

FP Newspapers Income Fund

September 2010

Bob Cox, Publisher

Dan Koshowski, Vice President
Finance & Administration



fp
NEWSPAPERS INCOME FUND

TSX: FP.UN

Presentation Outline

- Fund facts
- Marketplace
- Operating businesses
- Going forward

FP Newspapers Income Fund

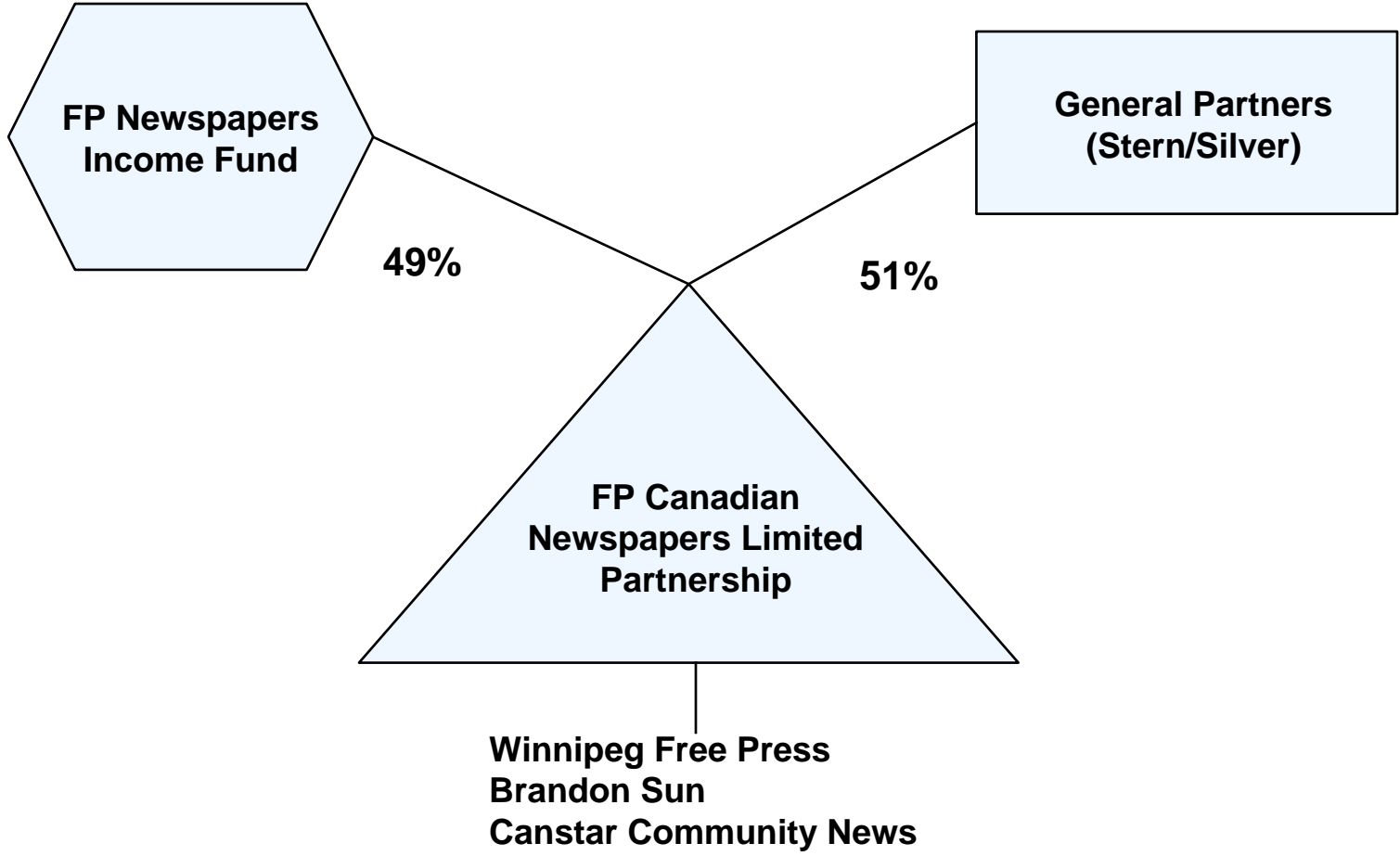
FORWARD-LOOKING STATEMENTS:

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 any future results, performance or achievements expressed or implied by such forward-looking statements. 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.

Fund Facts

- IPO completed: May 28, 2002
- 49% interest in FP Canadian Newspapers LP
- 6.9 million units outstanding
- Corporate conversion approved effective December 31, 2010
- Cumulative distributions declared to September 2010 - \$10.04
- TSX: FP.UN

Structure



Fund Metrics

Current Price (Sept. 13, 2010)	\$4.80	
Current Annualized Distribution	\$0.72	
Yield	15%	
	<u>High</u>	<u>Low</u>
52 Week Trading Range	\$6.99	\$4.50
Average Daily Unit Volume	10,000	



Fund Comparables

(Using LTM to June 30, 2010)

	Yield ⁽¹⁾	EV/EBITDA	EBITDA Margin %	Net Debt to EBITDA Ratio
FP	15%	4.4x	22.4%	1.8:1
Torstar	2.9%	6.6x	15.3%	2.1:1
Glacier Venture	N/A	8.1x	16.2%	2.4:1

(1) Per trading prices September 13, 2010

Distribution Levels

Effective Date	June 2002	Oct 2002	Nov 2003	Nov 2004	Oct 2008⁽¹⁾	Jan 2010⁽²⁾	Jan 2011⁽³⁾
Annualized Distribution level	\$1.35	\$1.20	\$1.26	\$1.29	\$1.14	\$0.72	TBD

(1) Reduction following strike at Winnipeg operation and significant global economic contraction.

(2) Reduction following refinancing of long-term debt.

(3) Level subject to Board approval in coming months.



