NAMED EXECUTIVE OFFICERS

The NEOs for Fiscal 2018 were:

- Paul Godfrey, Chief Executive Officer⁽¹⁾
- Andrew MacLeod, President and Chief Operating Officer⁽¹⁾
- Brian Bidulka, Executive Vice President and Chief Financial Officer
- Gillian Akai, Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary
- Josh Merchant, Senior Vice President, Product and Development

Notes:

(1) On October 19, 2017, Mr. Godfrey's title changed from President and CEO to CEO and Mr. MacLeod's title changed from Executive Vice President and COO to President and COO. In addition, on November 16, 2017, Mr. Godfrey was appointed as Executive Chairman of the Board of Directors.

COMPENSATION GOVERNANCE

Role of the Compensation and Pension Committee

The current members of the Compensation and Pension Committee are Messrs. Savage (Chair), Rotstein and Sharpe and Ms. Junck, with Messrs. Savage and Sharpe and Ms. Junck being determined independent. Mr. Rotstein is not an independent director. For more information on director independence, see "Statement of Corporate Governance Practices – Independence".

Members of the Compensation and Pension Committee have gained relevant skills and experience with respect to their responsibilities for executive compensation through holding a variety of senior executive management roles, including, for certain members, as chief executive officer of a business with the Human Resources and Finance functions reporting directly to them. In connection with their past roles, Compensation and Pension Committee members have managed and implemented a variety of compensation policies and programs. The Compensation and Pension Committee regularly reports to the Board of Directors in carrying out its responsibilities and duties relating to compensation matters of the Company. The Compensation and Pension Committee regularly holds *in camera* sessions exclusive of management, executive directors and non-independent directors and consults with independent advisors in respect of compensation matters. For more information about the Company's independent advisor, see "Statement of Executive Compensation - Role of the Independent Consultant".

The Compensation and Pension Committee, through meetings, presentations and reports, understands the key drivers and issues affecting the Company and regularly meets with senior management.

Consistent with the Compensation and Pension Committee's charter and based on input from management and the Compensation and Pension Committee's independent advisor, Hugessen Consulting Inc. ("Hugessen"), the Compensation and Pension Committee reviews executive compensation and awards for each of the NEOs.

As part of the executive compensation review, the Compensation and Pension Committee makes recommendations to the Board of Directors on compensation levels and incentive plan awards for each of the NEOs based on the guiding principles described below, with particular reference to performance measures. The following outlines the principal responsibilities of the Compensation and Pension Committee with respect to compensation matters:

- reviews and makes recommendations to the Board of Directors in consultation with the CEO, at least annually, with respect to the long-term goals and objectives of the Company which are relevant to the CEO's compensation, evaluates the CEO's performance in light of those goals and objectives, determines and recommends to the independent directors, for approval, the CEO's compensation based on that evaluation, and reports to the Board of Directors thereon. In determining the CEO's compensation, the Compensation and Pension Committee considers the Company's performance, the value of similar incentive awards to chief executive officers at comparable companies, the CEO's existing employment contract and the awards given to the CEO in past years, with a view to maintaining a compensation program for the CEO at a competitive level, consistent with the best interests of the Company;
- reviews and makes recommendations to the Board of Directors at least annually (and upon appointment), in
 consultation with the CEO, with respect to the compensation of those members of senior management that
 report directly to the CEO (including incentive-compensation plans, equity-based plans, the terms of any
 employment agreements, severance arrangements, and change in control arrangements or provisions, and any
 special or supplemental benefits), with a view to maintaining a compensation program for senior management
 at a competitive level, consistent with the best interests of the Company;
- reviews all executive compensation packages with annual cash compensation in excess of \$300,000;
- reviews and makes recommendations to the Board of Directors on the incentive compensation program design and efficacy (including short-term and long-term incentive plans), and equity-based compensation programs for the Company's Board of Directors, officers and employees;
- reviews and makes recommendations to the Board of Directors on awards to employees of stock or options or
 other awards pursuant to any of the Company's equity-based plans and exercises such other power and
 authority as may be permitted or required under those plans;

- reviews the financial implications of the Company's senior compensation plans, including post-retirement benefits and supplemental employee retirement plan and funding thereof, if any;
- reviews the potential results of the Company's senior compensation programs under a wide variety of scenarios to ensure that the Compensation and Pension Committee has an understanding of the linkage between Shareholder interests and senior management payouts;
- reviews and approves annually any adjustments and guidelines made in respect of the Company's compensation plans;
- reviews and makes recommendations to the Board of Directors at least annually with respect to compensation
 of the Board of Directors, the Chair and those acting as committee chairs to, among other things, ensure their
 compensation appropriately reflects the responsibilities they are assuming;
- reviews and, as required, makes recommendations to the Board of Directors in co-operation with the Company's senior management with respect to the human resources policies and programs which are of strategic significance to the Company;
- reviews all executive compensation disclosure prior to public disclosure by the Company; and
- reviews and makes recommendations during periodic reviews with the Board of Directors with respect to the succession plans relating to the position of the CEO and other senior positions with respect to the selection of individuals to occupy these positions.

With respect to the Company's Pension Plans (as defined below), the Compensation and Pension Committee's principal duties are to oversee and monitor the management and overall governance of the pension and retirement plans sponsored and administered by the Company.

Risk Mitigation

The Compensation and Pension Committee is aware that compensation programs, policies and practices should not encourage senior executives to take excessive and unnecessary risks, and monitors this on an ongoing basis by reviewing such programs, policies and practices to ensure that executives do not make short-term decisions that could be detrimental to long-term Shareholder returns.

The following measures are used to impose appropriate safeguards to avoid excessive or inappropriate risk-taking:

- the Compensation and Pension Committee reviews the performance-based compensation for senior executives and in doing so, reviews the compensation mix of base salary, short-term and long-term incentives;
- the Company promotes acceptable risk taking through the use of performance targets for its short-term incentive plan which has predefined payout thresholds;
- risk is mitigated through the granting of long-term incentives such as Options (as defined below) and RSUs (as defined below) that have multi-year vesting provisions; and
- long-term incentives reward executives for taking a balanced focus on long-term performance and the achievement of long-term goals over a three to ten year period.

The Compensation and Pension Committee is satisfied that current programs, policies and practices, combined with the risk compliance reviews of the organization, promote acceptable risk taking with appropriate and reasonable incentive compensation and has not identified any risks with such programs, policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging Policy

The Company has a policy of prohibiting its employees from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange traded funds, that are designed to hedge or offset a decrease in market value of securities of Postmedia held, directly or indirectly, by such employees, including equity securities granted as compensation. Such policy is contained in the Company's Timely Disclosure, Confidentiality and Insider Trading Policy.

Role of the Independent Consultant

The Compensation and Pension Committee has engaged Hugessen since November 5, 2010 to act as its independent advisor to provide advice and guidance on compensation matters. All work undertaken by Hugessen is pre-approved by the Chair of the Compensation and Pension Committee. Hugessen provides no other services to Postmedia. Hugessen is directly retained and instructed by, and reports to, the Compensation and Pension Committee. The decisions made by the Compensation and Pension Committee are the responsibility of the Compensation and Pension Committee and may reflect other factors and considerations in addition to the information and recommendations from Hugessen.

The following table sets forth the fees paid to Hugessen in the years ended August 31, 2018 and 2017 pertaining to professional consulting services. Such services included analysis and support in respect of director compensation, long-term incentive plan design and assessment of the equity plan reserve:

YEAR	EXECUTIVE COMPENSATION RELATED FEES (\$)	ALL OTHER FEES (\$)
Fiscal 2018	13,194	-
Fiscal 2017	27,525	-

Executive Compensation Guiding Principles

The newsmedia industry is under significant pressure and the Company has been active in substantially transforming its business in response.

The Company's compensation programs must be able to adapt to the changing market environment and continue to be aligned with business results and market best practices. While the Company works to significantly transform the business, the key considerations with respect to compensation programs will be to reward employees only when meaningful results that support the Company's strategic goals and Shareholder interests are achieved.

Within the context of total rewards, the Company seeks to maintain an incentive structure that is attractive to new talent, particularly in the digital and sales areas, while at the same time managing costs and offering equity-based compensation that does not require large cash outlays.

Accountability for compensation program design and administration of such programs will be held by appropriate internal stakeholders and overseen by the Compensation and Pension Committee with input from external consultants.

The Company's approach to compensation for all employees, including the NEOs, is guided by the following principles:

- the financial reality to support compensation programs must be aligned and rewards are granted when there are measurable indicators that the business is successfully transformed;
- attracting and retaining the best talent that will transform the Company's business through programs that reflect its values and are considered, but are not dictated by, market practice;
- managing the costs of incentive programs while maintaining their purpose and benefits;
- keeping programs simple to communicate in order to promote understanding by employees and transparency with Shareholders; and
- ensuring good governance by developing compensation programs that do not encourage excessive risk taking.

COMPETITIVE BENCHMARKING

In July 2015, the Compensation and Pension Committee requested that Hugessen assist the Compensation and Pension Committee by reviewing the competitiveness of the compensation levels for the NEOs, using a comparator peer group of publicly listed companies.

The Compensation and Pension Committee continued to utilize the July 2015 benchmarking report as one component in assessing NEO compensation in Fiscal 2018. The Compensation and Pension Committee intends to engage Hugessen in Fiscal 2019 to complete an updated benchmarking report which reflects Postmedia's current size.

Hugessen assessed the competitiveness of the NEOs' compensation levels' by using the comparator peer group companies developed and approved by the Compensation and Pension Committee in July 2015. The comparator peer group of companies was selected using the following four screening criteria:

COMPARATOR PEER GROUP CRI	COMPARATOR PEER GROUP CRITERIA			
Primary Listing	Toronto Stock Exchange and TSX Venture Exchange			
Geographic Location	Headquartered in Canada			
Industry Classification	Media			
Size/Financial Criteria	Last Twelve Months Revenue: \$300 million to \$3.5 billion or approximately one third to three times the size of Postmedia. Secondary considerations given to Total Enterprise Value to ensure no potential peers fell too far outside of Postmedia's valuation range.			

The screening identified the following seven companies:

- Aimia Inc.
- Cineplex Inc.
- Cogeco Cable Inc.
- Corus Entertainment Inc.
- Torstar Corporation
- TVA GROUP Inc.
- Yellow Pages Limited

The compensation review focused on the total direct compensation ("**TDC**") composed of base salary, short-term incentives and long-term incentives received by the NEOs. For benchmarking purposes, Hugessen matched the CEO, the chief operating officer and the CFO positions with the counterparts of the comparator peer group companies. For the other NEO positions, Hugessen matched these positions based on their TDC ranking.

HOW POSTMEDIA MAKES EXECUTIVE COMPENSATION DECISIONS

The Board of Directors makes decisions on each element of executive compensation as it pertains to base salaries, annual short-term incentives and long-term incentive compensation of NEOs based on recommendations made by the Compensation and Pension Committee. The Board of Directors also approves targets and objectives relevant to the compensation of the NEOs. In making recommendations for the Board of Directors' approval, the Compensation and Pension Committee reviews the compensation arrangements for the NEOs based on competitive external benchmarking and comparator peer group information provided by Hugessen.

EXECUTIVE COMPENSATION COMPONENTS AND THEIR OBJECTIVES

Postmedia's executive compensation program is comprised of the following compensation components:

- base salary;
- annual short-term incentives (annual bonuses);
- long-term incentives, which include Options and RSUs;
- benefits and perquisites; and
- pension.

The primary objective of the Company's executive compensation program is to attract and motivate key executives to carry out business strategies that are aligned with the creation of Shareholder value. The level of compensation paid to each NEO is based on the executive's qualifications, experience, responsibility and performance.

Salary

Base salary remunerates executives for discharging job requirements. Each NEO's base salary represents a fixed level of cash compensation and it is reviewed annually by the Compensation and Pension Committee for recommendation to the Board of Directors for approval. The goal is to ensure that each NEO is paid competitively, taking into consideration the requirements of the position, the executive's performance, knowledge, skills, experience and equity with other executives within Postmedia and compared to the external market for competitiveness. The Company's policy is to set base salary for the NEOs at the median level of the market sample, while also taking into consideration external market conditions and organizational and individual performance. For more information, see "Statement of Executive Compensation - Competitive Benchmarking".

Annual Short-Term Incentive Plan

The annual short-term incentive plan (the "STIP") represents variable cash compensation for NEOs and other eligible employees. Short-term incentive measures and targets for the NEOs are set based on competitive market practices and intended to incent maximum performance and achieve the Company's goals. The Compensation and Pension Committee recommends for approval by the Board of Directors the STIP design, performance measures, weightings and targets for each fiscal year.

