Court File No.: CV-09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	) MONDAY, THE
JUSTICE CAMPBELL	) 28TH DAY OF NOVEMBER, 2011

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

SOUTHAM LTD PLAN AND TRUST PROCEDURE ORDER

THIS MOTION, made by Hollinger Canadian Publishing Holdings Co. ("HCPH" or the "Applicant"), for an order (the "Order"), among other things, establishing a procedure for the Southam LTD Plan (as defined herein) and approving the resolution of The Electronic-Rights Defence Committee ERDC ("ERDC") claim, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), was heard this day at 330 University Avenue, Toronto, Ontario.

UPON READING the Applicant's Notice of Motion, the Tenth Report of the Monitor, dated November 25, 2011, and the affidavit of Dennis M. Byrd, the Chief Restructuring Officer of the Applicant, sworn November 18, 2011, and on hearing the submissions of counsel for the Applicant, the Monitor, and the Representative Counsel, no one else appearing, and on being advised that the Notice of Motion and Motion Record was served upon the service list established in this proceeding, as evidenced by the affidavit of service of Janet Boulger, sworn November 24, 2011:

I. SERVICE

1. **THIS COURT ORDERS** that the time for service of the Applicant's Notice of Motion and the Motion Record be and it is hereby abridged and that the motion is properly returnable today and further that service thereof upon any interested party other than those served is hereby dispensed with.

II. STAY PERIOD EXTENSION

2. **THIS COURT ORDERS** that the Stay Period (as defined in the Initial Order) last extended by this Court's Order of July 28, 2011, is further extended through to and including March 30, 2012, without prejudice to the Applicant's right to request further extensions should they become necessary.

III. SOUTHAM LTD CLAIMS PROCEDURES

A. Supplemental Order

3. **THIS COURT ORDERS AND DECLARES** that this Order shall supplement the claims procedure order of this Court dated April 15, 2010, as modified by this Court's Order dated June 8, 2011 and this Court's OPEB Claims Procedure Order dated July 28, 2011 (collectively, the "Claims Procedure Orders"), which Claims Procedure Orders shall continue in full force and effect, subject to any modification made by this Order, and nothing herein shall extend or be deemed to extend the time period for asserting any Claim or revive or otherwise affect any Claim that has been barred or extinguished pursuant to the Claims Procedure Orders or other order of this Court, or otherwise.

B. Definitions

4. **THIS COURT ORDERS** that all capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in earlier orders of this Court:

(a) "Claim" means any right of any Person against the Applicant in connection with any indebtedness, liability or obligation of any kind of the Applicant in existence on the Filing Date and any interest accrued thereon and costs payable in respect thereof to and including the Filing Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety, insurance deductible or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced or arising in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the Filing Date, and includes any other claims that would have been claims provable in bankruptcy had the applicable Applicant become bankrupt on the Filing Date;

(b) "Filing Date" means December 10, 2009, the date on which the Initial Order was granted;

(c) "Mercer" means Mercer (Canada) Limited, the Applicant's actuary;

(d) "Southam LTD Claim" means any Claim of a member or beneficiary of the Southam LTD Plan or of the Southam LTD Trust relating to the Southam LTD Plan and existing as of the Southam LTD Termination Date;

(e) "Southam LTD Claims Report" means the actuarial valuation report to be prepared by Mercer, in consultation with HCPH, the Monitor and Representative Counsel (and its actuarial advisor), and any amendments thereto, in connection with the Southam LTD Claims of the Southam LTD Trust on behalf of all Southam LTD Plan members existing as of the Southam LTD Termination Date;

(f) "Southam LTD Plan" means the Southam Inc. Long Term Disability Plan, being one of the other post-employment benefit ("OPEB") plans of HCPH, but expressly excluded from the OPEB Claims Procedure Order of July 28, 2011;

(g) "Southam LTD Termination Date" means November 30, 2011 at 11:59 p.m. (Eastern Time), the date on which the Southam LTD Plan and any and all obligations of HCPH arising under, in connection with or related to the Southam LTD Plan, the Southam LTD Trust Agreement, as amended and the Southam LTD Trust, shall be, and be deemed to be, terminated in accordance with this Order, and which for greater certainty shall not result in, or be deemed to result in the termination of the Southam LTD Trust;

(h) "Southam LTD Trust Agreement" means the agreement made as of August 26, 1991 among Southam Inc. and John G. Craig, William J. Mann and John Walker as trustees, establishing the Southam LTD Trust; and

(i) "Southam LTD Trust" means the trust in respect of the Southam LTD Plan established in 1991.