Fund Opportunities

- History
 - Relatively stable cash flow and margins
- Industry leading properties
 - Winnipeg Free Press
 - Brandon Sun
 - Canstar Community Weeklies and special publications
- Strong Sponsorship
 - Sponsors own 65% of the overall business

Industry Overview

- Well-established
- Trusted information source
- Integral part of the community
- Traditional and new media

Industry Characteristics

- Advertising – major revenue source
- Readership
- Concentrated Ownership
- High Barriers to Entry
- Electronic Media

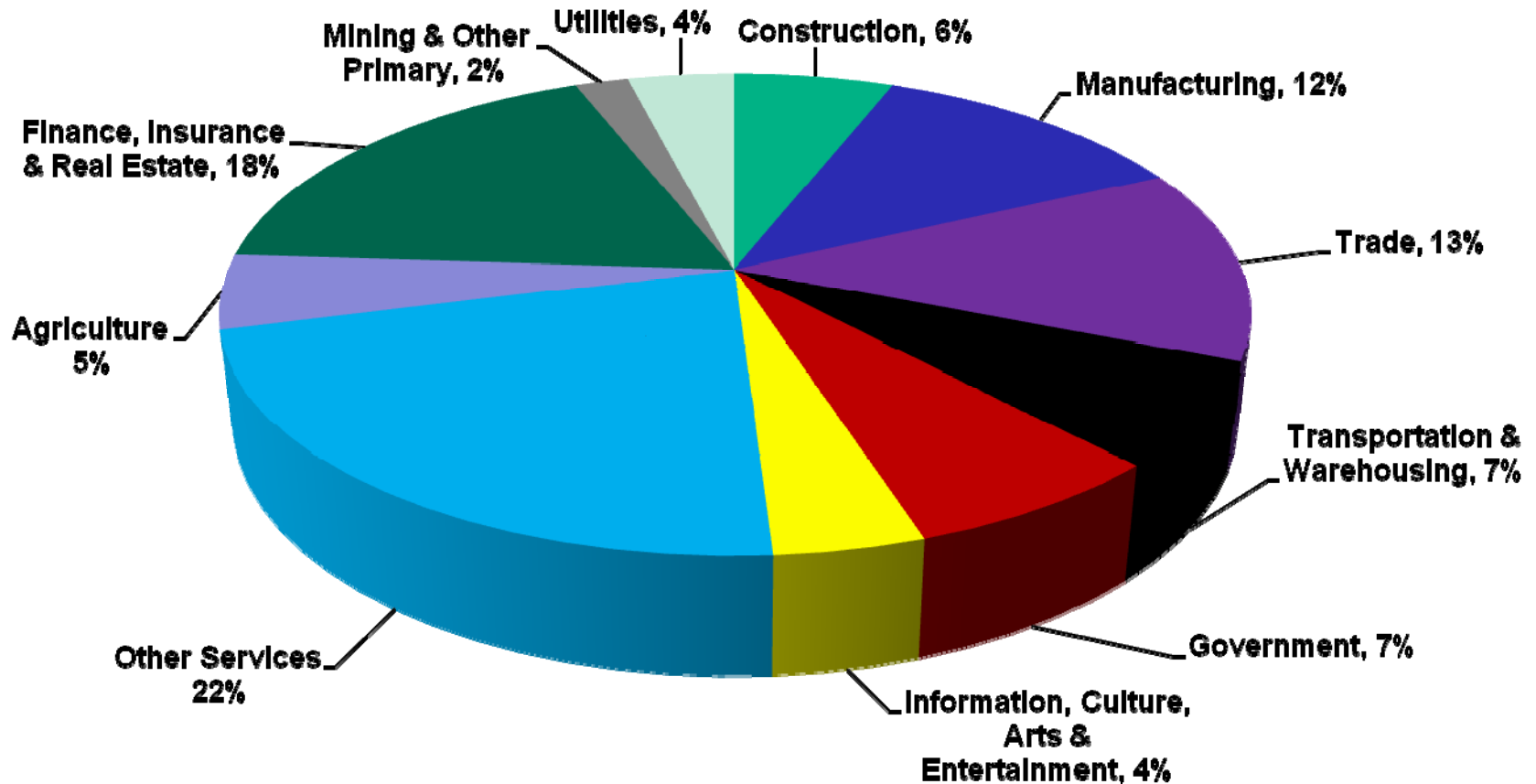
Marketplace

Manitoba Economy

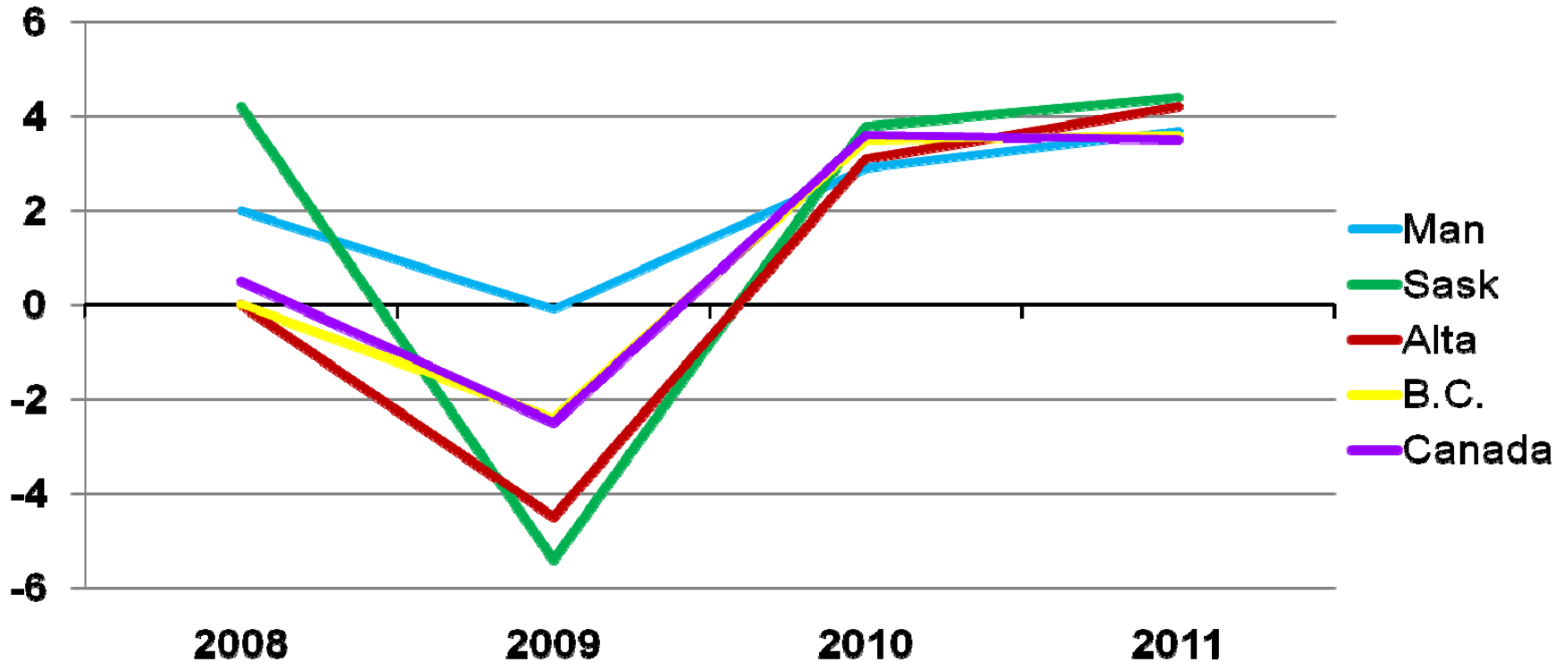
- Diversified and stable business environment.
- Manufacturing largest industry – approximately 12% of Provincial GDP.
- Large employers include Boeing, New Flyer, MTS, Great West Life, Investors Group.
- Agriculture and mining are important industries.