In designing the STIP, the goal is to align the payouts with the business strategy and to motivate plan participants to achieve defined goals. The Compensation and Pension Committee sets the performance targets for the STIP based on the Company's organizational strategic plan and budget. Targets reflect the challenges facing the newsmedia industry and are consistent with the newsmedia industry trends.

For Fiscal 2018, the CEO was eligible for a STIP payout at equivalent to 100% of base salary at target and the President was eligible for a STIP payout at equivalent to 75% of base salary at target. For Fiscal 2018, all other NEOs were eligible for a STIP payout of 50% of base salary at target.

The STIP design for Fiscal 2018 provides for a payout of 100% when an EBITDA (as defined below) performance target of \$53 million is met. The STIP payout linearly increases or decreases by a fixed amount with each percentage of the EBITDA performance target achieved to a maximum of 150% of target payout when EBITDA performance reaches 118% of the target. The design is consistently applied to the CEO and other NEOs.

For Fiscal 2018, the STIP was measured solely on the achievement of consolidated operating income before depreciation, amortization, impairment and restructuring ("EBITDA") adjusted for non-recurring items. The Company's management and the Board of Directors use EBITDA as a key metric for evaluating operating results and the Company's performance.

The adjusted EBITDA achievement for Fiscal 2018 was \$53.1 million. All NEOs were therefore eligible for an aggregate bonus under the Fiscal 2018 STIP of \$2,311,250.

The following table sets forth the short-term incentive award targets and the payout achievement of these targets in Fiscal 2018 for the NEOs of the Company:

PARTICIPANT NAME	FISCAL 2018 TARGET PAYOUT (as a % of base salary)	FISCAL 2018 TARGET PAYOUT (\$)	FISCAL 2018 ELIGIBLE BONUS ENTITLEMENT (\$)
Paul Godfrey	100%	1,200,000	1,200,000
Andrew MacLeod	75%	525,000	525,000
Brian Bidulka	50%	225,000	225,000
Gillian Akai	50%	200,000	200,000
Josh Merchant	50%	161,250	161,250

Key Employee Retention Plan

A key employee retention plan (the "KERP") was established in the year ended August 31, 2016 ("Fiscal 2016") as part of the strategic review process undertaken by the Company and the Board of Directors to ensure that key employees remained with Postmedia both during and after the Recapitalization Transaction. For more information on payments made under the KERP, see "Statement of Executive Compensation - Summary Compensation Table". For more information on the Recapitalization Transaction, see "General Development of the Business – History of the Corporation" in the Company's latest Annual Information Form which is available on SEDAR at www.sedar.com.

Long-Term Incentive Plans

The Company has an Option Plan (as defined below) and RSU Plan (as defined below) that are intended to, among other things, attract, motivate and retain certain executive officers and other grantees and align their interests with the interests of Shareholders. The long-term incentive programs are designed to reward performance over a multi-year period, and are provided to senior leaders in value driven roles and key contributors who are critical to the organization's future. For more information on our Option Plan and RSU Plan, see "Statement of Executive Compensation – Stock Option Plan and Restricted Share Unit Plan".

The Compensation and Pension Committee reviews several factors when determining Option and RSU grants, including the total target compensation levels of the comparator peer group, the current size of the reserve pool available, the previous years' grants and performance. Additionally, the Compensation and Pension Committee may consider conditions attached to performance share units, a form of RSUs, in connection with future grants of Options and RSUs. The Compensation and Pension Committee recommends to the Board of Directors the long-term incentive plan design as well as the number of awards to be granted to the NEOs.

In Fiscal 2018, the Company issued 3,168,215 Options and 3,522,680 RSUs, of which 1,171,965 are tandem RSUs/Options (the "**Tandem Award**"). Options and RSUs granted in Fiscal 2018 were approved in two tranches in each of Fiscal 2017 and Fiscal 2018 which were intended to be granted in each of Fiscal 2017 and Fiscal 2018, as part of a three year long-term incentive plan framework, which provided for the Options and RSUs to vest 20% immediately with the remainder vesting in equal installments over a four year period. Due to consecutive blackout periods restricting the trading of the Company's Shares, the Fiscal 2017 awards were delayed such that the 810,000 Options, 1,711,965 RSUS and the Tandem Award were approved for issuance, but not granted or priced, in Fiscal 2017 and the 1,186,250 Options and 638,750 RSUs approved for issuance in Fiscal 2018 were granted concurrently in February 2018. Mr. Godfrey's RSUs and the Tandem Award were all approved in Fiscal 2017 pursuant to the terms of his employment agreement and Mr. Bidulka's Fiscal 2017 Options and RSUs were approved in Fiscal 2017 pursuant to the terms of his employment agreement. For more information on Messrs. Godfrey's and Bidulka's Fiscal 2017 grants, see "Statement of Executive Compensation – Employment Agreements".

Benefits and Perquisites

Although not considered a primary element of the compensation program, the Company provides a package of benefits and perquisites for the NEOs. The benefits program includes health, dental, life insurance, short-term and long-term disability coverage. Perquisites provided to the NEOs consist of car allowances, parking and club memberships, with a car lease available to the CEO and the President. The level of benefits and perquisites are determined based on guidelines that have been established under an executive compensation total rewards framework.

Pension Plans

Postmedia maintains a defined contribution plan (the "**DC Plan**") and a defined benefit pension plan (the "**DB Plan**"). However, the DB Plan was closed to new members in fiscal 2013. The DB Plan and the DC Plan are collectively referred to as, the "**Pension Plans**". Postmedia does not offer a supplemental executive retirement plan.

Mr. Godfrey is not eligible to participate in any of the Company's Pension Plans as he has exceeded the maximum age to be eligible to participate in a registered pension plan. With the exception of Mr. Merchant, who does not participate in any of the Company's pension plans, all other NEOs, participate in the DC Plan. Ms. Akai participated in the DB Plan until August 31, 2017, at which time the DB Plan was terminated.

The DB Plan formula takes into consideration the member's pensionable earnings and credited service along with the maximum Canada Pension Plan levels. The formula is 1.25% multiplied by the final average earnings up to the average yearly maximum pensionable earnings multiplied by the credited service plus 1.75% multiplied by the final average earnings in excess of the average yearly maximum pensionable earnings multiplied by the credited service. The final average earnings are calculated using the average of the member's best five years of pensionable earnings during the last ten years prior to retirement or termination.

The DB Plan also provides an early retirement subsidy to all participants who take early retirement following the attainment of both age 62 and ten years of continuous service. A participant retiring after age 55 but before age 62 can receive an early retirement pension reduced by a factor of ½ of 1% for each complete month by which the early retirement date precedes age 62. A participant with ten or more years of continuous years of service may elect to receive an unreduced deferred retirement income payable at age 62. For a participant retiring after age 55 but before age 65 with less than ten years of continuous employment, the pension is reduced by a factor of ½ of 1% for each complete month by which the early retirement date precedes the normal retirement date which is 65.

The DC formula is based on contributions made by the participating employee and Postmedia and the gains and losses of the investments. The DC Plan includes a 3% employee contribution and Postmedia matches the employee contribution at 100%.

The maximum pension payable under the Pension Plans is as prescribed by the Tax Act.

<u>Defined Contribution Plan Table</u>

The following table sets forth the pension benefits and entitlements under the DC Plan as at August 31, 2018:

PARTICIPANT NAME	ACCUMULATED VALUE AT START OF THE YEAR (\$)	COMPENSATORY ⁽¹⁾ (\$)	ACCUMULATED VALUE AT YEAR END (\$)
Andrew MacLeod	90,172	12,115	123,059
Brian Bidulka	-	10,021	20,391
Gillian Akai	-	9,920	20,361

Notes:

(1) Reflects employer contributions.

Defined Benefit Plan Table

The following table sets forth the pension benefits and entitlements under the DB Plan as at August 31, 2018:

PARTICIPANT NAME	NUMBER OF YEARS	ANNUAL PAYAE	BENEFITS BLE (\$)	OPENING PRESENT VALUE	COMPENSATORY CHANGE ⁽¹⁾ (\$)	NON- COMPENSATORY	CLOSING PRESENT VALUE
	CREDITED SERVICE (#)	AT YEAR END	AT AGE 65	OF DEFINED BENEFIT OBLIGATION (\$)		CHANGE ⁽²⁾ (\$)	OF DEFINED BENEFIT OBLIGATION ⁽³⁾ (\$)
Gillian Akai	5.59	16,300	16,300	122,900	0	(700)	122,200

- (1) There is no compensatory change due to plan amendments including the termination of the DB Plan on August 31, 2017.
- (2) Non-compensatory change includes interest on the present value of the DB Plan obligation and changes to actuarial assumptions.
- (3) An actuarial valuation of the DB Plan was completed as at December 31, 2017 for funding purposes and these results were extrapolated to August 31, 2018 for accounting purposes. The present value of the obligation was determined using the Projected Unit Credit Method pro-rated on service. Calculations are made based upon a discount rate assumption of 3.60%.

SUMMARY COMPENSATION TABLE

The following table summarizes the annual compensation provided for services rendered to Postmedia by its NEOs for Fiscal 2018, 2017 and 2016:

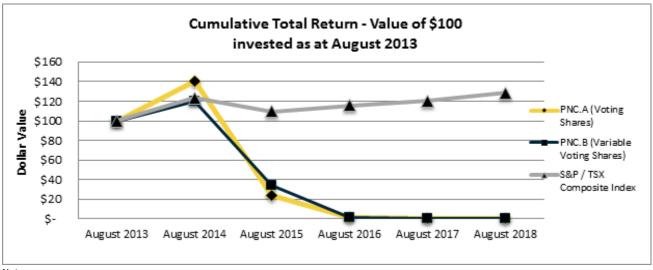
NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY (\$)	SHARE- BASED AWARDS ⁽¹⁾	OPTION- BASED AWARDS ⁽¹⁾	NON-EQUITY INCENTIVE PLAN COMPENSATION (\$)		PENSION VALUE ⁽³⁾ (\$)	ALL OTHER COMPENSATION ⁽⁴⁾ (\$)	TOTAL COMPENSATION ⁽¹⁾ (\$)
			(\$)	(\$)	ANNUAL SHORT- TERM INCENTIVE PLANS ⁽²⁾	LONG- TERM INCENTIVE PLANS			
Paul Godfrey ⁽⁵⁾	2018	1,200,000	2,414,248 ⁽⁶⁾	-	1,200,000	-	-	224,860 ⁽⁷⁾	5,039,108
Chief Executive	2017	1,155,769	-	-	375,000 ⁽⁸⁾	-	-	209,762 ⁽⁷⁾	1,740,531
Officer	2016	950,000	-	-	525,000 ⁽⁸⁾	-	-	186,854 ⁽⁷⁾	1,661,854
Andrew MacLeod	2018	670,769	515,000 ⁽⁹⁾	478,750 ⁽¹⁰⁾	525,000	-	12,115	-	2,201,634
President and Chief	2017	500,000	-	-	177,083 ⁽⁸⁾	-	13,779	150,000 ⁽¹¹⁾	840,862
Operating Officer	2016	425,000	-	-	247,917 ⁽⁸⁾	-	13,000	35,000 ⁽¹¹⁾	720,917
Brian Bidulka	2018	450,000	235,613 ⁽⁹⁾	198,900 ⁽¹⁰⁾	225,000	-	10,021	-	1,119,534
Executive Vice	2017	51,923 ⁽¹²⁾	-	-	-	-	-	-	51,923
President and Chief Financial Officer	2016	-	-	-	-	-	-	-	-
Gillian Akai	2018	361,442	173,813 ⁽⁹⁾	150,750 ⁽¹⁰⁾	200,000	-	9,920	-	895,925
Executive Vice	2017	280,385	-	-	83,333 ⁽⁸⁾	-	(7,600)	175,000 ⁽¹³⁾	531,118
President, Chief Administrative Officer, General Counsel and Corporate Secretary	2016	225,000	1	-	116,667 ⁽⁸⁾		1	,	341,667
Josh Merchant	2018	320,000	57,938 ⁽⁹⁾	50,250 ⁽¹⁰⁾	161,250	-	-	57,500 ⁽¹⁴⁾	646,938
Senior Vice	2017	254,750	=	-	58,000	-	-	10,000	322,750
President, Product and Development	2016	112,500	-	-	-	-	-	-	112,500

- (1) The compensation value represents the estimated value of the RSUs and Options granted during the applicable fiscal periods as determined based on the volume-weighted average closing share price for the five trading days prior to issuance and the Black-Scholes option pricing model, respectively, both acceptable methodologies under International Financial Reporting Standards. Share-based and Option-based awards only represent an estimated value of the RSUs and Options granted and do not represent cash received by the NEOs. Accordingly, the compensation value does not represent the true cash compensation earned by the NEOs.
- (2) The STIP compensation relates to the fiscal year in which it was accrued and is normally paid in the following fiscal year. All NEOs were eligible for a Fiscal 2018 STIP Payout. For more information on the Fiscal 2018 STIP Payout, see "Statement of Executive Compensation Annual Short Term Incentive Plan"
- (3) For more information, see the "Statement of Executive Compensation Defined Benefit Plan Table" and "Statement of Executive Compensation Defined Contribution Plan Table".
- (4) The value of benefits and perquisites for the NEOs, other than Mr. Godfrey, do not exceed either \$50,000 or 10% of the NEO's annual salary, and are therefore not included in "All Other Compensation".
- (5) Mr. Godfrey does not receive any compensation for serving as director of the Company.
- (6) Mr. Godfrey was granted RSUs and a Tandem Award of 1,171,965 each during the year ended August 31, 2018. For more information, see "Statement of Executive Compensation Employment Agreements". The RSUs and Tandem Award had a grant date fair value of \$1.03 which was calculated using the volume-weighted average closing share price for the five trading days in which Shares have actually traded immediately preceding the grant date of February 22, 2018.
- (7) This amount includes entertainment expenses totaling \$147,355 for Fiscal 2018 (2017: \$135,900 and 2016: \$114,747).
- (8) This amount represents an accrual for a discretionary retention bonus under the KERP for each of Messrs. Godfrey, MacLeod and Ms. Akai of \$375,000, \$177,083 and \$83,333, respectively, for Fiscal 2017 and \$525,000, \$247,917 and \$116,667, respectively, for Fiscal 2016. These amounts were paid in cash in Fiscal 2017 of \$600,000, \$283,333 and \$133,333, respectively and in Fiscal 2016 of \$300,000, \$141,667 and \$66,667, respectively. For more information on the KERP, see "Statement of Executive Compensation Key Employee Retention Plan".

