Formal Meeting

Annual General Meeting

- Introduction
- Quorum
- Resolutions
FP Newspapers Income Fund

Annual General Meeting 2009
Ronald N. Stern, Chairman
May 5, 2010

TSX: FP.UN
FP Newspapers Income Fund

FORWARD-LOOKING STATEMENTS:
Certain statements in this presentation are “forward-looking statements” which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, FP Trust or FPLP to be materially different from those expressed in this presentation. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this presentation. These forward-looking statements involve a number of significant risks and uncertainties, more information about which appears under the heading “Risk Factors” in the Fund’s most recent Annual Information Form.
Contents:

- Summary
- Approach
- Year in Review
- Q1 Review
- Outlook
Summary:
- FP.UN holds 49% of FPLP
- IPO May 2002.
- 6.9 million Units issued
- Cumulative distributions from inception of $9.68/unit (to March 31, 2010).

Operations:
- 2 daily newspapers
- 8 community and specialty
- Distribution and websites
Approach

• We focus on providing high-quality content across several platforms to inform and entertain our readers
  – Expand our audience and grow our reach through existing and new channels
  – Translates to superior readership and circulation, driving advertising revenue
  – Respect our heritage and leverage our audience
  – Long term outlook; prudent distribution policy
  – Investment discipline – seek sustainable increase in distributable cash
2009 Year in Review

FP Canadian Newspapers

• Revenue lower by 6.0% to $113.9 million.
  – Lower ad revenues due to economic slowdown was largest factor.

• EBITDA decreased $0.6 million or 2.5%.
  – For 11 months excluding October and excluding restructuring charges in both periods, EBITDA decreased $3.4 million or 13.8%.
2009 Year in Review

• Wally Lytwyn appointed director of sales for Canstar.
• Aaron Newnham appointed sales manager for Winnipeg Free Press.
2009 Year in Review

Winnipeg Free Press

• Free Press given the Award for Excellence in Journalism by the Canadian Journalism Foundation.

• Website use rises by 30% (13 million page views surpassed in March 2010).

• Quantum rolled out to provide self-serve advertising for businesses, starting with Homes.
2009 Year in Review

Winnipeg Free Press

- Free Press eliminates Sunday delivery; consolidates with improved Weekend Edition and starts On7, a Sunday single-copy tabloid.
2009 Year in Review

• New WFP website launched in January 2010.
Quality Content

• Free Press series of tuberculosis uncovered a serious health threat.

• Reporter Jen Skerritt’s work was recognized by the Canadian Medical Association and the Canadian Nurses Association.
Global events; local angles

- Free Press journalists brought readers the unique local stories from the Vancouver Olympics.
Public Service

• Series on Manitoba child welfare system given Michener citation of merit for public service journalism.
Partnerships

- Free Press given 2 grants of $20,000 from the Canadian Institutes of Health Research to study FASD and water supplies on First Nations.
New Ideas

• Twitter used from hockey games, city council.

• Live coverage of events such as Blue Bombers news conferences.

• Web cam provided continual coverage of spring flooding.
2009 Year in Review

- Sun solidified position as dominant media market leader after closure of CKX television in Brandon.
- Contract to print Globe and Mail for Manitoba and Saskatchewan will expire in September.
2009 Year in Review

• New website launched in April 2010.
• Sun to be media sponsor of Memorial Cup in Brandon.
2009 Year in Review

- Seven day average circulation was 15,175 at December 31, 2009.
- Average daily increase of 819 or 5.7%.
2009 Year in Review

• Started new community paper – The Sou’wester – to better serve Winnipeg neighbourhoods.
• Focused coverage on neighbourhoods within geographic areas served by the papers.
2009 Year in Review

• Received seven editorial awards from the MCNA.
2009 Year in Review

- Added community sports coverage.
- Kids' hockey and ringette standings and statistics run every second week.
- Bi-weekly news and people column called Toast & Coffee, featuring two well-known local sportsmen, Kent Morgan and Dutch Holland.
2009 Year in Review