Manitoba GDP by Industry

Source: Government of Manitoba – Manitoba Bureau of Statistics May 2009



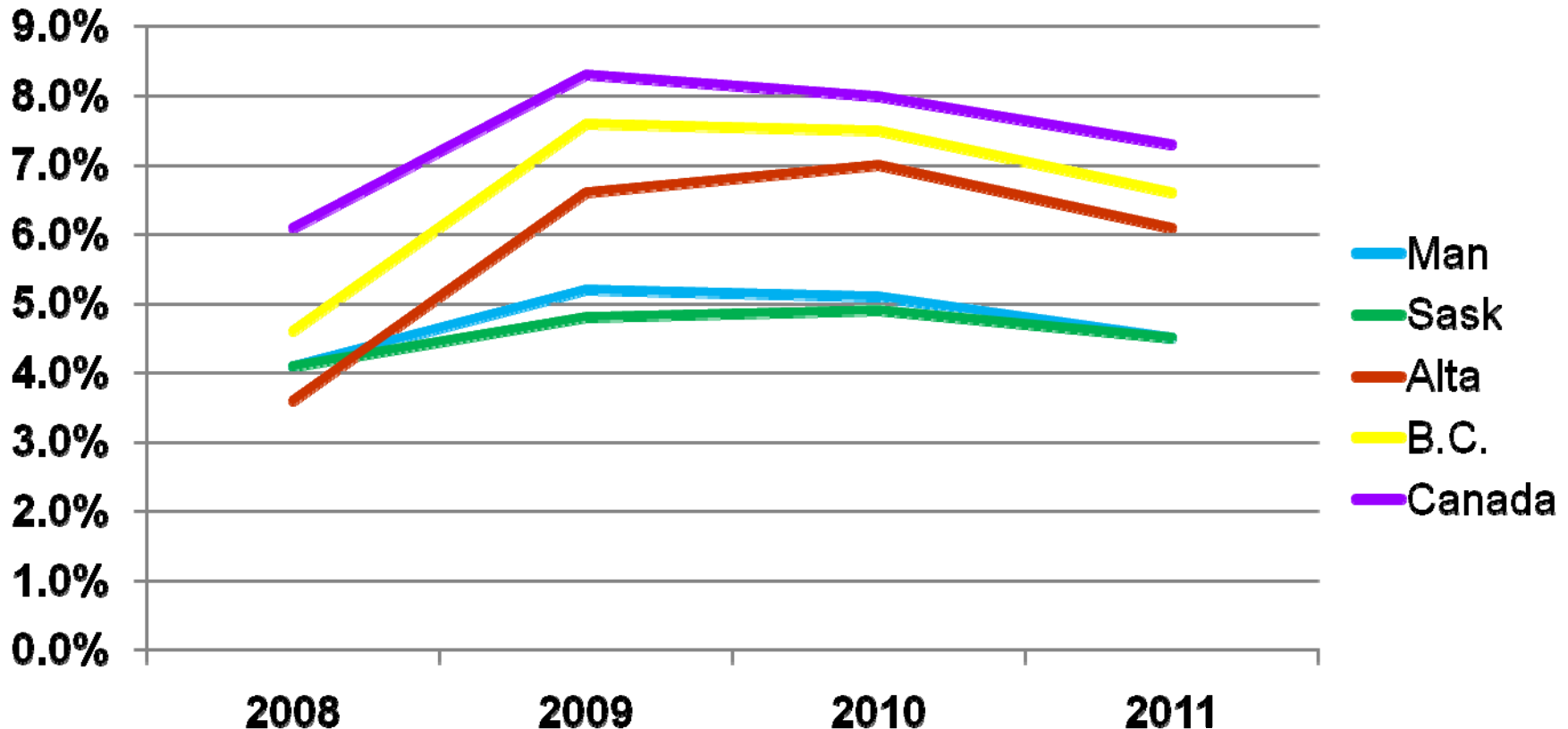
Real GDP by Province



Source: Statistics Canada, RBC Economics Research Provincial Outlook June 2010

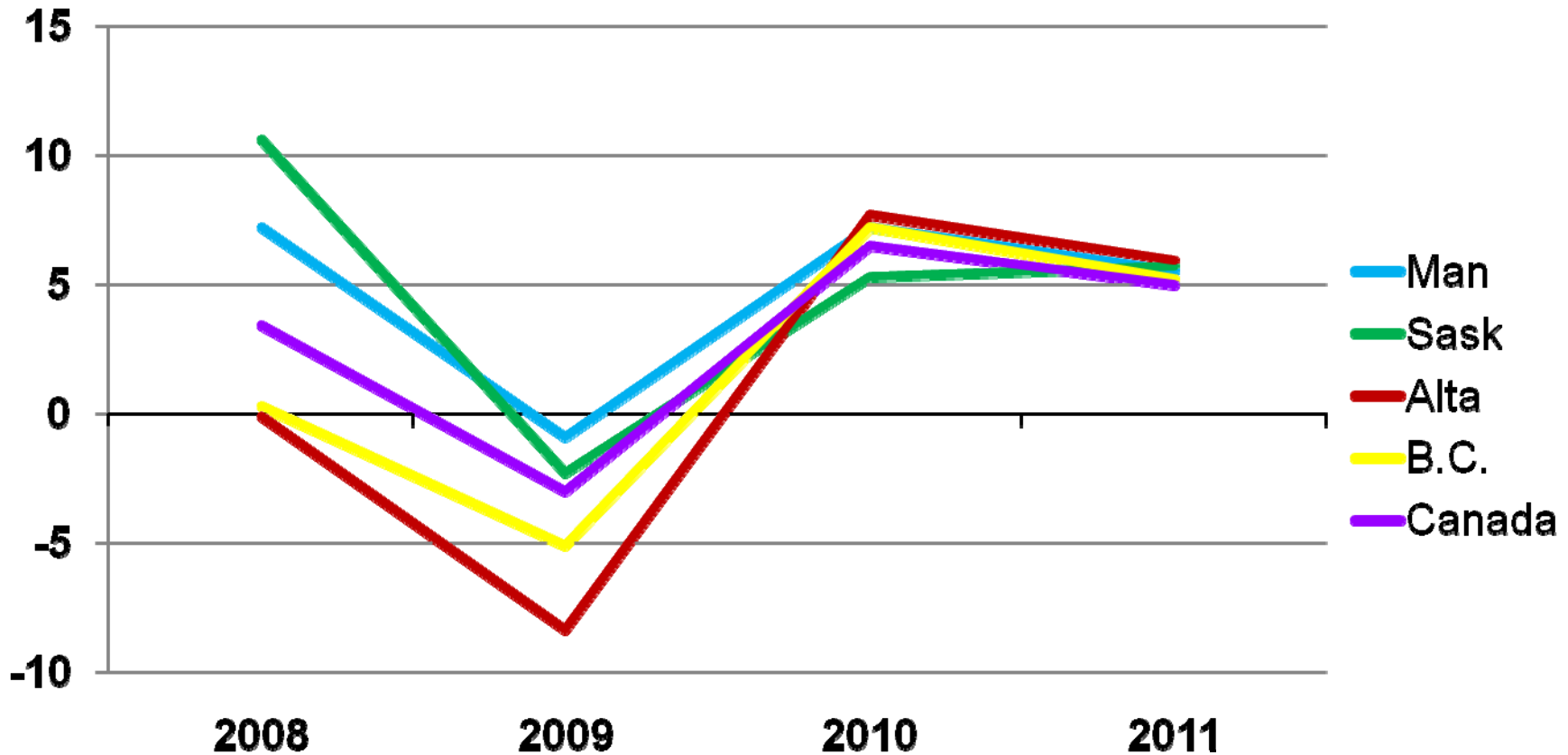
Unemployment % by Province