- (9) During the year ended August 31, 2018, Messrs. MacLeod and Merchant and Ms. Akai were granted 150,000, 30,000 and 90,000 RSUs, respectively, for Fiscal 2017 and 350,000, 26,250 and 78,750 RSUs, respectively, for Fiscal 2018. In addition, during the year ended August 31, 2018, Mr. Bidulka was granted 150,000 RSUs pursuant to his employment agreement and 78,750 RSUs for Fiscal 2018. For more information, see "Statement of Executive Compensation Employment Agreements". The RSUs had a grant date fair value of \$1.03 which was calculated using the volume-weighted average closing share price for the five trading days in which Shares have actually traded immediately preceding the grant date of February 22, 2018.
- (10) During the year ended August 31, 2018, Messrs. MacLeod and Merchant and Ms. Akai were granted 225,000, 45,000 and 135,000 Options, respectively, for Fiscal 2017 and 650,000, 48,750 and 146,250 Options, respectively, for Fiscal 2018. In addition, during the year ended August 31, 2018, Mr. Bidulka was granted 225,000 Options pursuant to his employment agreement and 146,250 Options for Fiscal 2018. For more information, see "Statement of Executive Compensation Employment Agreements". The Options had a grant date fair value of \$0.51 to \$0.56 which was determined using the Black-Scholes option pricing model. Key assumptions used in the model were an exercise price of Shares of \$1.03, risk free rate of interest of 1.98% based on the Bank of Canada five year benchmark bond yield in effect on the date of grant, dividend yield of nil, a volatility factor of 62.50% based on the volatility of the Shares and an expected life of options of five years based partly on contractual terms and a published academic study.
- (11) This amount includes a discretionary transaction bonus for Fiscal 2017 of \$150,000 and a discretionary bonus for Fiscal 2016 of \$35,000.
- (12) Mr. Bidulka commenced employment with the Company on July 17, 2017. Mr. Bidulka's salary, on an annualized basis in Fiscal 2017, was \$450,000.
- (13) This amount represents a discretionary transaction bonus for Fiscal 2017 of \$175,000.
- (14) This amount represents a discretionary retention bonus for Fiscal 2018 of \$57,500 which was paid in equal installments in June 2018 and September 2018.

PERFORMANCE GRAPH

The graph set out below illustrates the cumulative total return over the period from August 31, 2013 to August 31, 2018, of a \$100 investment in the Voting Shares and Variable Voting Shares as compared to the S&P/TSX Composite Index. The year-end values of each investment are based solely on the change in the underlying Share price as no dividends were paid. The calculations exclude brokerage fees and any applicable taxes. The following graph shows the total Shareholder returns from each investment that may be calculated from the applicable year-end investment values shown below the graph.



Notes:

The data points in the performance graph above reflect the investment of \$100 on August 31, 2013 adjusted for the Recapitalization Transaction and the investment's performance for the years ending August 31, 2014, 2015, 2016, 2017 and 2018. For more information on the Recapitalization Transaction, see "General Development of the Business – History of the Corporation" in the Company's latest Annual Information Form which is available on SEDAR at www.sedar.com.

PAY FOR PERFORMANCE

The Company evaluates and considers the compensation of the NEOs with a pay for performance perspective. A portion of the NEOs' aggregate compensation as shown in "Statement of Executive Compensation - Summary Compensation Table" is composed of Option-based awards and RSUs, which link part of the NEOs' compensation with the underlying performance of the Shares and thereby with Shareholder returns. Given various events occurring over the period from August 31, 2013 to August 31, 2018, including the Recapitalization Transaction, there is limited correlation between the trading price of the Shares and the Company's compensation to the NEO's except to the extent that the value of Options and/or RSUs held by such NEOs experienced a change in value as a result of the decrease in the trading price of

the Shares. Compensation payouts, including the annual STIP, are based on key financial targets that reflect the organizational strategic plan and budgets and do not take into consideration the trading price of the Shares of the Company.

INCENTIVE PLAN AWARDS

Stock Option Plan

The stock option plan (the "**Option Plan**") is intended to assist the Company in attracting, motivating and retaining officers and employees and consultants of the Company or a related entity by granting the right to purchase Shares ("**Options**") under the Option Plan, in order to allow them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Shareholders of the Company.

Under the Option Plan, Options may be granted to participants in respect of unissued Shares. Participants are current full-time or part-time officers, employees or consultants of Postmedia or certain related entities (herein referred to as "Option Plan Participant(s)"). The Option Plan is administered by the Board of Directors (the "Option Plan Administrator"). In administering the Option Plan, the Option Plan Administrator may determine, among other things, Option Plan Participants to whom Options are granted and the amounts, terms and conditions relating to Options, including the exercise price, and the time(s) when and circumstances under which Options become exercisable.

The maximum number of Shares that may be reserved for issuance at any time for the exercise of Options under the Option Plan is 3,748,688 Shares (representing 4.00% of the total number of Shares issued and outstanding). As of August 31, 2018, 3,102,215 Options (representing 82.75% of the number of Options that are reserved for issuance or 3.31% of the total number of Shares issued and outstanding), including the Tandem Award, have been granted and are outstanding under the Option Plan. Therefore, as at August 31, 2018, there were 646,473 Options (representing 0.69% of the total number of Shares issued and outstanding) available to be granted under the Option Plan.

Each Option Plan Participant to date has agreed that he/she will not: (a) receive Voting Shares upon the exercise of such Options; or (b) convert any Variable Voting Shares issued upon the exercise of such Options into Voting Shares. This will ensure that the exercise of Options by any Option Plan Participant will not inadvertently result in such Option Plan Participant receiving a significant portion of voting power and/or control of the Company given the Company's share structure.

All Options will have a fixed exercise price as determined by the Option Plan Administrator at the time of the grant, which shall not be less than the fair market value at the date of grant, being the volume-weighted average closing share price of the applicable Shares on the TSX for the five trading days in which the Shares have actually traded immediately preceding such date, or if the Shares are not listed and posted for trading on any stock exchange, the fair market value of the applicable Shares as determined by the Board of Directors in its sole discretion ("Fair Market Value"). At the election of an Option Plan Participant, in lieu of exercising an Option an Option Plan Participant may instead choose to surrender such Option, in whole or in part, in consideration of: (a) Shares, the number of which is determined by dividing (i) the difference between the Fair Market Value of the applicable Shares subject to the Option on the date of exercise and the exercise price for such Option (the "Option Value") by (ii) the Fair Market Value of the applicable Shares subject to the Option on the date of exercise; or (b) cash, equal to the Option Value, subject to the consent of Postmedia. The term of any Option shall expire on the tenth anniversary of the date of grant, unless otherwise specified by the Option Plan Administrator at the time of grant, subject to extension of up to ten business days in the event the expiration of an Option would otherwise occur during or within two business days after the end of a Blackout Period (as defined in the Option Plan). All Options granted will vest and be exercisable as determined by the Option Plan Administrator at the time of grant. Options (including the rights attached thereto) are non-assignable and nontransferable except through devolution by death. The terms and conditions of Options granted under the Option Plan are subject to adjustments in certain circumstances, at the discretion of the Option Plan Administrator.

The Option Plan limits insider participation such that: (a) the number of Shares issuable pursuant to the exercise of Options granted to insiders (as such term is used in the TSX Company Manual) of Postmedia under the Option Plan, together with the number of securities issuable to insiders under Postmedia's other security-based compensation arrangements (as such term is used in the TSX Company Manual), at any time, must not exceed 10% of Postmedia's issued and outstanding Shares; and (b) the number of Shares issued to insiders of Postmedia within any one year period pursuant to the exercise of Options, together with the number of securities issued to insiders pursuant to all of

Postmedia's other security-based compensation arrangements, shall not exceed 10% of Postmedia's issued and outstanding Shares.

Under the Option Plan, in the case of the death of an Option Plan Participant, all outstanding unvested Options granted to such Option Plan Participant shall immediately and automatically be deemed to be vested and the legal representatives of such Option Plan Participant shall have the right to exercise part or all of the Option Plan Participant's outstanding and vested Options at any time up to and including (but not after) the earlier of the last business day on or prior to: (a) the date that is one year following the date of death of such Option Plan Participant; or (b) the date on which the exercise period of the particular Option expires. In the case of Incapacity (as defined in the Option Plan), all outstanding unvested Options granted to such Option Plan Participant continue to vest and the Option Plan Participant shall have the right to exercise part or all of the Option Plan Participant's outstanding and vested Options at any time up to and including the date on which the particular Option expires. In the case of resignation or cessation of office or employment of the Option Plan Participant with the prior written consent of Postmedia, all outstanding and unvested Options granted to such Option Plan Participant immediately and automatically terminate provided that, the Board of Directors may, but is not obligated to, allow a portion or all of the unvested Options to have an extended time period by which such Options may remain in effect and shall not automatically terminate. Such Option Plan Participant shall have the right to exercise part or all of the Option Plan Participant's outstanding and vested Options at any time up to and including (but not after) the earlier of the last business day on or prior to: (a) the date on which the exercise period of the particular Option expires; or (b) the date that is 90 days following the date of resignation. In the case of Retirement (as defined in the Option Plan) of an Option Plan Participant, all outstanding unvested Options granted to such Option Plan Participant shall not terminate but shall continue to vest in accordance with their terms and the Option Plan Participant shall have the right to exercise part or all of such Options once vested at any time up to and including (but not after) the earlier of the last business day on or prior to: (a) the date that is three years following the date of Retirement; or (b) the date on which the exercise period of the particular Option expires, and the Option Plan Participant shall have the right to exercise part or all of the Option Plan Participant's outstanding and vested Options as at the date of Retirement at any time up to and including (but not after) the earlier of the last business day on or prior to: (i) the date that is three years following the date of Retirement; or (ii) the date on which the exercise period of the particular Option expires. Where an Option Plan Participant's employment terminates by reason of termination without Cause (as defined in the Option Plan), unless otherwise determined by the Option Plan Administrator, all outstanding and unvested Options granted to such Option Plan Participant will immediately and automatically terminate provided that, the Board of Directors may, but is not obligated to, allow a portion or all of the unvested Options to have an extended time period by which such Options may remain in effect and shall not automatically terminate. The Option Plan Participant will have the right to exercise part or all of the Option Plan Participant's outstanding and vested Options at any time up to and including (but not after) the earlier of the last business day on or prior to: (a) the date on which the exercise period of the particular Option expires; and (b) the date that is 90 days after the Termination Date (as defined in the Option Plan). Where an Option Plan Participant's employment is terminated by Postmedia or certain related entities for Cause, then any Options held by such Option Plan Participant, whether or not exercisable at the Termination Date, immediately expire and are cancelled on such date at a time determined by the Option Plan Administrator, in its sole discretion.