C. Procedure for Southam LTD Claims

5. **THIS COURT ORDERS** that any and all Southam LTD Claims shall be subject to the claim procedures set forth in this Order (the "Southam LTD Claims Procedures").

6. **THIS COURT ORDERS** that nothing in this Order shall alter any prior orders of this Court relating to the Retiree Audit Survey Process or extend any bar date or alter, amend, or revive any Southam LTD Claim or other Claim barred thereunder.

(i) Termination of HCPH's Obligations under the Southam LTD Plan and the Southam LTD Trust

7. **THIS COURT ORDERS** that the Southam LTD Plan is terminated and any and all obligations of HCPH arising under, in connection with or related to the Southam LTD Plan, the Southam LTD Trust Agreement or the Southam LTD Trust (other than any deficiency in the Southam LTD Trust's ability to satisfy the Southam LTD Claims as at the Southam LTD Termination Date determined in accordance with the procedure set out below) shall be, and shall be deemed to be, terminated effective on the Southam LTD Termination Date, and HCPH shall have no further obligations of any kind or nature under the Southam LTD Plan, the Southam LTD Trust Agreement or Southam LTD Trust after the Southam LTD Termination Date, and this Order shall constitute good and sufficient notice thereof to all Southam LTD Plan members, beneficiaries and other Persons; *provided however,* that the foregoing termination of the Southam LTD Plan and any and all obligations of HCPH under, related to or pursuant to the Southam LTD Plan, the Southam LTD Trust Agreement and Southam LTD Trust shall not in any way alter, limit, or terminate the obligations of any Person other than HCPH under or in respect of the Southam LTD Plan, and *provided further* that any deficiency in the Southam LTD Trust's

ability to satisfy the Southam LTD Claims as at the Southam LTD Termination Date determined in accordance with the procedure set out below shall constitute a proven unsecured claim in HCPH's CCAA proceedings (or other insolvency proceedings of HCPH).

(ii) Southam LTD Claims Report and Delivery of Southam LTD Claims Notices

8. **THIS COURT ORDERS** that Mercer shall prepare, in consultation with HCPH, the Monitor and Representative Counsel (and its actuarial advisor where appropriate), the Southam LTD Claims Report and provide the Southam LTD Claims Report to the Applicant, Monitor, and Representative Counsel by no later than January 31, 2012, which Southam LTD Claims Report shall indicate such Southam LTD Claims of the Southam LTD Plan members as at the Southam LTD Termination Date. Representative Counsel shall be required to notify HCPH and the Monitor of any disagreement or error with respect to the Southam LTD Claims Report within five (5) Business Days of receipt of the Southam LTD Claims Report (the "Review Period"). Mercer, the Monitor, HCPH and Representative Counsel and its actuarial advisor shall work as expeditiously as possible to resolve any disagreement or error identified by Representative Counsel during the Review Period.

9. **THIS COURT ORDERS** that, within fifteen (15) Business Days following the later of January 31, 2012 or the resolution of any discrepancies referred to in paragraph 8 above, the Monitor shall prepare, in consultation with the Representative Counsel, and send by courier, fax, or email, a notice substantially in the form set out in Schedule "A" (the "Southam LTD Claim Notice") (subject to such amendments as the Monitor, HCPH, and Representative Counsel consider necessary or appropriate in consultation with each other), which form is hereby approved, to the Trustees of the Southam LTD Trust appointed pursuant to paragraph 13 below with a copy to HCPH, Representative Counsel and the Custodial Trustee (as defined in paragraph 17 below). No further or other notices shall be required in respect of any Southam LTD Claim.