Source: Statistics Canada, RBC Economics Research Provincial Outlook June 2010



Retail Sales by Province

Source: Statistics Canada, RBC Economics Research Provincial Outlook June 2010



Operating Business

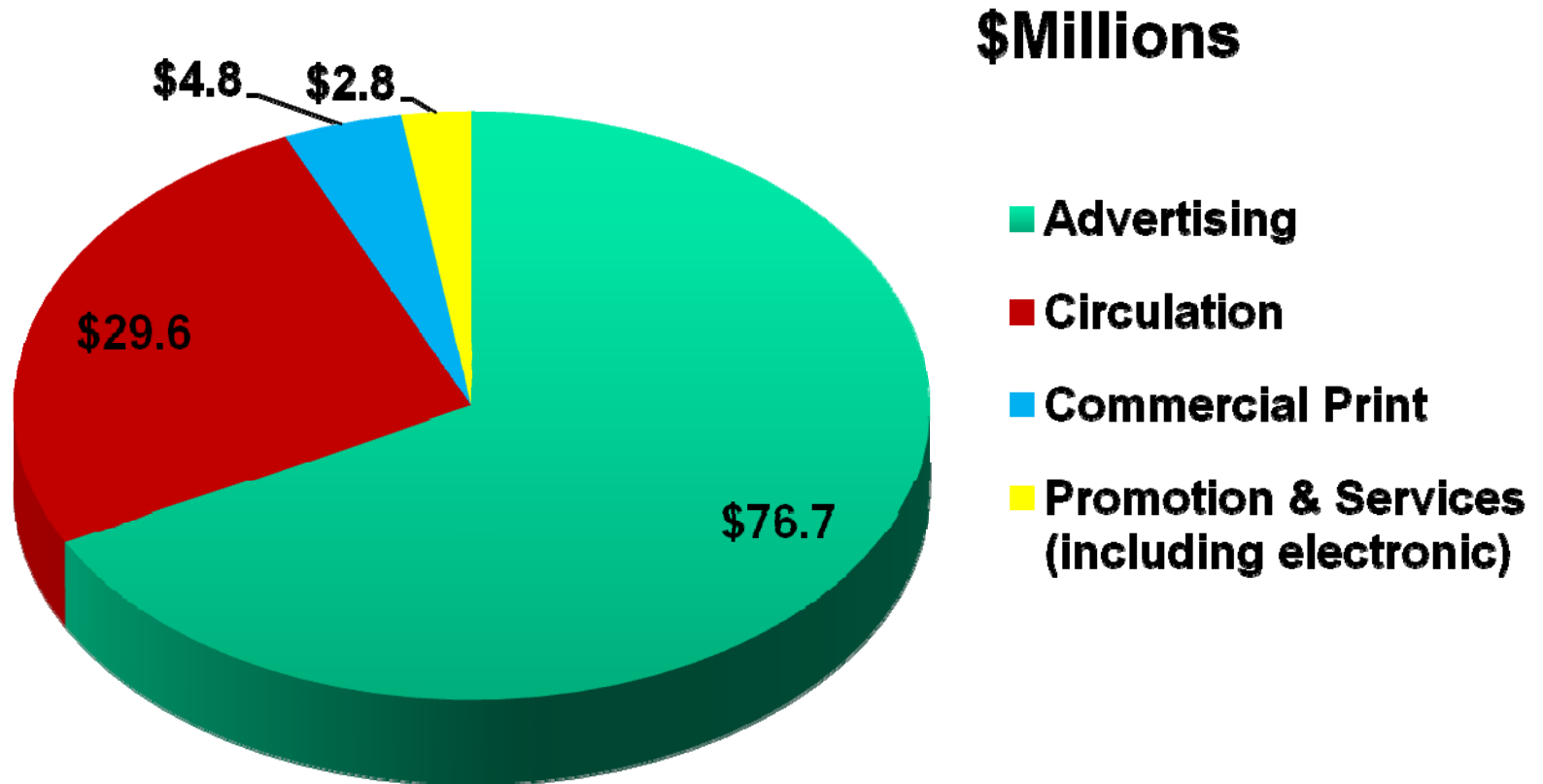
Historical Operating Results

	2006	2007	2008 ⁽¹⁾	2009 ⁽²⁾	LTM to June 30, 2010
Revenue (\$ millions)	\$122.2	\$125.9	\$121.1	\$113.9	\$112.7