If, before the expiry of an Option in accordance with the terms thereof, a Change of Control (as defined in the Option Plan) occurs and an Option Plan Participant ceases to be an employee of Postmedia or certain related entities by reason of termination: (a) by Postmedia or related entity or by the entity that has entered into a valid and binding agreement with Postmedia and/or its affiliates to effect the Change of Control at any time after such agreement is entered into or during the Control Period (as defined in the Option Plan) and such termination was for any reason other than for Cause; or (b) by the Option Plan Participant within 60 days after an act of Constructive Dismissal (as defined in the Option Plan), the Option Plan Participant's Options become fully vested and may be exercised or surrendered by the Option Plan Participant at any time within 120 days of the Option Plan Participant's Termination Date. In the event of a Change of Control, all outstanding Options shall be replaced with similar options of the entity resulting from the transaction on substantially the same terms and conditions as the Options, unless such replacement is not possible, practical or advisable, as the Board of Directors may, in its sole discretion, determine. If such determination is made that replacement is not possible, practical or advisable, the Option Plan Administrator may, in its sole discretion, accelerate the vesting of any or all outstanding Options to provide that such outstanding Options shall be fully vested and conditionally exercisable upon (or prior to) the completion of the transaction resulting in the Change of Control.

In the event the Option Plan Administrator accelerates the vesting of any outstanding Options, provided at least ten days' notice has been provided to an Optionee (as defined in the Option Plan), all vested Options, unless exercised prior to or at the time of the Change of Control, will expire and be of no further force or effect upon completion of the Change of Control. If, for any reason, the transaction that would result in a Change of Control is not completed, the Option Plan Administrator may cause the acceleration of exercise periods of any Options or acceleration of the time for the fulfillment of any conditions or restrictions on such exercise of Options to be retracted and the vesting of such Options to revert to the manner provided in the applicable Option grant document, unless such Options have already been exercised.

The Board of Directors may amend the Option Plan without Shareholder approval in certain instances, including, without limitation: (a) for the purpose of making formal, minor or technical modifications to any of the provisions of the Option Plan, including amendments of a "housekeeping" nature; (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Option Plan; (c) to amend the vesting provisions of Options; (d) to change the termination provisions of Options or the Option Plan that does not entail an extension beyond the original expiry date; or (e) any other amendment that does not require Shareholder approval under applicable laws or the applicable rules of the TSX, provided that no such amendment may be made without the consent of each affected Optionee if such amendment would adversely affect the rights of such affected Optionee for Options previously granted. Shareholder approval will be required for any amendment to the Option Plan to: (a) reduce the exercise price; (b) extend the term of Options (other than as set out in the Option Plan); (c) increase the maximum number of Shares which may be issued under the Option Plan, subject to certain exceptions in connection with a reorganization or other event affecting the capital of Postmedia; (d) remove or exceed the insider participation limit; and (e) amend the amendment provisions of the Option Plan.

Restricted Share Unit Plan

The restricted share unit plan (the "RSU Plan") provides for the grant of the right to acquire fully paid and non-assessable Shares ("RSUs") in accordance with the terms of the RSU Plan to current part-time or full-time officers, employees or consultants of Postmedia or certain related entities (herein referred to as "RSU Plan Participant(s)"). The maximum aggregate number of Shares issuable under the RSU Plan shall not exceed 3,748,688 Shares (representing 4.00% of the total number of Shares issued and outstanding). As of August 31, 2018, 3,483,680 RSUs (representing 92.93% of the number of RSUs that are reserved for issuance or 3.72% of the total number of Shares issued and outstanding), including the Tandem Award, have been granted under the RSU Plan. Therefore, as at August 31, 2018, there were 265,008 RSUs (representing 0.28% of the total number of Shares issued and outstanding) available to be granted under the RSU Plan.

Each RSU Plan Participant to date has agreed that he/she will not: (a) receive Voting Shares upon the exercise of such RSUs; or (b) convert any Variable Voting Shares issued upon the exercise of such RSUs into Voting Shares. This will ensure that the exercise of RSUs by any RSU Plan Participant will not inadvertently result in such RSU Plan Participant receiving a significant portion of voting power and/or control of the Company given the Company's share structure.

The RSU Plan is administered by the Board of Directors (the "RSU Plan Administrator"). In administering the RSU Plan, the RSU Plan Administrator may determine, among other things, RSU Plan Participants to whom RSUs are granted and the amounts, terms and vesting dates of RSUs. The vesting terms and vesting date for RSUs are set out in the respective award agreement at the time of grant. As a result of adjustments to the RSU Plan which were adopted by the Board of Directors in Fiscal 2016, RSUs which are subject to performance conditions, otherwise known as performance share units, may be granted under the RSU Plan. Each RSU will be settled for one Share, without payment of additional consideration, after such RSU has vested; however, at any time, a RSU Plan Participant may request in writing, in respect of a maximum of 50% of vested RSUs being exercised at such time, subject to the consent of Postmedia, that Postmedia pay an amount in cash equal to the aggregate current Fair Market Value of the applicable Shares on the date of such exercise in consideration for the surrender by the RSU Plan Participant to Postmedia of the rights to receive Shares under such RSUs. The Board of Directors may in its sole discretion accelerate the vesting date for all or any RSUs for any RSU Plan Participant at any time and from time to time. RSUs are non-assignable and non-transferable. The terms and conditions of RSUs granted under the RSU Plan will be subject to adjustments in certain circumstances, in the discretion of the Board of Directors.

The RSU Plan limits insider participation such that: (a) the number of Shares issuable to insiders (as such term is used in the TSX Company Manual) at any time, under all security based compensation arrangements (as such term is used in the TSX Company Manual) of Postmedia, shall not exceed 10% of the number of Shares issued and outstanding from time to time; and (b) the number of Shares issued to insiders, within any one year period, under all security based compensation arrangements of Postmedia, shall not exceed 10% of the number of Shares issued and outstanding from time to time.

Under the RSU Plan, in the case of the death of a RSU Plan Participant, all outstanding unvested RSUs granted to such RSU Plan Participant shall immediately and automatically be deemed to be vested and the legal representatives of such RSU Plan Participant shall have the right to exercise part or all of the RSU Plan Participant's outstanding and vested RSUs at any time up to and including (but not after) the last business day on or prior to the date that is one year following the date of death of such RSU Plan Participant. In the case of Incapacity (as defined in the RSU Plan), all outstanding unvested RSUs granted to such RSU Plan Participant continue to vest and the RSU Plan Participant shall have the right to exercise part or all of the RSU Plan Participant's outstanding and vested RSUs at any time. In the case of resignation or cessation of office or employment of the RSU Plan Participant with the prior written consent of Postmedia, all outstanding and unvested RSUs granted to such RSU Plan Participant will immediately and automatically terminate provided that, the Board of Directors may, but is not obligated to, allow a portion or all of the unvested RSUs to have an extended time period by which such RSUs may remain in effect and shall not automatically terminate. Such RSU Plan Participant shall have the right to exercise part or all of the RSU Plan Participant's outstanding and vested RSUs at any time up to and including (but not after) the last business day on or prior to the date that is 90 days following the date of resignation. In the case of Retirement (as defined in the RSU Plan) of a RSU Plan Participant, all outstanding unvested RSUs granted to such RSU Plan Participant shall not terminate but shall continue to vest in accordance with their terms and the RSU Plan Participant shall have the right to exercise part or all of such RSUs once vested at any time up to and including (but not after) the last business day on or prior to the date that is three years following the date of Retirement, and the RSU Plan Participant shall have the right to exercise part or all of the RSU Plan Participant's outstanding and vested RSUs as at the date of Retirement at any time up to and including (but not after) the last business day on or prior to the date that is three years following the date of Retirement. Where a RSU Plan Participant's employment terminates by reason of termination without Cause (as defined in the RSU Plan), unless otherwise determined by the Board of Directors, all outstanding and unvested RSUs granted to such RSU Plan Participant will immediately and automatically terminate provided that, the Board of Directors may, but is not obligated to, allow a portion or all of the unvested RSUs to have an extended time period by which such RSUs may remain in effect and shall not automatically terminate. The RSU Plan Participant will have the right to exercise part or all of the RSU Plan Participant's outstanding and vested RSUs at any time up to and including (but not after) the date that is 90 days after the Termination Date (as defined in the RSU Plan). Where a RSU Plan Participant's employment is terminated by Postmedia or certain related entities for Cause, then any RSUs held by such RSU Plan Participant, whether or not exercisable at the Termination Date, immediately expire and are cancelled on such date at a time determined by the RSU Plan Administrator, in its sole discretion.

If, before the expiry of a RSU in accordance with the terms thereof, a Change of Control (as defined in the RSU Plan) occurs and a RSU Plan Participant ceases to be an employee of Postmedia or certain related entities by reason of termination: (a) by Postmedia or a related entity or by the entity that has entered into a valid and binding agreement with Postmedia and/or its affiliates to effect the Change of Control at any time after such agreement is entered into or during the Control Period (as defined in the RSU Plan) and such termination was for any reason other than for Cause; or (b) by the RSU Plan Participant within 60 days after an act of Constructive Dismissal (as defined in the RSU Plan), the RSU Plan Participant's RSUs become fully vested and may be exercised or surrendered by the RSU Plan Participant at any time within 120 days of the RSU Plan Participant's Termination Date. In the event of a Change of Control, all outstanding RSUs shall be replaced with similar restricted share units of the entity resulting from the transaction on substantially the same terms and conditions as the RSU Plan, unless such replacement is not possible, practical or advisable, as the Board of Directors may, in its sole discretion, determine. If such determination is made that replacement is not possible, practical or advisable, the Board of Directors may, in its sole discretion, accelerate the vesting of any or all outstanding RSUs to provide that such outstanding RSUs shall be fully vested and conditionally exercisable upon (or prior to) the completion of the transaction resulting in the Change of Control. In the event the Board of Directors accelerates the vesting of any outstanding RSUs: (a) provided at least ten days' notice has been provided to a RSU Plan Participant, all vested RSUs, unless exercised prior to or at the time of the Change of Control, will expire and be of no further force or effect upon completion of the Change of Control; and (b) if, for any reason, the transaction that would result in a Change of Control is not completed, the Board of Directors may cause the acceleration of exercise periods of any RSUs

or acceleration of the time for the fulfillment of any conditions or restrictions on such exercise of RSUs to be retracted and the vesting of such RSUs to revert to the manner provided in the applicable RSU agreement, unless such RSUs have already been exercised.

The Board of Directors may amend the RSU Plan without Shareholder approval in certain instances, including, but not limited to: (a) for the purpose of making formal, minor or technical modifications to any of the provisions of the RSU Plan, including amendments of a "housekeeping" nature; (b) to correct any ambiguity, defective provision, error or omission in the provisions of the RSU Plan; (c) to amend the vesting, redemption or payment provisions of the RSU Plan or any RSUs; (d) to change the termination provisions of RSUs or the RSU Plan that does not entail an extension beyond the original expiry date; (e) to facilitate a cash payment; or (f) any other amendment that does not require Shareholder approval under applicable laws or the applicable rules of the TSX, provided that no such amendment of the RSU Plan may be made without the consent of each affected RSU Plan Participant if such amendment would adversely affect the rights of such affected RSU Plan Participant for RSUs previously granted. Shareholder approval will be required for any amendment to the RSU Plan to: (a) extend the term of RSUs; (b) increase the maximum number of Shares which may be issued under the RSU Plan, subject to certain exceptions in connection with a reorganization or other event affecting the capital of Postmedia; (c) remove or exceed the insider participation limit; and (d) amend the amendment provisions of the RSU Plan.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information related to Options held by the NEOs as at August 31, 2018:

NAME			SHARE-BAS	SED AWARDS			
	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS ⁽¹⁾ (#)	OPTION EXERCISE PRICE (\$)	CLASS OF SHARES UNDERLYING THE OPTIONS GRANTED	OPTION EXPIRY DATE ⁽²⁾	VALUE OF UNEXERCISED IN-THE- MONEY OPTIONS ⁽³⁾ (\$)	NUMBER OF SHARES THAT HAVE NOT VESTED (#)	MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED ⁽⁴⁾ (\$)
Paul Godfrey	_(5)	-	-	-	-	1,406,358 ⁽⁶⁾	1,856,392 ⁽⁶⁾
Andrew MacLeod	225,000 650,000	1.03 1.03	Variable Voting Shares Variable Voting Shares	April 6, 2027 February 22, 2028	65,250 188,500	90,000 280,000	118,800 369,600
Brian Bidulka	225,000 146,250	1.03 1.03	Variable Voting Shares Variable Voting Shares	July 7, 2027 February 22, 2028	65,250 42,413	90,000 63,000	118,800 83,160
Gillian Akai	135,000 146,250	1.03 1.03	Variable Voting Shares Variable Voting Shares	April 6, 2027 February 22, 2028	39,150 42,413	54,000 63,000	71,280 83,160
Josh Merchant	45,000 48,750	1.03 1.03	Variable Voting Shares Variable Voting Shares	April 6, 2027 February 22, 2028	13,050 14,138	18,000 21,000	23,760 27,720

- (1) Includes both vested and unvested Options.
- (2) Options expire on the tenth anniversary of the grant date of the Options, or, if the grant of Options occurred in a fiscal quarter subsequent to the quarter in which such Options were approved, then the tenth anniversary of the approval date of the Options, subject to the terms of the Option Plan. For more information on the grant and issuance dates of the Options or for more information on the Option Plan, see "Statement of Executive Compensation Long-Term Incentive Plans" and "Statement of Executive Compensation Incentive Plan Awards".
- (3) This column contains the aggregate value of the in-the-money vested and unvested unexercised Options as of August 31, 2018, computed using the volume-weighted average closing share price for the five trading days in which Shares have actually traded immediately preceding August 31, 2018, of \$1.32. The Options have not been and may never be exercised and the actual gain, if any, on exercise will depend on the value of the Variable Voting Shares on the date of such exercise.
- (4) The value of the unvested RSUs and the Tandem Award as of August 31, 2018 was calculated using the volume-weighted average closing share price for the five trading days in which Shares have actually traded immediately preceding August 31, 2018, of \$1.32.
- (5) For the purposes of disclosure, the Tandem Award is excluded on the assumption that Mr. Godfrey would exercise RSUs under the Tandem Award. For more information on the Tandem Award, see "Statement of Executive Compensation Employment Agreements".
- (6) This represents the portion of RSUs and the Tandem Award granted to Mr. Godfrey that have not yet vested and assumes that Mr. Godfrey would exercise RSUs under the Tandem Award. For more information on the Tandem Award, see "Statement of Executive Compensation Employment Agreements".