10. **THIS COURT ORDERS** that if the Trustees dispute the accuracy of any Southam LTD Claim or other information indicated on the Southam LTD Claim Notice, the Trustees shall provide notice of such dispute, in writing, to Representative Counsel within ten (10) business days of the date that the Monitor sends the applicable Southam LTD Claim Notice, failing which

all persons, including without limitation the Southam LTD Trust, the Trustees, all Southam LTD Plan members and beneficiaries shall be bound by the Southam LTD Claim amount shown in the Southam LTD Claim Notice and other information set out in such Southam LTD Claim Notice and shall be forever barred from raising any dispute or asserting any additional Southam LTD Claim. Representative Counsel shall advise HCPH and the Monitor of any dispute received, forthwith after receipt thereof, and, if such dispute cannot be resolved by Representative Counsel, the Monitor and HCPH within ten (10) days from the date that such dispute was received by Representative Counsel, the dispute may be referred to this Court for resolution. If a dispute is provided to Representative Counsel as required by this paragraph and an amendment to the Southam LTD Claim or other information shown on the Southam LTD Claim Notice is deemed necessary by a resolution among Representative Counsel, the Monitor and HCPH or by order of this Court (a "Claim Amendment"), Mercer, in consultation with the Applicant, the Monitor, and Representative Counsel (and its actuarial advisors), shall amend the Southam LTD Claims Report to reflect such Claim Amendment.

11. **THIS COURT ORDERS** that the Southam LTD Claims Notice (and any Claim Amendment, where applicable), bind the Southam LTD Plan members in accordance with the provisions herein and shall (to the extent of any deficiency between the Southam LTD Claims and the assets of the Southam LTD Trust as at the Southam LTD Termination Date) constitute the full extent of Southam LTD Claims of the Southam LTD Trust and Southam LTD Plan members in connection with this CCAA proceeding, including in respect of voting and receiving any distribution under a CCAA plan or other insolvency proceeding of HCPH and that the Southam LTD Trust and its Trustees and beneficiaries and the members and beneficiaries of the Southam LTD Plan shall have no other claims against HCPH in relation to or in respect of the Southam LTD Plan.

D. Procedures for Southam LTD Trust

12. **THIS COURT DECLARES** that:

(a) Mr. John Craig resigned as a trustee of the Southam LTD Trust upon his resignation from Southam Inc. in accordance with section 4.04 of the Southam LTD Trust Agreement;

(b) Mr. William Mann resigned as a trustee of the Southam LTD Trust upon his resignation from Southam Inc. in accordance with section 4.04 of the Southam LTD Trust Agreement; and

(c) Mr. John Walker is removed as a trustee of the Southam LTD Trust, and this Order is sufficient notice to him of same, in accordance with section 4.06 of the Southam LTD Trust Agreement.

13. **THIS COURT ORDERS** that John Craig and William Mann (the "Trustees"), each a resident of Canada, are hereby re-appointed as Trustees of the Southam LTD Trust effective as of November 30, 2011, and that the Trustees are vested with all powers, rights, title and obligations of a Trustee appointed pursuant to section 4.01 of the Southam LTD Trust Agreement as amended from time to time and that the Southam LTD Trust continues as an entity separate from HCPH.

14. **THIS COURT ORDERS** that the eligible beneficiaries of the Southam LTD Trust are only those individuals who are eligible for benefits as of November 30, 2011.

15. **THIS COURT ORDERS** that HCPH is authorized and directed to execute the Southam LTD Trust Amending Agreement in substantially the form appended hereto as Appendix "1".

16. **THIS COURT ORDERS** that notwithstanding the termination of the Southam LTD Plan by the Applicant as of November 30, 2011, as provided for by this Order, the Southam LTD Trust shall continue until it is terminated by the Trustees or by further order of the court provided that, for greater certainty, any payments or distributions made after November 30, 2011 shall be made from the assets of the Southam LTD Trust pursuant to the direction of its Trustees and paid by the Custodial Trustee and not by HCPH or the Monitor.

17. **THIS COURT ORDERS** that RBC Dexia Investor Services or any successor thereto (the "Custodial Trustee") shall continue paying, from the assets of the Southam LTD Trust, disability benefits to eligible Southam LTD Trust beneficiaries determined as of November 30, 2011 in the amounts and in the manner specified in the Benefit Payment Schedule appended hereto as Appendix "2" (names have been redacted) until such time as the Custodial Trustee is instructed by the Trustees to cease or otherwise modify such payments and that the Trustees are

entitled to rely on the information in Appendix 2 as an accurate and correct list of the beneficiaries of the Southam LTD trust as of November 30, 2011 and as to the amount of benefits payable to said beneficiaries without any requirement on the Trustees for independent or further verification.

18. **THIS COURT ORDERS** that the Custodial Trustee shall provide the Trustees with a monthly report detailing all payments made from the Southam LTD Trust within 15 days of the end of each month and that the Trustees are entitled to rely on the information in said reports as accurate and correct without any requirement on the Trustees for independent or further verification.