EBITDA (\$ millions)	\$25.5	\$28.5	\$23.0	\$22.4	\$25.2
EBITDA %	20.8%	22.7%	19.0%	19.7%	22.4%

(1) Results impacted by missed publications due to strike at Winnipeg

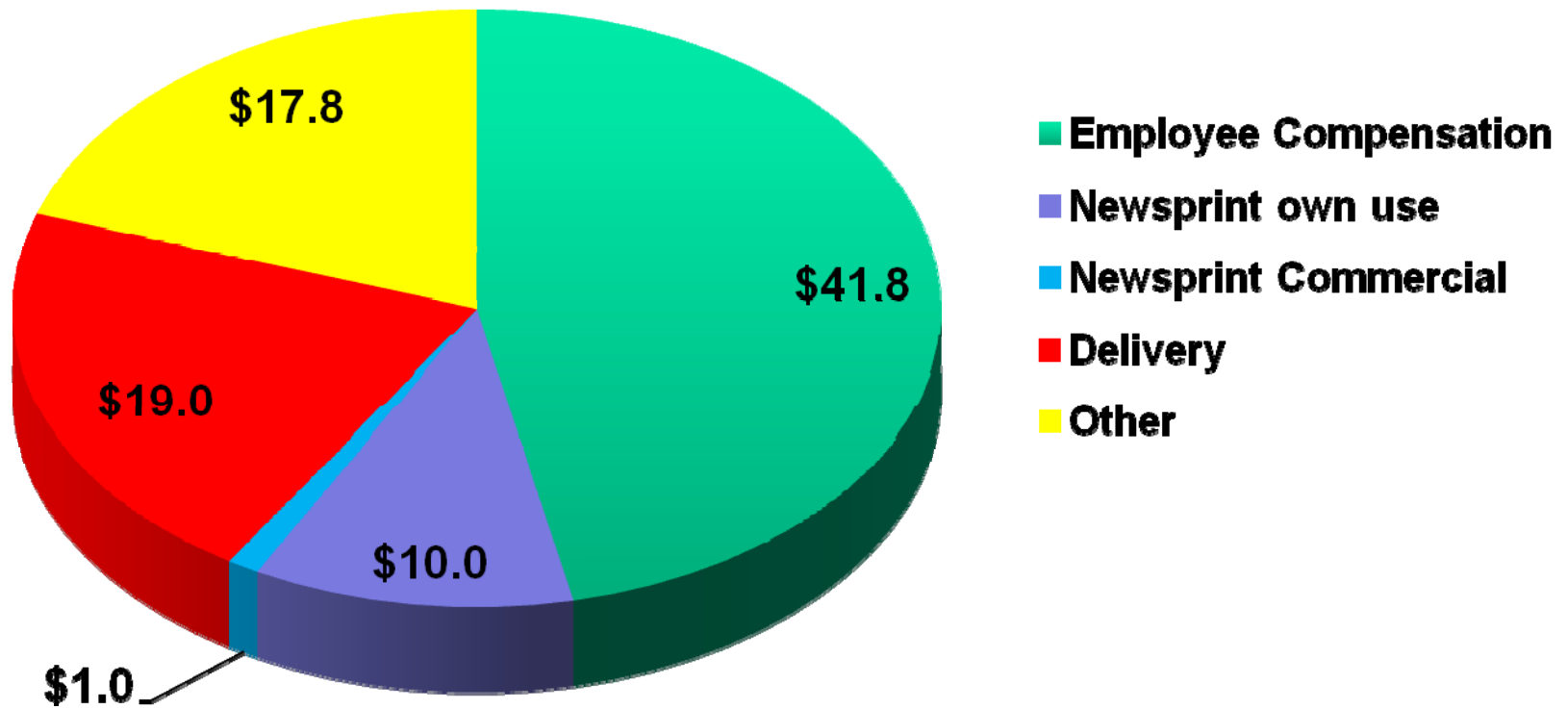
(2) Expenses include \$1.9 million of restructuring severance charges

Revenues (2009)



Expense (2009)