Value Vested or Earned During the Year

The following table summarizes the value of: (a) option-based awards that would have been realized by each NEO during Fiscal 2018 if the option-based awards that vested in Fiscal 2018 had been exercised on their vesting date; and (b) share-based awards realized by each NEO upon vesting during Fiscal 2018:

NAME	OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR ⁽¹⁾ (\$)	SHARE-BASED AWARDS – VALUE VESTED DURING THE YEAR ⁽²⁾ (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION – VALUE EARNED DURING THE YEAR (\$)
Paul Godfrey	-	482,850	-
Andrew MacLeod	-	91,800	-
Brian Bidulka	-	91,350	-
Gillian Akai	-	55,080	-
Josh Merchant	-	18,360	-

- (1) The Options with a vesting date of February 22, 2018, April 6, 2018 and July 7, 2018 were not in-the-money on the vesting dates during Fiscal 2018 as the exercise price was equal to or in excess of the value of a Variable Voting Share. The Options have not been and may never be exercised and the actual gain, if any, on exercise will depend on the value of the Variable Voting Shares on the date of such exercise.
- (2) For Messrs. MacLeod and Merchant and Ms. Akai the value of the RSUs granted which vested in Fiscal 2018 were computed using the volume-weighted average closing share price for the five trading days in which Shares have actually traded immediately preceding the vesting dates of February 22, 2018 of \$1.03 and April 6, 2018 of \$1.01. For Mr. Bidulka the value of the RSUs granted which vested in Fiscal 2018 were computed using the volume-weighted average closing share price for the five trading days in which Shares have actually traded immediately preceding the vesting dates of February 22, 2018 of \$1.03 and July 7, 2018 of \$1.00. The NEOs have not yet exercised the vested RSUs. There are no exercise prices for RSUs issued under the RSU Plan and no expiry date.

EMPLOYMENT AGREEMENTS

The following table summarizes key details of the employment agreement for the CEO:

NAME	Paul Godfrey
EFFECTIVE DATE	July 13, 2010, as amended and restated on November 1, 2016, expiring on December 31, 2020
ANNUAL BASE SALARY (\$)	1,200,000
INCENTIVE COMPENSATION (ANNUAL CASH BONUS)	The employment agreement for Mr. Godfrey provides him with an annual cash incentive target opportunity of 100% of his base salary, based on full achievement of the targets (as discussed in "Statement of Executive Compensation – Annual Short-Term Incentive Plan") as fixed by the Board of Directors.
EMPLOYEE BENEFITS AND PERQUISITES	Mr. Godfrey is entitled to receive various employee benefits and perquisites. For more information about benefits and perquisites, see "Statement of Executive Compensation – Summary Compensation Table".
EQUITY OWNERSHIP AND SHARE-BASED AWARDS	Pursuant to the terms of the amended and restated employment agreement, Mr. Godfrey was eligible to receive a one-time grant of RSUs to acquire 1,171,965 Variable Voting Shares and an additional grant of 1,171,965 RSUs/Options as the Tandem Award. Upon the exercise of any or all Options comprising the Tandem Award, the corresponding number of RSUs will be automatically forfeited by Mr. Godfrey for no consideration and Mr. Godfrey will, upon payment of the exercise price, receive one Share per Option in accordance with the terms of the Option Plan. Upon the exercise of any or all RSUs underlying the Tandem Award, the corresponding number of Options will be automatically forfeited by Mr. Godfrey for no consideration and Mr. Godfrey will receive one Share per RSU without payment of additional consideration. In no event will Mr. Godfrey receive more than 1,171,965 share entitlements (either in the form of Shares or the value of a Share, as applicable) in respect of the Tandem Award. The RSUs and Tandem Award will vest, as to 20% of the Shares subject to each award immediately upon grant and, as to the balance of the Shares subject to each award, equally on each of the first four anniversaries of the approval date (as defined in the grant documents). For more information about equity ownership and share-based awards, see "Statement of Executive Compensation – Summary Compensation Table" and "Statement of Executive Compensation – Long-Term Incentive Plans".
PENSION	Mr. Godfrey is not eligible for any pension and/or post-retirement income from Postmedia Network Inc.
TERMINATION OF EMPLOYMENT WITHOUT CAUSE	The employment agreement provides that if Mr. Godfrey's position is terminated without cause by Postmedia Network Inc. or by Mr. Godfrey for "good reason" or by "change of control", Mr. Godfrey will be paid an amount equal to the base salary that would have been payable to him until the expiry of the term of his employment agreement as if it had not been terminated. Mr. Godfrey's termination clause also provides for an amount equal to the average of annual cash incentive bonuses paid to Mr. Godfrey for each fiscal year during which Mr. Godfrey was employed with Postmedia Network Inc. prorated for any partial year to the expiry of the term, together with continuation of benefits, perquisites and allowances to which Mr. Godfrey was entitled at the date of termination for the same period.
TERMINATION OF EMPLOYMENT BY REASON OF INCAPACITY	In the event of a termination of Mr. Godfrey's employment by reason of incapacity, Mr. Godfrey is entitled to the base salary, benefits and perquisites and allowances to which he was entitled at the date of termination to the end of the term.
NON-COMPETE OR NON- SOLICITATION	Mr. Godfrey's employment agreement also includes non-competition and non-solicitation covenants effective during the term of employment and post-termination (until the later of 12 months following termination and the entirety of the term of the agreement) in favour of Postmedia Network Inc.
OTHER TERMS	The agreement provides that Mr. Godfrey's position is intended to be full-time and exclusive, subject only to the reasonable fulfillment of his responsibilities in connection with his other positions as approved by the Board of Directors from time to time.

The following table summarizes key details of the employment agreement for the President:

NAME	Andrew MacLeod
EFFECTIVE DATE	October 19, 2017
ANNUAL BASE SALARY (\$)	750,000
INCENTIVE COMPENSATION (ANNUAL CASH BONUS)	Pursuant to the terms of the employment agreement, Mr. MacLeod was eligible for an annual cash incentive target opportunity of 75% of base salary, based on full achievement of the targets (as discussed in "Statement of Executive Compensation – Annual Short-Term Incentive Plan") as fixed by the Board of Directors.
EMPLOYEE BENEFITS AND PERQUISITES	Mr. MacLeod is entitled to receive various employee benefits and perquisites. For more information about benefits and perquisites, see "Statement of Executive Compensation – Summary Compensation Table".
EQUITY OWNERSHIP AND SHARE-BASED AWARDS	Mr. MacLeod's employment agreement does not contemplate equity ownership or share-based awards. Any Options and/or RSUs that have been granted to Mr. MacLeod have been granted pursuant to the Company's long-term incentive plans. For more information about equity ownership and share-based awards, see "Statement of Executive Compensation — Summary Compensation Table" and "Statement of Executive Compensation — Long-Term Incentive Plans".
PENSION	Mr. MacLeod participates in the Company's Pension Plans.For more information about Mr. MacLeod's participation in the Company's Pension Plans, see "Statement of Executive Compensation – Pension Plans".
TERMINATION OF EMPLOYMENT WITHOUT CAUSE	Mr. MacLeod will be paid a lump sum severance payment equivalent to 24 months base salary and 24 months average annual bonus. (1)
CONTINUATION OF BENEFITS	Mr. MacLeod will continue to receive benefits for a period of 24 months.
TERMINATION OF EMPLOYMENT BY REASON OF INCAPACITY	Mr. MacLeod is not entitled to receive benefits in the event of termination of employment by reason of incapacity.
NON-COMPETE OR NON- SOLICITATION	Mr. MacLeod's employment agreement includes non-competition and non-solicitation clauses in favour of Postmedia Network Inc. Mr. MacLeod's non-competition and non-solicitation clauses are in effect for 12 months following the date of the termination.

⁽¹⁾ The average annual bonus will be calculated based on what was paid, or payable, under the STIP for the last two fiscal years.

The following table summarizes key details of the employment agreements for the following NEOs:

NAME OF NEO	BRIAN BIDULKA	GILLIAN AKAI	JOSH MERCHANT			
EFFECTIVE DATE	July 17, 2017	May 24, 2016 (as amended)	February 29, 2016 (as amended)			
ANNUAL BASE SALARY (\$)	450,000	400,000	350,000			
INCENTIVE COMPENSATION (ANNUAL CASH BONUS)	incentive target opportunity o	f 50% of base salary, based on	full achievement of the targets (as Short-Term Incentive Plan") as fixed			
EMPLOYEE BENEFITS AND PERQUISITES			e benefits and perquisites. For more Executive Compensation – Summary			
EQUITY OWNERSHIP AND SHARE-BASED AWARDS	Variable Voting Shares and 15	50,000 RSUs. Additional grants	oived Options to acquire 225,000 of Options and/or RSUs that have the Company's long-term incentive			
	Neither Ms. Akai's nor Mr. Merchant's employment agreements contemplate equity ownership or share-based awards. Any Options and RSUs that have been granted to Mr. Merchant and Ms. Akai have been granted pursuant to the Company's long-term incentive plans.					
		Summary Compensation Table	based awards, see "Statement of " and "Statement of Executive			
PENSION	participate in the Company's P		ion Plans. Mr. Merchant does not ion about the NEOs participation in inpensation – Pension Plans".			
TERMINATION OF EMPLOYMENT WITHOUT CAUSE	For each full year of service completed, the NEO will be paid a lump sum severance payment equivalent to one month's base salary and one month's average annual bonus ⁽¹⁾ for a minimum of 12 months up to a maximum of 24 months. The NEO will be paid a lump sum severance payment equivalent to 24 months base salary and 24 months average annual bonus. (1) For each full year of service completed, the NEO will be paid a severance payment equivalent to one month's base salary for each year of service to a maximum of 24 months.					
CONTINUATION OF BENEFITS	The NEO will continue to receive benefits for a minimum period of 12 months up to a maximum of 24 months. The NEO will continue to receive benefits for a period of 24 months. The NEO will continue to receive benefits equivalent to 1 month per year of services to a maximum of 12 months.					
TERMINATION OF EMPLOYMENT BY REASON OF INCAPACITY	None of the NEOs are entitled to receive benefits in the event of termination of employment by reason of incapacity.					
NON-COMPETE OR NON- SOLICIATION	The employment agreements for the NEOs include non-competition and non-solicitation clauses in favour of Postmedia Network Inc. For all NEOs, the non-competition clause is in effect for a period of six months following termination and the non-solicitation clause is in effect for a period of 12 months following termination.					

Notes:

(1) The average annual bonus will be calculated based on what was paid, or payable, under the STIP for the last two fiscal years.

Termination and Change of Control Benefits

The following table summarizes the estimated incremental payments to each NEO in the event of termination without cause and termination due to incapacity. The payments are calculated as at August 31, 2018. For more information, see "Statement of Executive Compensation – Employment Agreements".