19. **THIS COURT ORDERS** that Representative Counsel in consultation with the Trustees may proceed with the filing of an Advance Tax Ruling request to Canada Revenue Agency seeking a ruling to the effect that distributions from the assets of the Southam LTD Trust to the beneficiaries of the Southam LTD Trust in respect of their rights in settlement of future LTD benefits from the Southam LTD Trust are not taxable income to the beneficiaries and not subject to tax withholding, remitting or information reporting requirements.

20. **THIS COURT ORDERS** that following the resolution of the Advance Tax Ruling request the Trustees shall:

(a) determine a date to terminate the Southam LTD Trust ("<u>Southam LTD Trust Termination Date</u>");

(b) direct the Custodial Trustee to conduct a final reconciliation of the assets of the Southam LTD Trust as at the Southam LTD Trust Termination Date, and submit same to the Trustees;

(c) direct the Custodial Trustee to pay any outstanding LTD benefits or administrative expenses out of the Southam LTD Trust accruing to the Southam LTD Trust Termination Date, including the legal and actuarial fees of the Applicant and Representative Counsel associated with the termination of the Southam LTD Plan and Trust, as provided for in the Southam LTD Trust Agreement, as amended;

(d) work toward a distribution of the corpus of the Southam LTD Trust to the beneficiaries of the Southam LTD Trust in accordance with the Southam LTD Trust and applicable law or in accordance with a further order of the Court; and

(e) terminate the Southam LTD Trust, in the manner specified by the Trustees or in accordance with a further order of the Court.

21. **THIS COURT ORDERS** that upon written receipt of confirmation provided by the Custodial Trustee to the Trustees that all payments have been made in accordance with paragraph 17 and 20(d) herein, the Custodial Trustee, and their respective affiliates and successors, employees, officers, directors, agents, advisors, estates and representatives shall be released and discharged from any and all liability in respect of any act or omission with respect to the administration or windup of the Southam LTD Trust except for claims based on wilful misconduct and gross negligence.

E. Associated Professional Fees

22. **THIS COURT ORDERS** that all reasonable professional fees and disbursements incurred by Representative Counsel, together with its advisors, actuaries and assistants, and HCPH, together with its advisors, actuaries and assistants, in relation to the administration and wind-up of the Southam LTD Plan and Southam LTD Trust and the implementation of the Orders of this Court, shall be paid by the Custodial Trustee from the funds of the Southam LTD Trust on a monthly basis forthwith upon the rendering of accounts to the Custodial Trustee. In the event of any disagreement regarding such fees and disbursements, such disagreement may be remitted to this Court for determination.

IV. <u>NO LIABILITY OF TRUSTEES</u>

23. **THIS COURT ORDERS** that the Trustees shall have no liability and are hereby released and discharged for any and all claims, demands, causes and causes of action, liabilities and obligations whatsoever of any nature and kind however arising both at law and in equity in respect of:

(a) the period starting from their respective dates of removal as trustees of the Southam LTD Trust to the date of their re-appointment as trustees pursuant to this Order; and

(b) their re-appointment as Trustees and the carrying out of their respective duties and responsibilities as Trustees, pursuant to and incidental to the Orders of this Honourable Court or otherwise, save and except claims based on wilful misconduct or gross negligence;

and that no action may be commenced against the Trustees, except with prior leave of this Court obtained on at least 21 day's notice to the Trustees, Representative Counsel and the Monitor.

24. **THIS COURT ORDERS** that Trustees shall be at liberty and are authorized at any time to apply to this Court, on proper notice to the Monitor and the Applicant, for advice and directions in the performance or variation of their powers and duties.

V. ERDC SETTLEMENT

25. **THIS COURT ORDERS** that the settlement agreement entered into between ERDC and HCPH is hereby approved in its entirety and that, upon the settlement agreement becoming effective in accordance with its terms, HCPH shall have no obligation or liability to ERDC or any other person in respect of any claims asserted by ERDC against HCPH or any matter related thereto.

VI. INTEREST ON MISSED PENSION PAYMENTS IN WIND UP REPORTS

26. **THIS COURT ORDERS** that interest at the same rate credited to employee contributions in accordance with HCPH's past practice be applied to missed pension payments for any deferred vested member of the registered pension plans of HCPH where applicable, and shall be included in the calculation of wind up liabilities for the respective plans.