\$Millions



Distributable Cash

Distributable Cash \$000's (except per unit information)	2009	LTM to June 30, 2010
EBITDA	\$22,398	\$25,244
Interest (net)	(\$3,080)	(\$2,729)
Principal Payments on HSBC Debt	0	(\$2,085)
Maintenance Capex	(\$679)	(\$844)
Proceeds on Disposal of PP&E	\$163	\$380
Cash Taxes	(\$4)	(\$13)
FPLP Distributable Cash	\$18,798	\$19,953
49% Attributable to the Fund	\$9,211	\$9,777
Fund Admin expenses	(\$267)	(\$489)
Distributable Cash attributable to the Fund	\$8,944	\$9,288
Per Unit	\$1.30	\$1.35
Distributions declared per Unit	\$1.14	\$0.93
Payout ratio	88%	69%

Refinancing Long-term Debt

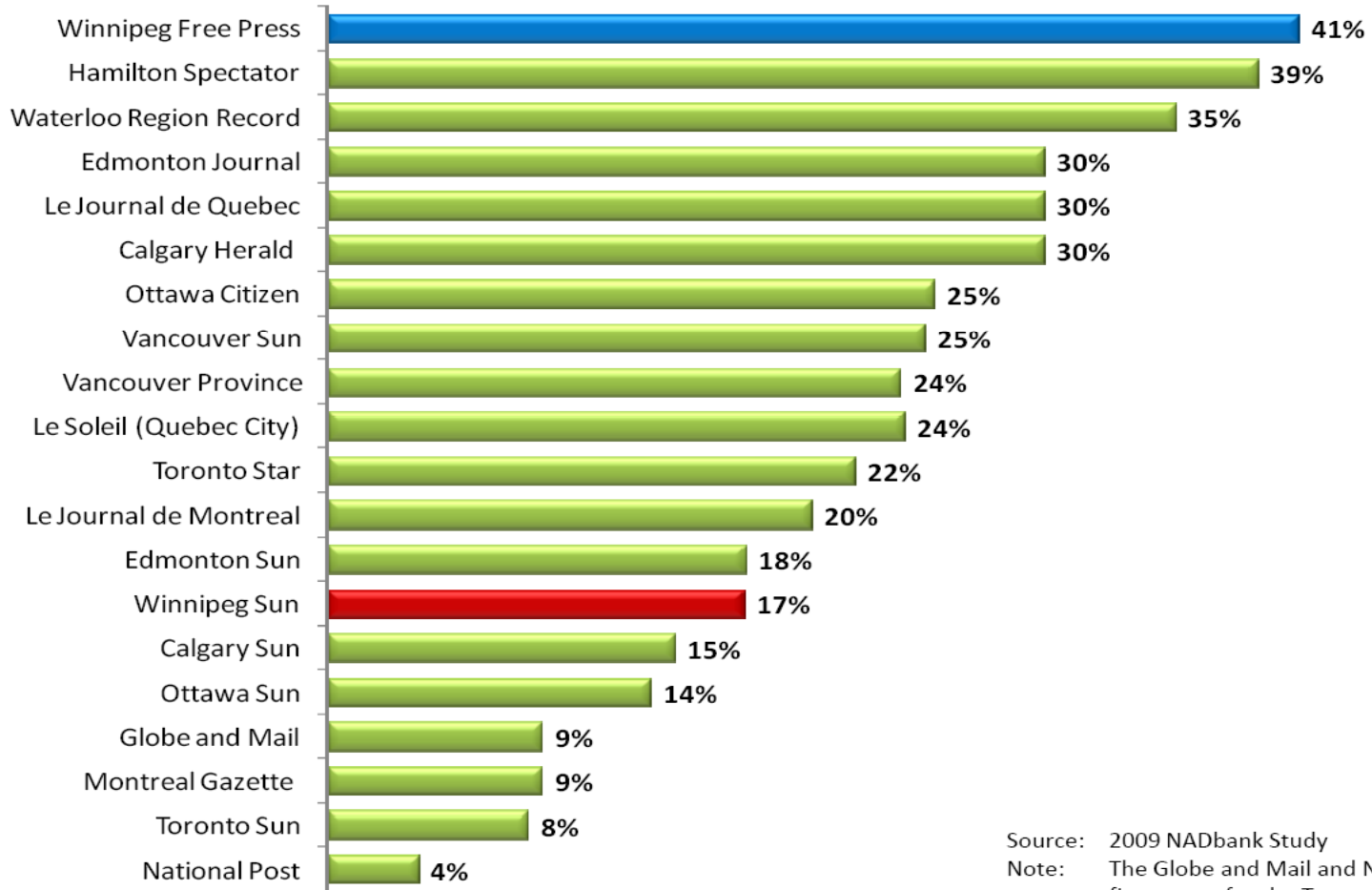
- Completed January 2010.
- 3 year term expiring January 2013.
- Annual \$5.0 million principle amortization.
- Current variable interest rate 4.13%.
- \$5.0 million guaranty provided by sponsors.

Leverage Ratio

	December 2008	2009	LTM to Jun 30, 2010
Net Debt (\$millions)	\$52.2	\$50.8	\$44.2
EBITDA (\$millions)	\$23.0	\$22.4	\$25.2
Debt: EBITDA Ratio	2.3:1	2.3:1	1.8:1