NAME	COMPENSATION COMPONENT	ESTIMATED INCREMENTAL PAYMENTS FOR TERMINATION WITHOUT CAUSE (\$)	ESTIMATED INCREMENTAL PAYMENTS DUE TO INCAPACITY (\$)
Paul Godfrey ⁽¹⁾	Base Salary	2,800,000	2,800,000
	STIP	685,876	- 0.42.250
	Unvested Tandem Award	942,260	942,260
	Unvested RSUs Continuation of Benefits	942,260	942,260
	Total	522,669 5,893,065	522,669 5,207,189
(2)			5,207,189
Andrew MacLeod ⁽²⁾	Base Salary	1,400,000	-
	STIP	262,500	-
	Unvested Options	203,050	-
	Unvested RSUs	495,800	
	Continuation of Benefits Total	11,276 2,372,626	
2 (2)			-
Brian Bidulka ⁽²⁾	Base Salary	450,000	-
	STIP	112,500	-
	Unvested Options	78,120	-
	Unvested RSUs	205,020	-
	Continuation of Benefits Total	5,638	
		851,278	-
Gillian Akai ⁽²⁾	Base Salary	800,000	-
	STIP	100,000	-
	Unvested Options	61,380	-
	Unvested RSUs	156,780	-
	Continuation of Benefits	11,152	-
(2)	Total	1,129,312	-
Josh Merchant ⁽²⁾	Base Salary	67,958	-
	Retention Payment	57,500	-
	Unvested Options	20,460	-
	Unvested RSUs	52,260	-
	Continuation of Benefits	867	-
Notos:	Total	199,045	-

Notes:

- (1) In the event of the resignation by Mr. Godfrey of his employment due to "good reason" or "change of control" (as defined in his employment agreement), Mr. Godfrey will be entitled to the same payments as he would be entitled to receive in respect of a termination without cause as described in the table above. Mr. Godfrey will not be entitled to any additional Options or RSUs after his termination date, but all existing Options and RSUs as well as his Tandem Award will continue to vest in accordance with the provisions of the relevant plan. If Mr. Godfrey's employment agreement is terminated due to incapacity, his unvested RSUs and the Tandem Award will continue to vest. The value of these unvested RSUs and the Tandem Award as of August 31, 2018 was calculated using the closing price of the Variable Voting Shares on August 31, 2018, of \$1.34.
- (2) If Messrs. MacLeod, Bidulka and Merchant or Ms. Akai's employment agreements are terminated due to incapacity, their unvested Options and RSUs will continue to vest in accordance with the provisions of the respective plan. The value of these unvested Options and RSUs were calculated using the closing price of the Variable Voting Shares on August 31, 2018, of \$1.34.

Except for those payments to Mr. Godfrey described in note 1 to the table above, no incremental payments to the NEOs are triggered upon the event of resignation for "good reason" or "change of control".

DIRECTOR COMPENSATION

Annual Fees

The compensation of the Board of Directors is designed to attract and retain highly talented and experienced individuals. This requires that the Board of Directors of the Company be fairly and competitively compensated. The Board of Directors, through the Compensation and Pension Committee, periodically reviews the compensation paid to the Company's directors, taking into account the complexity of the Company's operations, the risks and responsibilities involved in being a director of the Company, the requirement to participate in scheduled and special Board of Directors meetings, expected participation on the Board of Directors' standing committees and the compensation paid to directors of comparable entities.

The following table sets out the annual fees payable to the Board of Directors of the Company for Fiscal 2018:

BOARD OR COMMITTEE	ANNUAL CASH RETAINER (\$)
Board of Directors (Independent Chair)	225,000
Board of Directors (Member)	100,000
Audit Committee (Chair)	142,000
Compensation and Pension Committee (Chair)	142,000
Corporate Governance and Nominating Committee (Chair)	125,000
Committee Membership (per committee, excluding Chair positions)	8,300

Mr. Godfrey did not receive any compensation for serving as a director of the Company. Neither the Executive Chairman nor Lead Director are entitled to any additional compensation as a result of assuming those roles.

Annual retainers are paid 100% in cash. Directors are reimbursed for reasonable travel and other expenses properly incurred by the director in attending meetings of the Board of Directors or any board committee meeting. Directors do not receive a fee for each meeting attended unless it is determined by the Board of Directors that an extraordinary number of meetings are being held.

Director Compensation Table

The following table describes the compensation that was paid by the Company to its non-executive directors during the year ended August 31, 2018. Mr. Godfrey did not receive any compensation for serving as a director of the Company. His compensation for serving as CEO is included in "Statement of Executive Compensation - Summary Compensation Table". The total compensation received by the Company's non-employee directors in Fiscal 2018 was \$0.9 million.

NAME	FEES EARNED (\$)	ALL OTHER COMPENSATION (\$)	TOTAL (\$)
Rod Phillips ⁽¹⁾	56,250	-	56,250
Janet Ecker	116,600	-	116,600
Wendy Henkelman	150,300	-	150,300
Mary Junck	113,142	-	113,142
David Pecker ⁽²⁾	108,300	-	108,300
Daniel Rotstein	108,300	-	108,300
Graham Savage	150,300	-	150,300
Peter Sharpe	133,300	-	133,300
Total	936,492	-	936,492

- (1) This individual resigned from the Board of Directors on November 16, 2017.
- 2) This individual resigned from the Board of Directors on August 28, 2018.

INSURANCE COVERAGE FOR DIRECTORS AND OFFICERS AND INDEMNIFICATION

Postmedia has obtained a directors and officers liability insurance policy, which covers indemnification of directors and officers of Postmedia in certain circumstances. In addition, Postmedia has entered into indemnification agreements with its directors and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Option Plan and the RSU Plan were not approved by Shareholders as they were each adopted by the Company prior to being listed on the TSX.

The following table provides a summary of securities issued and issuable under all equity compensation plans of Postmedia as at August 31, 2018.

EQUITY COMPENSATION PLAN	NUMBER OF SHARES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS AND RSUS (#)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS AND RSUS (\$)	NUMBER OF SHARES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (#)
Option Plan	3,102,215	1.03	646,473
RSU Plan	3,483,680	-	265,008

BURN RATE

The following table sets forth the annual burn rate, expressed as a percentage, for each of the Company's security-based compensation arrangements for Fiscal 2018, 2017 and 2016:

EQUITY COMPENSATION PLAN	ANNUAL BURN RATE ⁽¹⁾ FOR THE FISCAL YEAR ENDED AUGUST 31			
	2018 ⁽²⁾	2017	2016	
Option Plan	3.38%	-	-	
RSU Plan	3.76%	-	-	

Notes:

- (1) The annual burn rate is calculated as the number of securities granted under the arrangement during the applicable fiscal year divided by the weighted average number of securities outstanding for the applicable year.
- (2) Options and RSUs granted in Fiscal 2018 were approved in two tranches in each of Fiscal 2017 and Fiscal 2018 and intended to be granted in each of Fiscal 2017 and Fiscal 2018. For more information on the grants, see "Statement of Executive Compensation Long-Term Incentive Plans".

For more information about the Company's equity compensation plans, see "Statement of Executive Compensation – Stock Option Plan" and "Statement of Executive Compensation - Restricted Share Unit Plan".

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Our corporate governance policies, procedures and practices are designed to ensure that our Board of Directors can fulfill its statutory mandate to supervise the management of our business and affairs with the highest standards of ethical conduct. The Board of Directors believes that good corporate governance improves corporate performance and benefits all Shareholders. Set forth below is certain disclosure by Postmedia of its corporate governance practices.

BOARD OF DIRECTORS

In fulfilling its statutory mandate and discharging its duty of stewardship of Postmedia, the Board of Directors assumes responsibility for, among other things:

- reviewing and approving the strategic plan and business objectives of Postmedia that are submitted by senior management and monitoring the implementation by senior management of the strategic plan. During at least one meeting each year, the Board of Directors will review Postmedia's long-term strategic plans and the principal issues that Postmedia expects to face in the future;
- assessing, monitoring and managing the principal strategic risks, reviewing the operational, reporting and compliance risks for Postmedia and overseeing, with the assistance of the Audit Committee, the implementation and monitoring of appropriate risk management systems;
- ensuring, with the assistance of the Corporate Governance and Nominating Committee, the effective
 functioning of the Board of Directors and its committees (the "Committees") in compliance with applicable
 corporate governance requirements of applicable legislation, and that such compliance is reviewed periodically
 by the Corporate Governance and Nominating Committee;
- assessing whether internal controls and management information systems for Postmedia are in place and ensuring they are evaluated and reviewed periodically on the initiative of the Audit Committee, including, Postmedia's Timely Disclosure, Confidentiality and Inside Trading Policy;
- assessing the performance of Postmedia's senior management, including monitoring the establishment of
 appropriate systems for succession planning (including the development of policies and principles for CEO
 selection and performance reviews, and policies regarding succession in an emergency or upon retirement of
 the CEO) and periodically monitoring the compensation levels of the members of senior management based on
 the determinations and recommendations made by the Compensation and Pension Committee;
- ensuring that Postmedia has in place a policy for effective communication with Shareholders, other stakeholders and the public generally; and
- reviewing and, where appropriate, approving the recommendations made by the various Committees, including, without limitation, the selection of nominees for election to the Board of Directors, appointment of directors to fill vacancies on the Board of Directors, appointment of members of the various Committees and establishing the form and amount of director compensation.

The text of the Board of Directors Charter is attached as **Schedule "A"**.

Board of Directors Composition and Nomination Process

As of August 31, 2018, the Board of Directors was composed of seven directors. The Board of Directors is currently, and will be upon election of all nominees, composed of eight directors.

The Corporate Governance and Nominating Committee: (a) develops and recommends to the Board of Directors criteria for selecting new directors; (b) identifies individuals qualified to become directors; and (c) recommends to the Board of Directors nominees for election to the Board of Directors and directors to be appointed to each Committee and as the Chair of each Committee. In attending to the above matters, the Corporate Governance and Nominating Committee applies a number of criteria in assessing individuals that may be qualified to become directors and members of Committees, including:

- judgment, character, expertise, skills and knowledge useful to the oversight of the Company's business;
- diversity of viewpoints, backgrounds, experiences and other demographics;

- business or other relevant experience; and
- the extent to which the interplay of the individual's expertise, skills, knowledge and experience with that of other members of the Board of Directors will build a board that is effective, collegial and responsive to the needs of Postmedia.

These criteria are to be applied in respect of each individual director, and in respect of the Board of Directors and each Committee as a whole.

Our Corporate Governance Guidelines do not restrict the number of boards on which our directors may sit. However, our Code of Business Conduct and Ethics ("Code of Conduct") requires that the Chair of the Board of Directors approve any other directorships held by our directors and officers. In considering such requests, the Chair will consider a number of factors, including any conflicts of interest that such directorship may raise. The Chair of the Corporate Governance and Nominating Committee is responsible for approving any other directorship held by the Chair of the Board of Directors. In addition, directors are expected to devote the required time and effort to discharge their obligations as members of the Board of Directors. None of the members of the Audit Committee may serve on the audit committee of more than three public companies in addition to Postmedia without the prior approval of the Audit Committee, the Corporate Governance and Nominating Committee and the Board of Directors.

Board Interlocks

Although the Board of Directors does not set a formal limit on the number of public company interlocking board and committee memberships that directors may have, the Corporate Governance and Nominating Committee reviews any public company interlocks as part of its annual evaluation of director independence.

There are currently no board interlocks.

Gender Diversity at the Board Level

The Board of Directors recognizes the value that diversity brings to both the boardroom and workplace. The Company is a member of The Canadian Board Diversity Council, which is a self-funded organization advancing diversity on Canada's boards.

As referenced above, the Board of Directors and the Corporate Governance and Nominating Committee consider diversity, including gender diversity, in selecting potential director candidates. The Board of Directors and the Corporate Governance and Nominating Committee consider the representation of women in identifying and nominating board candidates in a variety of ways, including by actively seeking female candidates for inclusion in its list of potential candidates for future vacancies. For instance, the committee reviews resources, such as those provided by the Canadian Board Diversity Council, that profile women who are currently on or have an interest in serving on public Canadian boards. This ensures that there is a broad pool of female candidates to draw upon in the event of a vacancy on the Board of Directors.

The Board of Directors has not adopted a written policy relating to the identification and nomination of female directors or set a target representation of women on the Board of Directors, as it has incorporated consideration of gender diversity into its practices as described above. Further, the Board of Directors believes that it is a combination of the skills, experience and character of an individual that are the most important qualities in assessing the value that such individual can bring to the Board of Directors.

The Board of Directors currently has three female directors. If all the nominee directors for this year are elected, the Board of Directors will continue to have three female directors, which will represent approximately 37.5% of the Board of Directors and approximately 60% of the Company's independent directors.

Gender Diversity at the Executive Level

Postmedia is committed to a fair and inclusive work environment where diversity is valued. The Company has one female executive officer out of four. Women currently represent 25% of the Company's executive officers and 33% of existing positions at Vice President level and above. The Company considers the representation of women in executive officer appointments as a normal practice.

Gender targets at the executive level have not been adopted as the Company is of the view that gender is one factor of many to be considered in advancement and hiring decisions, but emphasis should be placed on hiring or advancing the most qualified individuals.