VII. TERMINATION OF AGREEMENT WITH STANDARD LIFE

27. **THIS COURT ORDERS** that the letter agreement dated March 6, 1989 with Standard Life Assurance Company ("Standard Life") relating to Standard Life Group Annuity Policy No. 11686 is terminated as at January 31, 2011 and that HCPH is authorized to direct Standard Life

Assurance Company to make payment in respect of the entitlements of any annuitant under the Standard Life Group Annuity Policy No. 11686 who are HCPH retirees directly to those annuitants commencing as of February 1, 2012, and in respect of any annuitants who are Metroland Media Group Ltd. employees or retirees, to make payment to the applicable pension plan of Metroland Media Group Ltd. as directed by Metroland Media Group Ltd.

28. **THIS COURT ORDERS** that HCPH is authorized to direct the trustee of the HCPH Plan to refund to Standard Life Assurance Company the aggregate amount of monies received by the Hollinger Canadian Publishing Holdings Co. Retirement Plan, Reg. No. 0526947 (the "HCPH Plan") in error since 2008 in respect of one annuitant under Standard Life Group Annuity Policy No. 11686 who is not an HCPH retiree, together with interest, if any, at the fund rate of return, then to be paid to the applicable pension plan of Metroland Media Group Ltd. as directed by Metroland Media Group Ltd.

29. **THIS COURT ORDERS** that Standard Life shall have no liability and is hereby released and discharged for any and all claims, demands, causes and causes of action, liabilities and obligations whatsoever of any nature and kind however arising both at law and in equity in respect of their administration of and performance under Standard Life Group Annuity Policy No. 11686 for the time period up to and including January 31, 2012 and in respect of carrying out responsibilities and obligations pursuant to and incidental to the Orders of this Honourable Court or otherwise, save and except claims based on wilful misconduct or gross negligence.

30. **THIS COURT ORDERS AND DECLARES** that the members, former members and other persons entitled to benefits under the HCPH Plan and Windsor Star Plan are entitled to the distribution of any surplus assets (if any) on the wind up of the HCPH Plan and the Windsor Star Plan, respectively, following approval of the wind up reports and after payment of any relevant and applicable fees, taxes and/or costs, including the cost of Representative Counsel, and the distribution of or provision of all benefits on the wind up (including without limitation the purchase of any annuities in connection therewith), as determined by the Applicant, Mercer or other administrator as the case may be, in an equitable manner in consultation with the Representative Counsel and the Monitor, in accordance with the requirements of the *Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended and the regulations thereunder.

VIII. AMENDMENT TO OPEB CLAIMS PROCEDURE ORDER

31. **THIS COURT ORDERS** that the deadline for the delivery of the OPEB Claims Report, as defined in the OPEB Claims Procedure Order dated July 28, 2011, is extended to December 15, 2011 and the notice to be delivered pursuant to paragraph 14 of the OPEB Claims Procedure Order shall be delivered within fifteen (15) Business Days following the later of December 15, 2011 or the resolution of any discrepancies referred to in paragraph 13 of the OPEB Claims Procedure Order.

IX. APPROVAL OF ACTIVITIES

32. **THIS COURT ORDERS** that the Monitor's Tenth Report and all of the activities summarized therein are hereby approved in their entirety, and all of the activities of the Chief Restructuring Officer, described in the affidavit of Dennis M. Byrd, sworn November 18, 2011, are hereby approved in their entirety.

Pepall J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

NOV 2 8 2011

PER/PAR: NB

SCHEDULE A

FORM OF SOUTHAM LTD CLAIM NOTICE

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

NOTICE OF SOUTHAM LTD CLAIM

NOTICE IS HEREBY GIVEN AS FOLLOWS:

1. Pursuant to an order of the Superior Court of Justice of Ontario (the "Court"), dated April 15, 2010 (the "Claims Procedure Order"), the Court established a procedure for the determination of Claims (as defined in the Claims Procedure Order) against Hollinger Canadian Publishing Holdings Co. ("HCPH") other than certain "Excluded Claims" (which included, among other claims, Pension or Benefit Claims, which was defined to include claims in respect of post-retirement benefits and post-employment benefit plans).

2. Pursuant to an order of the Court, dated July 28, 2011 (the "OPEB Claims Procedure Order"), a supplemental claims procedure was established in connection with other post-employment benefits, excluding the Southam Inc. Long Term Disability Plan ("Southam LTD Plan"). A copy of the OPEB Claims Procedure Order can be obtained from the website of Ernst & Young Inc., as the Court-appointed monitor (the "Monitor") of HCPH at: www.ey.com/ca/hcph.