Weekday Readership of Daily Newspapers in the Top Ten Canadian Markets

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



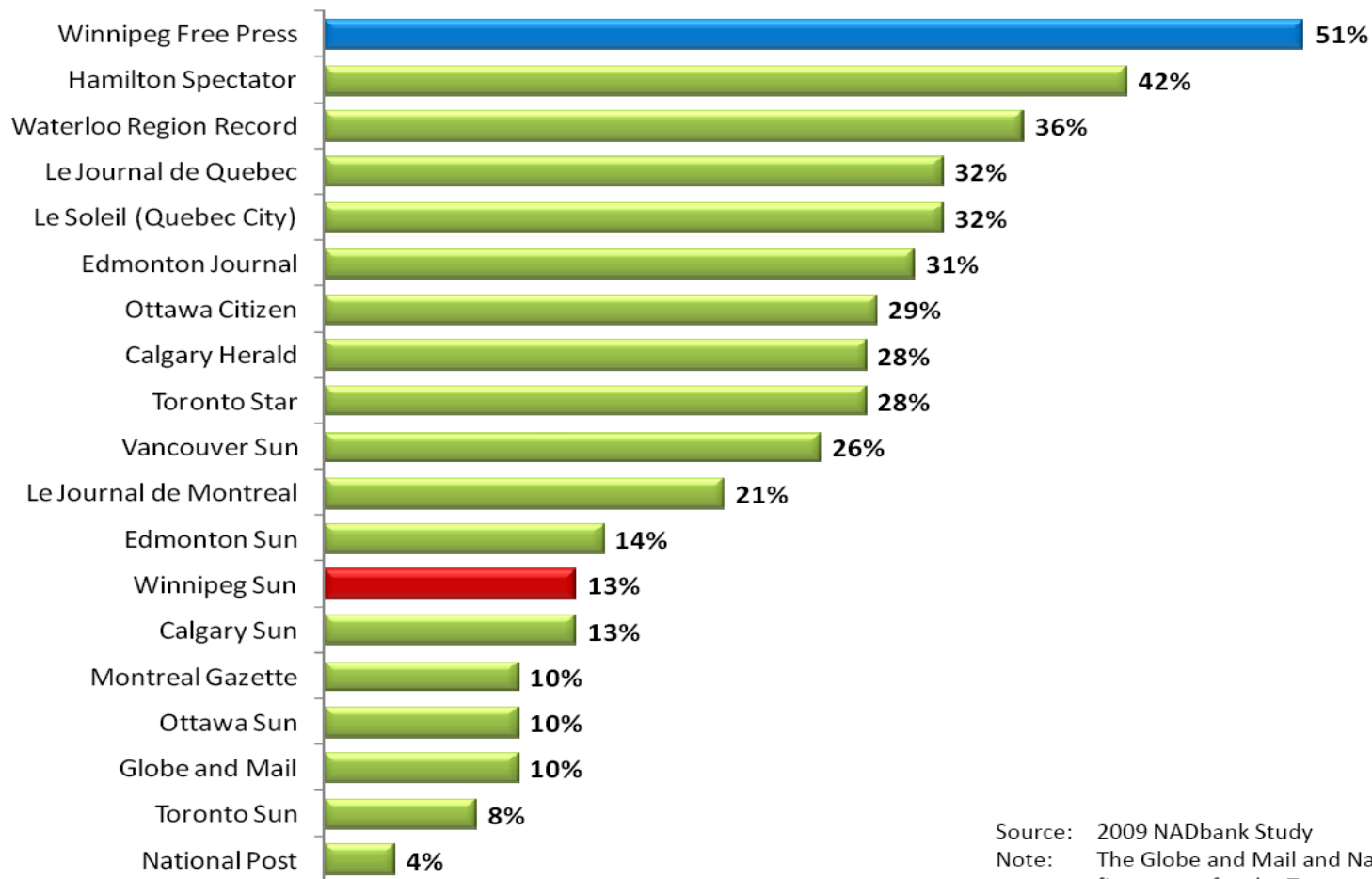
Source: 2009 NADbank Study

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.