Attendance

The following table outlines the attendance record of directors at Board and Committee meetings in Fiscal 2018:

NAME	BOARD OF DIRECTORS MEETINGS ATTENDED	AUDIT COMMITTEE MEETINGS ATTENDED	COMPENSATION AND PENSION COMMITTEE MEETINGS ATTENDED	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE MEETINGS ATTENDED
Rod Phillips ⁽¹⁾	1 of 1	1 of 1	1 of 1	1 of 1
Paul Godfrey	9 of 9	-	-	-
Janet Ecker	9 of 9	5 of 5	-	4 of 4
Wendy Henkelman	9 of 9	5 of 5	-	4 of 4
Mary Junck ⁽²⁾	8 of 9	5 of 5	2 of 2	-
David Pecker ⁽³⁾	7 of 9	-	5 of 5	-
Daniel Rotstein	9 of 9	-	-	4 of 4
Graham Savage	9 of 9	5 of 5	5 of 5	-
Peter Sharpe	8 of 9	-	5 of 5	4 of 4

Notes:

- (1) This individual resigned from the Board of Directors on November 16, 2017.
- (2) This individual was appointed to the Compensation and Pension Committee on February 2, 2018.
- (3) This individual resigned from the Board of Directors on August 28, 2018.

Independence

For a director to be considered independent under the policies of the Canadian Securities Administrators, he or she must have no direct or indirect material relationship with the Company, being a relationship that could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of his or her independent judgment, and must not be in any relationship deemed to be not independent pursuant to such policies.

The Board of Directors has determined that a majority of its current directors are independent as defined in *National Instrument 58-101-Disclosure of Corporate Governance Practices*. The five independent directors are Messrs. Savage and Sharpe and Mmes. Ecker, Henkelman and Junck. Messrs. Godfrey, Bode and Rotstein have been determined not independent. Specifically, Mr. Godfrey is not independent as a result of his position as CEO of Postmedia. The Board of Directors has determined that Mr. Bode is not independent as a result his relationship with Chatham and previous strategic and financial consulting services that he provided to Postmedia management through a third party which is an associated company of Chatham. Mr. Bode ceased providing such services to Postmedia in August, 2018. In light of Mr. Rotstein's relationship with Chatham (which owns a significant amount of the Company's outstanding debt and equity), and in particular, Mr. Rotstein's nomination to the Board of Directors pursuant to Chatham's nominating rights in 2016, the Board of Directors has determined that Mr. Rotstein is not independent. Mr. Rotstein is also currently engaged as a consultant with an associated company of Chatham. For more information on Messrs. Bode's and Rotstein's independence, see "Statement of Corporate Governance Practices – Conflicts of Interest".

Independent directors do not currently hold regularly scheduled meetings at which non-independent directors are not in attendance, however, *in camera* sessions are held at each regularly scheduled Board of Directors meeting exclusive of management and non-independent directors, including directors who are members of management, for the purpose of facilitating open and candid discussion amongst its members.

Board of Directors Process

In addition to having the majority of the Board of Directors composed of independent directors, the Board of Directors has adopted a variety of procedures to allow for the independent functioning of the Board of Directors from management. Those procedures include having a Chair or Lead Director who is an independent director with a formal mandate to assist the Board of Directors in fulfilling its duties effectively, efficiently and independent of management, members of the Board of Directors having the opportunity to initiate discussions with senior management without the CEO present so that they may freely discuss any concerns they may have and the ongoing monitoring of the relationship between the Board of Directors and senior management by the Corporate Governance and Nominating Committee.

The Board of Directors exercises its responsibility for oversight through the approval of all material decisions and initiatives affecting Postmedia.

CODE OF BUSINESS CONDUCT AND ETHICS

Postmedia has adopted the Code of Conduct which applies to all directors, officers and employees of our Company, its subsidiaries and affiliates and other persons in similar relationships with those entities. The Code of Conduct is provided to all directors, officers and employees and is available on SEDAR at www.sedar.com. On an annual basis, all directors and employees of the Company are required to review the Code of Conduct. The Code of Conduct addresses such matters as compliance with laws, conflicts of interest, confidential information, fraud, protection and proper use of Postmedia assets and the reporting of illegal and unethical behaviour.

The Company encourages personnel who become aware of a conflict or potential conflict or departures from the Code of Conduct to bring it to the attention of a supervisor or department head and require personnel who detect or suspect a fraud has occurred to report the incident immediately. We have also established additional procedures for confidential and anonymous reporting of complaints concerning accounting, internal accounting controls, auditing matters and breaches of the Code of Conduct. The Board of Directors requires every director and executive officer to disclose any direct or indirect conflict of interest that he or she has, and obtains formal confirmation of compliance with the Code of Conduct annually from directors, officers and a group of senior managers from across the Company that includes employees with direct reports.

Any waivers of the Code of Conduct for directors or members of senior management may only be granted by the Board of Directors (or a Committee to whom that authority has been delegated), while any waiver for all other employees may only be made by the CEO.

In order to help ensure that directors exercise independent judgment in considering any transaction or agreement in which a director or executive officer has a material interest, any director or executive officer with such an interest is expected to declare the interest and would generally not be present for any discussion or vote regarding the matter.

POSITION DESCRIPTIONS

The Chair of the Board of Directors, Lead Director and Committee Chairs

The Board of Directors has approved a position description for each of the Chair of the Board of Directors and Lead Director. The Lead Director position description provides that the Lead Director is appointed where the Chair of the Board of Directors is not an independent director, to assist the Chair of the Board of Directors in fulfilling his or her duties and the Board of Directors in fulfilling its duties independent of senior management and to ensure that directors have an independent leadership contact.

The current Executive Chairman of the Board of Directors is Mr. Godfrey who is not an independent director as he is CEO of the Company. Mr. Sharpe is an independent director and is currently the Lead Director of the Board of Directors.

The position description for the Chair of the Board of Directors delegates to him or her the responsibility for, among other things, taking a leadership role in ensuring effective communication and relationships between Postmedia, Shareholders, stakeholders and the general public, promoting an understanding by members of the Board of Directors and senior management of the duties and responsibilities of the Board of Directors and recommending procedures to enhance the work of the Board of Directors and cohesiveness among directors. Further, the position description for the Chair of the Board of Directors delegates to him or her, or where the Chair is not an independent director, the Lead Director, the responsibility for, among other things, acting as a liaison between the Board of Directors and the CEO and

facilitating the annual performance review and evaluation of the Board of Directors and its members in accordance with the Board of Directors and Committee charters and facilitating the assessment and adequacy of the Charter of the Board of Directors.

The position description for the Lead Director delegates to him or her the responsibility for, among other things, assisting the Chair of the Board of Directors in promoting the proper flow of information to the members of the Board of Directors to keep the members of the Board of Directors fully apprised of all matters which are material to members of the Board of Directors at all times, providing leadership to the Board of Directors if circumstances arise in which the Chair of the Board of Directors may, or may be perceived to, have a conflict of interest and presiding over meetings of the members of the Board of Directors or the Company's Shareholders when the Chair of the Board of Directors is absent or when the Board of Directors determines the Lead Director should do so.

The Board of Directors has also approved position descriptions for the Chair of the Audit Committee, the Chair of the Compensation and Pension Committee and the Chair of the Corporate Governance and Nominating Committee that delegate to such Chairs the responsibility for, among other things, recommending procedures to enhance the work of each respective Committee, facilitating performance reviews and evaluating each such Committee and its members in accordance with the respective Charter and facilitating the assessment and adequacy of the Charter for each Committee. Each Chair will be the liaison between the Committee and the Board of Directors and senior management of Postmedia.

The Chief Executive Officer

The Board of Directors has approved a position description for the CEO that delegates to him or her the responsibility for providing strategic leadership and vision by working with the Board of Directors and the senior management team to establish, implement and oversee our long-term goals, strategies, plans and policies, subject to the direction and oversight of the Board of Directors. The CEO shall be Postmedia's primary person to communicate news pertaining to the Company to the public. The CEO reports formally to the Board of Directors, as well as less formally through discussions with members of the Board of Directors, to advise the Board of Directors on a timely basis of management's current and proposed courses of action.

ORIENTATION AND CONTINUING EDUCATION

Senior management, working with the Corporate Governance and Nominating Committee, provides appropriate orientation and education for new directors to familiarize them with Postmedia and its business and the role of the Board of Directors, the Committees and directors. All directors are provided with current copies of all Board of Directors and Committee charters, policies and role descriptions. New directors are also provided with in-depth orientation sessions by way of individual meetings with the senior management and other directors.

On an ongoing basis, senior management and the Board of Directors' advisors provide periodic presentations to the Board of Directors to ensure that directors are aware of our business and operations and industry trends and practices. These presentations include those made at Board of Directors meetings as well as presentations made at informal sessions held prior to each regularly scheduled Board of Directors meeting.

The Board of Directors is to meet at least four times a year, and more frequently as circumstances require. All members of the Board of Directors are expected to be at all meetings.

BOARD OF DIRECTORS RENEWAL, ANNUAL EVALUATION AND SKILLS MATRIX REVIEW

Postmedia has not adopted term limits as the Board of Directors ensures adequate board renewal through a variety of initiatives, including: (a) an annual review of a skills matrix reflecting the skills of the Board of Directors (the "Skills Matrix"); and (b) an annual evaluation.

The Board of Directors and the Corporate Governance and Nominating Committee review the Skills Matrix to ensure that the Board of Directors possesses the requisite experience, expertise and business and operational insight for the effective stewardship of the Company.

In addition, under the supervision of the Corporate Governance and Nominating Committee, the directors conduct a formal annual evaluation of: (a) the performance and effectiveness of the Board of Directors as a whole and of each Committee; and (b) individual directors, by way of peer evaluation and self-evaluation. As part of such process, each director completes a detailed questionnaire which requires them to assess the performance of the Board of Directors or the applicable Committee. The questionnaires require input on the role, responsibilities and effectiveness of the Board of Directors and each Committee, its membership, the conduct of meetings, the performance of the Chair, and any improvements that could be made to enhance its effectiveness. The results of the evaluations are then reviewed by the Chair of the Board of Directors and the Corporate Governance and Nominating Committee, and the Corporate Governance and Nominating Committee reports thereon to the Board of Directors.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established three standing Committees to assist it in discharging its mandate. The roles of the Committees as part of our governance process are outlined below. Each Committee shall review and assess its mandate at least annually, has the authority to retain special legal, accounting or other advisors and, is chaired by an independent director.

Composition of Committees

The members of the Board of Directors' Committees have been appointed by the Board of Directors and will in the future be appointed by the Board of Directors upon the recommendation of the Corporate Governance and Nominating Committee.

Audit Committee

The current members of the Audit Committee are Mmes. Henkelman (Chair), Ecker and Junck and Mr. Savage. The Audit Committee assists the Board of Directors in, among other things, its oversight and evaluation of: (a) the quality and integrity of the financial statements of Postmedia; (b) the compliance by Postmedia with legal and regulatory requirements in respect of financial disclosure; (c) the qualification, independence and performance of the independent auditor: (d) the assessment, monitoring and management of the financial, reporting and compliance risks involved with Postmedia's business; (e) the enterprise risk management process; and (f) the performance of the CFO.

The text of the Audit Committee's Charter may be found in the Company's latest Annual Information Form which is available on SEDAR at www.sedar.com.

All members of the Audit Committee are independent and "financially literate" as contemplated by the rules of the Canadian Securities Administrators. When considering criteria for determinations of financial literacy, Audit Committee members must be able to read and understand financial statements of a breadth and level of complexity of accounting issues generally comparable to the issues expected to be raised by our consolidated financial statements. For more information on the relevant education and experience of the members of the Audit Committee, see "Board of Directors – Director Biographies" in this document and "Audit Committee Information – Relevant Education and Experience" in the Annual Information Form which is available on SEDAR at www.sedar.com.

The following table summarizes fees billed by the Company's external auditors for the years ended August 31, 2018 and 2017 for audit and non-audit related services provided to the Company and its subsidiaries:

YEAR	AUDIT FEES (\$)	AUDIT RELATED FEES (\$)	TAX COMPLIANCE FEES (\$)	ALL OTHER FEES (\$)
Fiscal 2018	550,000	73,500 ⁽¹⁾	33,500	-
Fiscal 2017	585,000	75,000 ⁽¹⁾	87,300	-

Notes:

The Audit Committee charter provides that the Audit Committee is to meet at least quarterly and is to meet separately with senior management periodically, and with the independent auditor as appropriate. The Audit Committee will also meet *in camera* at each of its regularly scheduled meetings.

⁽¹⁾ Includes fees incurred in connection with the audit of the Pension Plan financial statements and fees incurred with respect to specified procedures on internal controls.

None of the members of the Audit Committee may serve on the audit committee of more than three public companies in addition to Postmedia without the prior approval of the Audit Committee, the Corporate Governance and Nominating Committee and the Board of Directors. None of the members of the Audit Committee serve on the audit committee of more than three other public companies.