FP Canadian Newspapers Limited Partnership

<table>
<thead>
<tr>
<th>(in millions of dollars)</th>
<th>2009</th>
<th>2008*</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$113.9</td>
<td>$121.1(1)</td>
<td>$125.9</td>
<td>$122.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$22.4</td>
<td>$23.0(1)</td>
<td>$28.5</td>
<td>$25.5</td>
</tr>
<tr>
<td>Distributable cash per unit</td>
<td>$1.30</td>
<td>$1.19</td>
<td>$1.61</td>
<td>$1.43</td>
</tr>
<tr>
<td>Distributions declared per unit</td>
<td>$1.14</td>
<td>$1.25</td>
<td>$1.29</td>
<td>$1.29</td>
</tr>
</tbody>
</table>

* 2008 results include impact of lost publishing days at Winnipeg operations due to 16 day strike.
Q1 – 2010 Review

FP Canadian Newspapers Limited Partnership

• Display revenue growth of 4.4%
  – Last quarter to show year-over-year growth was Q3 2008.

• Overall ad revenue declines 2.5%
  – Weakening classified and insert revenue.

• EBITDA increases 74%, 46% excluding restructuring charge in Q1 2009
  – Cost reductions in compensation, newsprint and delivery categories.
## Q1 – 2010 Review

### FP Canadian Newspapers Limited Partnership

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>-1.7%</td>
<td>$26.4</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>73.8%</td>
<td>$5.5</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td>21.0%</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) 2009 EBITDA and EBITDA margin include restructuring costs of $0.6 million for voluntary and involuntary employee reductions in Winnipeg.
Q1 2010 Review

• HSBC Credit Facility completed to refinance $60 million of notes due in June 2010. Current all-in cost is 3.7% versus Prudential fixed rate of 5.2%.

• Debt being reduced by $5 million annually as part of refinancing of long-term debt with HSBC.

• Effective January 2010 distributions reduced from 9.5¢/month to 6.0¢/month.
  – 73% pay-out ratio for LTM to March 31, 2010 and 91% since inception.
## Q1 – 2010 Review

<table>
<thead>
<tr>
<th></th>
<th>Last Twelve Months</th>
<th>Period from May 28, 2002 to Mar. 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>49% of distributable cash of FPLP</td>
<td>$10,057</td>
<td>$75,970</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(284)</td>
<td>(2,150)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>2</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>$9,775</td>
<td>$73,872</td>
</tr>
<tr>
<td>Distributable cash attributable to the Fund – per unit</td>
<td>$1.416</td>
<td>$10.702</td>
</tr>
<tr>
<td>Distributable cash declared by the Fund – per unit</td>
<td>$1.035</td>
<td>$9.683</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>73.1%</td>
<td>90.5%</td>
</tr>
</tbody>
</table>
Q1 – 2010 Review

• Gerald Flood revisits eastern Europe, 20 years after the fall of the Berlin Wall.
Q1 – 2010 Review

• Tania Kohut hired as first video journalist for Free Press.
Q1 – 2010 Review

- Launch of online tee-time booking from Free Press golf page.
Q1 2010 Operations

- Frank Teskey assisting with transition of Brandon Sun to printing in Winnipeg.
- Dave Brolhorst finalizing plans to expand capacity of mailroom.
- Zouhaire Sekkat engaged to develop digital strategy.
Advertising Outlook

• Automotive will still be key to our success although spending won’t be quite so robust as Q1.
• Toyota will be a key part of this segment as they reposition themselves.
• Grocery advertising should be up as the key players reposition flyer delivery dates and push for market share gains.
Expense and Capital Outlook

- Compensation cost savings from restructuring – expected to be 2% - 4% lower in 2010.
- Newsprint price increases implemented in Q2. This would result in a full year decrease of 13% if no further increases occur.
- Delivery costs forecasted to be 5% to 10% lower in 2010 as a result of cost reduction initiatives implemented in 2009.
- 2010 capital spending estimated at $3 million with 2 large capital projects ($2.2 million) financed by capital lease.
Daily Newspaper Readership in the Top Ten Canadian Markets

In just one week, 83% of Winnipeg adults read a newspaper either in print or online.