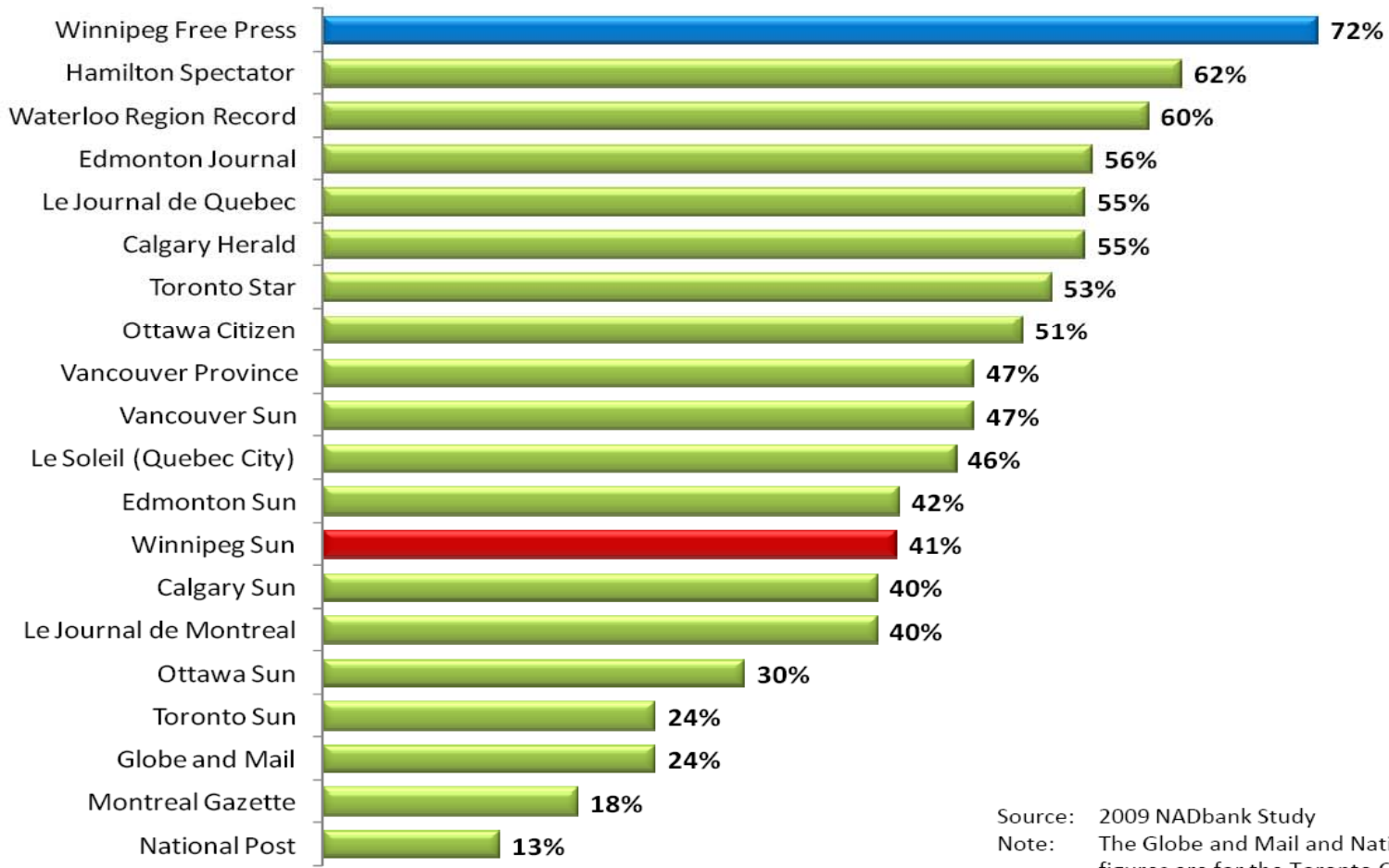


Source: 2009 NADbank Study

Note: The Globe and Mail and National Post figures are for the Toronto C.M.A.

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.



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

Winnipeg Competitive Landscape

Comparison of Key Readership Metrics

(Source – NADbank 2009 Survey)

	Winnipeg Free Press	Winnipeg Sun
Total adult 18+	72%	41%
University Graduates	77%	33%
Household Income >100K	80%	44%

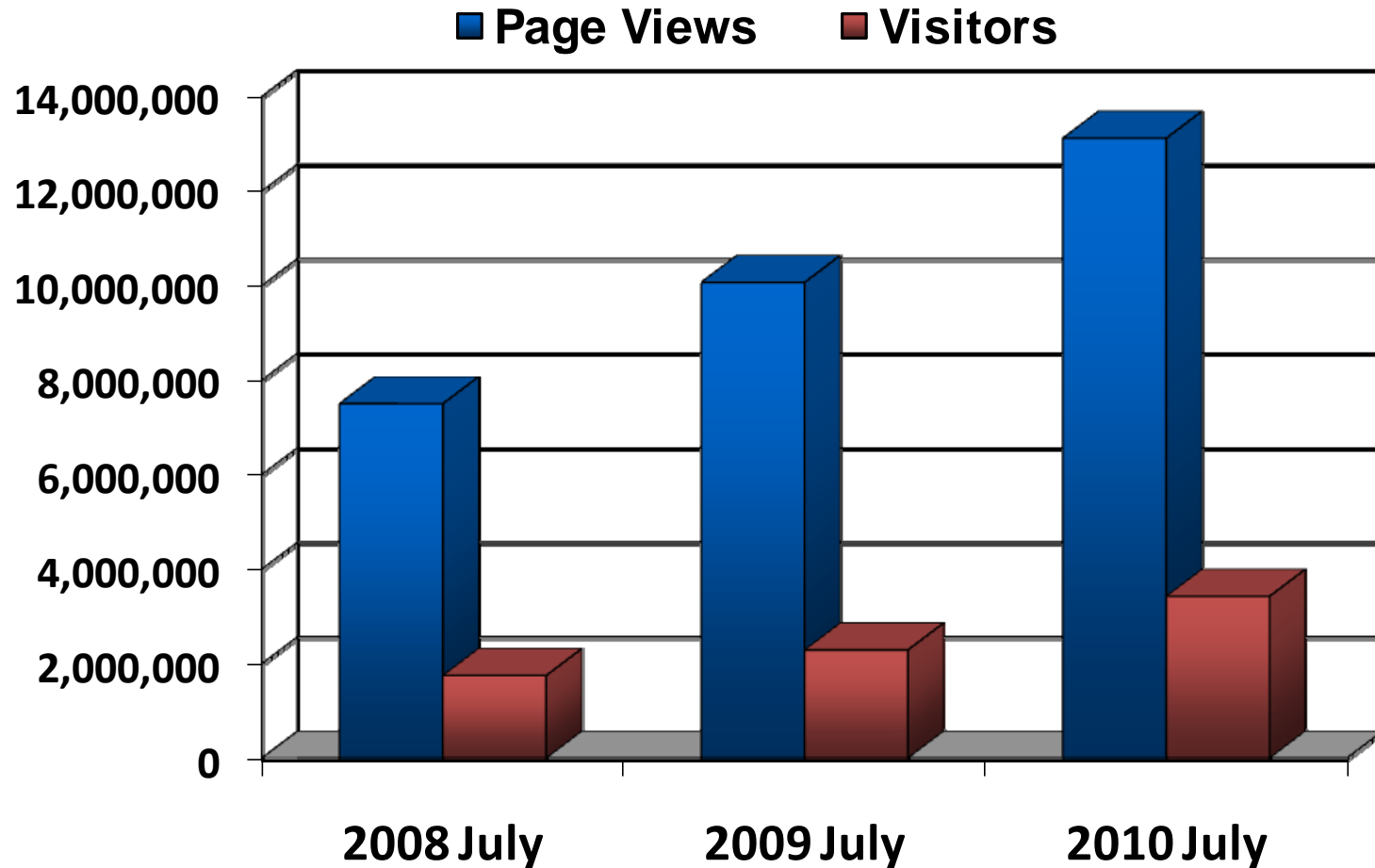


FP Canadian Newspapers LP

2009 Restructuring Major Initiatives

- 10% headcount reduction in Winnipeg.
- Eliminate Sunday home delivery of Winnipeg Free Press.
- Consolidate non-subscriber delivery days from 3 to 2.
- Various newsprint and other reduction actions.

Internet Use



Going Forward

Revenue Outlook

- Advertising revenue uncertainty – tied to general economic activity.
- Circulation unit sales continue history of small annual declines with rate increases able to keep revenue flat.
- Globe and Mail commercial print contract ends October 1, 2010.
- Digital revenue growth from wider product range.

Expense Outlook

- Contracted wage rate increases 2%, present contract expires June 30, 2013 (Winnipeg) December 31, 2013 (Brandon).
- Elimination of approximately 45 FTE's from consolidation of production in Winnipeg.
- Newsprint price increases likely to continue.
- Continued efforts to improve efficiencies and reduce costs.