Compensation and Pension Committee

The current members of the Compensation and Pension are Messrs. Savage (Chair), Rotstein and Sharpe and Ms. Junck. The Compensation and Pension Committee is not composed entirely of independent directors. The Board of Directors has determined that Mr. Rotstein is not an independent director. For more information, see "Statement of Corporate Governance Practices – Independence". However, the Board of Directors has ensured that there is an objective process for determining compensation by ensuring a majority of the members of the Compensation and Pension Committee are independent directors.

The Compensation and Pension Committee assists the Board of Directors in discharging its responsibilities relating to: (a) recruitment, development and retention of senior management; (b) appointment and compensation of senior management; (c) senior management succession planning; (d) compensation structure for the Board of Directors and senior management, including salaries, annual and long-term incentive plans and plans involving share options, share issuances and share unit awards; and (e) the pension plans and other retirement arrangements of Postmedia. The Compensation and Pension Committee makes recommendations to the Board of Directors and reviews the adequacy and form of directors' compensation annually to ensure that such compensation reflects the responsibilities and risks involved in being an effective director.

The Compensation and Pension Committee charter provides that the Compensation and Pension Committee is to meet at least quarterly, and is to meet separately with senior management periodically, and with outside advisors as appropriate. The Compensation and Pension Committee will also meet *in camera* at each of its regularly scheduled meetings.

Corporate Governance and Nominating Committee

The current members of the Corporate Governance and Nominating Committee are Messrs. Sharpe (Chair) and Bode and Mmes. Ecker and Henkelman. The Corporate Governance and Nominating Committee is not composed entirely of independent directors. Mr. Bode is not an independent director. For more information on director independence, see "Statement of Corporate Governance Practices – Independence". However, the Board of Directors has ensured that there is an objective nomination process by ensuring a majority of the members of the Corporate Governance and Nominating Committee are independent directors. In addition to making recommendations as to the size of the Board of Directors, nominees for election as directors and the composition of Committees, the Corporate Governance and Nominating Committee is intended to: (a) enhance Postmedia's corporate governance process through the development and recommendation to the Board of Directors of appropriate corporate governance guidelines; (b) administer the Code of Business Conduct; (c) assist the Board of Directors and the Committees in their annual review of their performance and their charters; and (d) undertake such other initiatives that may be necessary or desirable to enable the Board of Directors to provide effective corporate governance. The Corporate Governance and Nominating Committee has been granted the authority and direction to take such other initiatives as are needed to help the Board of Directors address corporate governance issues.

The Corporate Governance and Nominating Committee charter provides that the Corporate Governance and Nominating Committee is to meet at least twice a year, and is to meet separately with senior management periodically, and with outside counsel as appropriate. The Corporate Governance and Nominating Committee will also meet *in camera* at each of its regularly scheduled meetings.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, to the knowledge of the Board of Directors and executive officers of Postmedia, no "informed person" (as defined in National Instrument 51-102 – Continuous Disclosure Obligations) or any associate or affiliate of any informed person, has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with us since September 1, 2015 or has any such interest in any proposed transaction that has materially affected or would materially affect Postmedia or our subsidiaries.

REGISTRATION RIGHTS AGREEMENT

Following the implementation of the Recapitalization Transaction, Postmedia entered into a registration rights agreement with Chatham LLC. Under the agreement, Chatham LLC was granted demand registration rights pursuant to which Chatham LLC may require Postmedia to file a prospectus with the Canadian securities administrators qualifying the Shares owned by Chatham LLC for sale in Canada. The agreement also grants piggyback registration rights to Chatham LLC in the event that Postmedia proposes to distribute Shares by way of a prospectus, which rights allow Chatham LLC to require Postmedia in certain circumstances to include Shares owned by Chatham LLC in such prospectus distribution. For more information on the Recapitalization Transaction, see "General Development of the Business – History of the Corporation" in the Company's latest Annual Information Form which is available on SEDAR at www.sedar.com.

NEW SECOND-LIEN NOTES

In Fiscal 2017, the Company's 12.5% senior-secured notes due 2018 (the "Second-Lien Notes") were exchanged for Variable Voting Shares that represented approximately 98% of the outstanding Shares. In addition, the Company issued US\$88.6 million (CDN\$115.5 million) of 10.25% Second-Lien Secured Notes due 2023 (the "New Second-Lien Notes") pursuant to the new second-lien secured note indenture dated as of October 5, 2016 among Postmedia Network Inc., as issuer, the Company, as guarantor and Computershare Trust Company of Canada, as trustee and collateral agent (the "New Second-Lien Notes Indenture"), for net proceeds of US\$84.4 million (CDN\$110.0 million). The New Second-Lien Notes were offered to holders of existing Second-Lien Notes, on a pro-rata basis determined based on their holdings of Second-Lien Notes as of August 5, 2016.

Chatham owns a significant portion of the Variable Voting Shares and a significant portion of the New Second-Lien Notes. For more information on Chatham's Variable Voting Shares, see "Voting Information – Quorum and Principal Holders".

The full text of the New Second-Lien Notes Indenture is available on SEDAR at www.sedar.com.

BACKSTOP COMMITMENT LETTER

The New Second-Lien Notes offering was backstopped by certain individual funds for which Chatham acts as investment advisor pursuant to a backstop commitment letter (the "Backstop Commitment Letter"). In consideration for entering into the Backstop Commitment Letter, Chatham received a fee of US\$4.2 million (CDN\$5.5 million), which was used to acquire additional New Second-Lien Notes.

SECOND-LIEN SUPPORT AGREEMENT

In Fiscal 2016, in connection with the Recapitalization Transaction, the Company and Postmedia Network Inc. entered into a support agreement with certain holders of approximately 80% of the outstanding Second-Lien Notes (a significant portion of which was represented by Chatham) (the "Second-Lien Support Agreement"). Pursuant to the Second-Lien Support Agreement, Chatham: (a) and certain other holders of the Second-Lien Notes agreed to support the Recapitalization Transaction; and (b) had the right to select up to 33% of the Board of Directors to be appointed on closing of the Recapitalization Transaction. For more information on the Recapitalization Transaction, see "General Development of the Business – History of the Corporation" in the Company's latest Annual Information Form which is available on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to Postmedia is available on SEDAR at www.sedar.com and financial information relating to the Company is provided in Postmedia's audited consolidated financial statements and management's discussion and analysis for the years ended August 31, 2018 and 2017.

To request copies of Postmedia's audited consolidated financial statements, management's discussion and analysis, Annual Information Form, or its Code of Business Conduct and Ethics, Shareholders may contact Postmedia's Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary, Gillian Akai, at Postmedia Place, 365 Bloor Street East, 12th Floor, Toronto, Ontario, M4W 3L4, telephone number (416) 383-2300.

DIRECTORS' APPROVAL

The contents of this Circular and the sending thereof to our Shareholders have been approved by the Board of Directors of Postmedia Network Canada Corp.

By Order of the Board of Directors

Paul Godfrey

Executive Chairman of the Board of Directors

November 27, 2018

SCHEDULE "A"

POSTMEDIA NETWORK CANADA CORP. (the "Company")

BOARD OF DIRECTORS CHARTER

PURPOSE

The board of directors of the Company (the "Board of Directors") is elected by the Company's shareholders to supervise the management of the business and affairs of the Company, in the best interests of the Company. The Board of Directors shall:

- Review and approve the strategic plan and business objectives of the Company that are submitted by senior management and monitor the implementation by senior management of the strategic plan. During at least one meeting each year, the Board of Directors will review the Company's long-term strategic plans and the principal issues that the Company expects to face in the future;
- Assess, monitor and manage the principal strategic risks, and review the operational, reporting and compliance
 risks (together with the strategic risks, the "Risks") for the Company and oversee, with the assistance of the
 Audit Committee, the implementation and monitoring of appropriate risk management systems;
- Ensure, with the assistance of the Corporate Governance and Nominating Committee, the effective functioning
 of the Board of Directors and its committees in compliance with the corporate governance requirements of
 applicable legislation, and that such compliance is reviewed periodically by the Corporate Governance and
 Nominating Committee;
- Assess whether internal controls and management information systems for the Company are in place and ensure they are evaluated and reviewed periodically on the initiative of the Audit Committee, including, the Timely Disclosure, Confidentiality and Insider Trading Policy;
- Assess the performance of the Company's senior management, including monitoring the establishment of
 appropriate systems for succession planning (including the development of policies and principles for Chief
 Executive Officer selection and performance review and policies regarding succession in an emergency or upon
 retirement of the Chief Executive Officer) and for periodically monitoring the compensation levels of such
 senior management based on determinations and recommendations made by the Compensation Committee;
- Ensure that the Company has in place a policy for effective communication with shareholders, other stakeholders and the public generally;
- Review and, where appropriate, approve the recommendations made by the various committees of the Board
 of Directors, including, without limitation, to: select nominees for election to the Board of Directors; appoint
 directors to fill vacancies on the Board of Directors; appoint members of the various committees of the Board
 of Directors; and, establish the form and amount of director compensation.

COMPOSITION

The Board of Directors collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Company's business. The Board of Directors should be comprised of that number of individuals which will permit the Board of Directors' effective functioning. The appointment and removal of directors shall occur in accordance with the Company's by-laws and any existing resolutions. A majority of the Board of Directors should meet the independence requirements of any applicable legislation, regulatory requirements and policies, including, but not limited to, the independence requirements set out in section 1.4 of *National Instrument 52-110 – Audit Committees*. The Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, shall designate the Chair by majority vote of the Board of Directors and, where the Chair is not independent, designate a Lead Director by a majority vote of the Board of Directors.

At least 25% of the Board of Directors shall be "resident Canadians", as contemplated by the Canada Business Corporations Act. Additionally, more than 51% of the directors, including the Chair, shall be Canadian citizens.

MEETINGS

The Board of Directors shall meet at least four times each year and more frequently as circumstances require. All members of the Board of Directors should strive to be at all meetings. The Board of Directors shall meet separately, periodically, without senior management, and may request any member of the Company's senior management or the Company's outside counsel or independent auditor to attend meetings of the Board of Directors or with advisors thereto.

A majority of the number of directors of the Company shall constitute a quorum for the transaction of business. Subject subsections 111(1), 114(4) and 117(1) of the *Canada Business Corporations Act*, no business shall be transacted by the directors except at a meeting of the Board of Directors at which quorum is present and at which at least 25% of the directors present are "*resident Canadians*", as contemplated by the *Canada Business Corporations Act*. Additionally, more than 51% of the directors present shall be Canadian citizens.

RISKS

The Board of Directors shall:

- Approve a policy that sets out the Risks philosophy of the Company and the expectations and accountabilities
 for identifying, assessing, monitoring and managing Risks (the "ERM Policy") that is developed and is to be
 implemented by senior management.
- Meet with senior management to review and discuss senior management's timely identification of the most significant Risks, including those Risks related to or arising from the Company's weaknesses, threats to the Company's business and the assumptions underlying the Company's strategic plan ("Principal Risks").
- Approve a formalized, disciplined and integrated enterprise risk management process, upon recommendation
 of the Audit Committee, that is developed by senior management to monitor, manage and report Principal
 Risks.
- Review management policies (and changes thereto) setting out the framework within which each identified Principal Risk of the Company shall be managed.
- At least semi-annually, obtain from senior management a report specifying the management of the Principal Risks of the Company including compliance with the ERM Policy and other policies of the Company for the management of Principal Risks.

COMMITTEES

The Board of Directors may delegate authority to individual directors and committees where the Board of Directors determines it is appropriate to do so. The Board of Directors expects to accomplish a substantial amount of its work through committees and shall form at least the following three committees: the Audit Committee, the Compensation and Pension Committee, and the Corporate Governance and Nominating Committee. The Board of Directors may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee should have a written charter and should report regularly to the Board of Directors, summarizing the committee's actions and any significant issues considered by the committee.

INDEPENDENT ADVICE

In discharging its mandate, the Board of Directors shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal, accounting or other advisors as the Board of Directors determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

Annually, or more frequently at the request of the Executive Vice President, Chief Administrative Officer, General Counsel as a result of legislative or regulatory changes, the Board of Directors through the Corporate Governance and Nominating Committee shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Board of Directors and its members and
 committees, including the compliance of the Board of Directors with this Charter. This evaluation will focus on
 the contribution of the Board of Directors to the Company and specifically focus on areas in which the directors
 and senior management believe that the contribution of the Board of Directors could be improved.
- Review and assess the adequacy of this Charter and the position description for the Chair and make any
 improvements the Board of Directors determines to be appropriate, except for minor technical amendments to
 this Charter, authority for which is delegated to the Executive Vice President, Chief Administrative Officer and
 General Counsel, who will report any such amendments to the Board of Directors at its next regular meeting.