<table>
<thead>
<tr>
<th>City</th>
<th>Read Yesterday</th>
<th>5 Day Cume</th>
<th>Weekly Cume</th>
<th>Total Weekly Readership (Print/Online)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winnipeg</td>
<td>52%</td>
<td>74%</td>
<td>79%</td>
<td>83%</td>
</tr>
<tr>
<td>Quebec City</td>
<td>50%</td>
<td>68%</td>
<td>76%</td>
<td>79%</td>
</tr>
<tr>
<td>Ottawa/Gatineau</td>
<td>48%</td>
<td>67%</td>
<td>72%</td>
<td>79%</td>
</tr>
<tr>
<td>Calgary</td>
<td>47%</td>
<td>71%</td>
<td>74%</td>
<td>79%</td>
</tr>
<tr>
<td>Vancouver</td>
<td>52%</td>
<td>73%</td>
<td>74%</td>
<td>78%</td>
</tr>
<tr>
<td>Edmonton</td>
<td>47%</td>
<td>72%</td>
<td>75%</td>
<td>78%</td>
</tr>
<tr>
<td>Montréal</td>
<td>48%</td>
<td>67%</td>
<td>73%</td>
<td>77%</td>
</tr>
<tr>
<td>Toronto</td>
<td>44%</td>
<td>66%</td>
<td>71%</td>
<td>76%</td>
</tr>
<tr>
<td>Hamilton</td>
<td>48%</td>
<td>68%</td>
<td>73%</td>
<td>76%</td>
</tr>
<tr>
<td>Kitchener</td>
<td>42%</td>
<td>61%</td>
<td>65%</td>
<td>72%</td>
</tr>
</tbody>
</table>

*Source: 2009 NADbank Study*
Weekday Readership of Daily Newspapers in the Top Ten Canadian Markets

The Winnipeg Free Press reaches 41% of Winnipeg adults every weekday.

Source: 2009 NADbank Study
Note: The Globe and Mail and National Post figures are for the Toronto C.M.A.
Saturday Readership of Daily Newspapers in the Top Ten Canadian Markets

The Winnipeg Free Press reaches 51% of Winnipeg adults every Saturday.

Source: 2009 NADbank Study
Note: The Globe and Mail and National Post figures are for the Toronto C.M.A.
Weekly Readership of Daily Newspapers in the Top Ten Canadian Markets

The Winnipeg Free Press print edition reaches 68% of Winnipeg adults each week.

Source: 2009 NADbank Study
Note: The Globe and Mail and National Post figures are for the Toronto C.M.A.
Total Weekly Readership of Daily Newspapers in the Top Ten Canadian Markets

The Winnipeg Free Press print and online newspaper reach 72% of Winnipeg adults each week.

- Winnipeg Free Press: 72%
- Hamilton Spectator: 62%
- Waterloo Region Record: 60%
- Edmonton Journal: 56%
- Le Journal de Quebec: 55%
- Calgary Herald: 55%
- Toronto Star: 53%
- Ottawa Citizen: 51%
- Vancouver Province: 47%
- Vancouver Sun: 47%
- Le Soleil (Quebec City): 46%
- Edmonton Sun: 42%
- Winnipeg Sun: 41%
- Calgary Sun: 40%
- Le Journal de Montreal: 40%
- Ottawa Sun: 30%
- Toronto Sun: 24%
- Globe and Mail: 24%
- Montreal Gazette: 18%
- National Post: 13%

Source: 2009 NADbank Study
Note: The Globe and Mail and National Post figures are for the Toronto C.M.A.
In Memoriam

- Bev Buckingham, Customer Service
- Warren Remple, Advertising
- Cynthia Winkler, Advertising
- Jon Thordarson, Editorial
- Jeff Kerr, Delivery
- Millard Haluk, Delivery
2009 ANNUAL REPORT

FP NEWSPAPERS INCOME FUND