



Postmedia Announces Refinancing Transaction

August 9, 2019 (TORONTO) – Postmedia Network Canada Corp. (“**PNCC**” or the “**Company**”) today announced that it has signed commitments for a refinancing transaction (the “**Refinancing**”) in respect of its wholly-owned subsidiary Postmedia Network Inc. (“**PNI**” and together with PNCC, “**Postmedia**”) that will result in the: (i) issuance of \$95.2 million of new first lien notes, maturing July 2023, at the existing first lien notes rate by PNI to Canso Investment Counsel Ltd. of Richmond Hill, Ontario, in its capacity as portfolio manager for and on behalf of certain accounts that it manages (collectively, “**Canso**”), (ii) redemption in full of PNI’s existing first lien notes (the “**Existing First Lien Notes**”) with the proceeds of the aforementioned issuance of new first lien notes; and (iii) extension of the maturity of PNI’s existing second lien notes (the “**Second Lien Notes**”) by six months to January 15, 2024. The Refinancing is subject to customary documentary closing conditions.

“Since our October 2016 recapitalization we have paid down over \$130 million of first lien debt (nearly 60% of the total outstanding) while decreasing costs and achieving double digit growth in digital advertising revenue for ten consecutive quarters. Our strategy is working. We are very pleased with the extension of the term of our debt which means that Postmedia will not have any note obligations coming due for approximately 4 years. This gives Postmedia more time to further reduce debt and accelerate our digital revenue growth,” said Andrew MacLeod, President and Chief Executive Officer. “This extension is a validation of our strategy and we appreciate the renewed commitment and strong endorsement from our lenders including Ontario-based Canso which has committed in its capacity as portfolio manager to purchase all of the First Lien Notes thereby increasing its investment in Postmedia.”

Debt Repayment Efforts

Since the issuance of the Existing First Lien Notes in October 2016, in the course of a recapitalization transaction, Postmedia has paid down approximately \$130.2 million or 58% of the principal amount of Existing First Lien Notes, bringing the total outstanding principal amount of Existing First Lien Notes from \$225 million in October 2016 down to approximately \$94.8 million today. The Company believes that the Refinancing is an important and beneficial transaction to extend the maturity of its outstanding note obligations while the Company continues its debt reduction efforts.

Key Terms of the Refinancing

The Refinancing has the following key elements:

- PNI will redeem in full the issued and outstanding Existing First Lien Notes in the outstanding principal amount of approximately \$94.8 million pursuant to a notice of redemption issued today by PNI, and terminate the amended and restated senior secured notes indenture (the “**Existing First Lien Indenture**”) dated as of October 5, 2016 (the “**Redemption and Termination**”);
- Concurrently with the Redemption and Termination, PNI, as issuer, and PNCC, as a guarantor, will enter into a new senior secured notes indenture (the “**New First Lien Indenture**”) on substantially similar terms to the Existing First Lien Indenture with a maturity of July 15, 2023 and certain other agreed changes, pursuant to which PNI will issue new 8.25% senior secured notes due July 15, 2023 (which maturity is two years later than the Existing First Lien Notes) in the aggregate principal

amount of \$95.2 million at par (the “**New First Lien Notes**”) to Canso in its capacity as portfolio manager;

- Other agreed changes to the Existing First Lien Indenture to be reflected in the New First Lien Indenture include: the removal of the requirement for quarterly investor calls; a reduction to the minimum annual excess cash flow redemption amount from \$10 million to \$5 million; an increase to the sale-leaseback basket; and the addition of new restrictions on the ability to make cash interest payments on the Second Lien Notes;
- Pursuant to a subscription agreement entered into between Canso and PNI (the “**Subscription Agreement**”), Canso has committed in its capacity as portfolio manager to purchase all of the New First Lien Notes subject to customary closing conditions;
- The proceeds from the New First Lien Notes after payment of the arrangement fee shall be used to fund the redemption of the Existing First Lien Notes pursuant to the Redemption and Termination;
- PNI, as issuer, and PNCC, as a guarantor, will concurrently amend the existing second lien secured notes indenture pursuant to which the Second Lien Notes were issued by entering into a second supplemental indenture (the “**Second Lien Supplemental Indenture**”) that will, among other things, extend the maturity date of the Second Lien Notes to January 15, 2024 and remove the requirement for quarterly investor calls (consistent with the New First Lien Indenture);
- PNI has received the requisite consents to enter into the Second Lien Supplemental Indenture, being holders of at least 66 2/3% of the outstanding principal amount of Second Lien Notes;
- As a result of the Refinancing, Postmedia will not have any note obligations coming due over the next approximately 4 years;
- The Refinancing is expected to close on or around September 9, 2019.

The Subscription Agreement, which appends the form of New First Lien Indenture and the form of Second Lien Supplemental Indenture has been posted on the Company’s website at www.postmedia.com and on SEDAR at www.sedar.com.

Additional Information

Additional information, including financial statements and management’s discussion and analysis can be found on the Company’s website at www.postmedia.com/investors/financial-reports or on SEDAR at www.sedar.com.

Note: All dollar amounts are expressed in Canadian dollars unless otherwise specified.

About Postmedia Network Canada Corp.

Postmedia Network Canada Corp. (TSX:PNC.A, PNC.B) is the holding company that owns Postmedia Network Inc., a Canadian newsmedia company representing more than 140 brands across multiple print, online, and mobile platforms. Award-winning journalists and innovative product development teams bring engaging content to millions of people every week whenever and wherever they want it. This exceptional content, reach and scope offers advertisers and marketers compelling solutions to effectively reach target audiences. For more information, visit www.postmedia.com.

Forward-Looking Information

This news release may include information that is “forward-looking information” under applicable Canadian securities laws. The Company has tried, where possible, to identify such information and statements by using words such as “believe,” “expect,” “intend,” “estimate,” “anticipate,” “may,” “will,”

“could,” “would,” “should” and similar expressions and derivations thereof in connection with any discussion of future events, trends or prospects or future operating or financial performance. Forward-looking statements in this news release include statements with respect to the closing of the Refinancing and the realization of anticipated benefits associated with the Refinancing. By their nature, forward-looking information and statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties include, among others: the possibility that the Refinancing does not close and the possibility that Postmedia is unable to meet its obligations under the New First Lien Notes Indenture or under the indenture governing the Second Lien Notes. Additional risks include those risk factors set forth in the section entitled “Risk Factors” contained in our annual management’s discussion and analysis for the years ended August 31, 2018 and 2017. Although the Company bases such information and statements on assumptions believed to be reasonable when made, they are not guarantees of future performance and actual results of operations, financial condition and liquidity, and developments in the industry in which the Company operates, may differ materially from any such information and statements in this press release. Given these risks and uncertainties, undue reliance should not be placed on any forward-looking information or forward-looking statements, which speak only as of the date of such information or statements. Other than as required by law, the Company does not undertake, and specifically declines, any obligation to update such information or statements or to publicly announce the results of any revisions to any such information or statements.

For more information:

Media Contact

Phyllise Gelfand
Vice President, Communications
(416) 442-2936
pgelfand@postmedia.com

Investor Contact

Brian Bidulka
Executive Vice President and Chief Financial Officer
(416) 383-2325
bbidulka@postmedia.com