3. Pursuant to an order of the Court, dated November 28, 2011 (the "Southam LTD Plan and Trust Procedure Order"), a further supplemental claims procedure was established in connection with the Southam LTD Plan benefits. A copy of the Southam LTD Claims Procedure Order can be obtained from the website of Ernst & Young Inc., as the Court-appointed monitor (the "Monitor") of HCPH at: www.ey.com/ca/hcph.

4. Pursuant to orders of the Court, dated December 10, 2009 and July 27, 2010, Koskie Minsky LLP was appointed as the Representative Counsel for, among others, all members and beneficiaries of the OPEB Plans (as defined in the OPEB Claims Procedure Order), which includes the Southam LTD Plan members, other than those members and beneficiaries who opted out of such representation pursuant to procedures approved by the Court.

5. In accordance with the Southam LTD Plan and Trust Procedure Order, HCPH's actuary, Mercer, has prepared an actuarial report indicating the value of all Southam LTD Claims as at November 30, 2011. The Monitor and the Representative Counsel (and its actuarial

advisors) have approved of the methodology and assumptions used by Mercer in the preparation of this actuarial report. The actuary retained by Representative Counsel on behalf of members and beneficiaries of the Southam LTD Plan has reviewed and approved the actuarial reports prepared by Mercer, but has not verified individual data upon which these calculations are based.

6. The Southam LTD Plan and Trust Procedure Order provides that, among other things, Mercer's calculation of the obligations of the Long Term Disability Plan for the Employees of Southam Inc. Trust (the "Southam LTD Trust") in relation to Southam LTD Plan Claims, which are the Southam LTD Claims, shall be the final and binding values of such Southam LTD Claims for satisfaction out of the Southam LTD Trust with any deficiency between the obligations of the Southam LTD Trust to the members of the Southam LTD Plan as at November 30, 2011 and the assets of the Southam LTD Trust as at November 30, 2011 forming a proven unsecured claim of the Southam LTD Trust on behalf of the Southam LTD Plan members for voting and distribution purposes in connection with HCPH's plan of compromise or arrangement pursuant to the CCAA.

7. Mercer has calculated the value of the Southam LTD Trust's Southam LTD Claim, which is attached hereto as Exhibit A.

8. **If you dispute the amount of the Southam LTD Claim or any other information listed on Exhibit A, you must contact Representative Counsel, in writing, at the address listed below <u>within ten (10) days of the date shown on this notice</u>, failing which you and the Southam LTD Plan members will be bound by the Southam LTD Claim amount and other information set out herein and be forever barred from raising any dispute or asserting any additional Southam LTD Claim.** Contact details for Representative Counsel are as follows:

Koskie Minsky LLP
Suite 900, Box 52
20 Queen Street West
Toronto, ON M5H 3R3

Attention: Andrew J. Hatnay
Email: hcph@kmlaw.ca
Tel: (416) 977-8353
Website: www.kmlaw.ca

9. If you have any questions or enquiries with respect to the above, please contact Representative Counsel using the contact details shown above.

DATED ______________, 2011

APPENDIX "1"

SOUTHAM LTD TRUST AMENDING AGREEMENT

THIS AMENDING AGREEMENT made as of the 30 day of November, 2011

BETWEEN:

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO. INC.
(the "Company")

of the first part

- and –

JOHN G. CRAIG and WILLIAM J. MANN
(the "Trustees")

of the second part

WHEREAS by Agreement made as of the 26th day of August, 1991 (the "Trust Agreement"), Southam Inc. and John G. Craig, William J. Mann and John Walker (the "Original Trustees") established a health and welfare trust fund known as the "Long Term Disability Plan for the Employees of Southam Inc. Trust Fund" (the "Trust Fund") for the purposes of holding, managing, investing and administering contributions made in accordance with the Long Term Disability Plan for the Employees of Southam Inc. (the "Plan");

AND WHEREAS Southam Inc. was purchased in 1996 by Hollinger Inc.;

AND WHEREAS, following his resignation from Southam Inc., John G. Craig ceased to be an Original Trustee, in accordance with the terms of section 4.02 of the Agreement;

AND WHEREAS, following his resignation from Southam Inc., William J. Mann ceased to be an Original Trustee, in accordance with the terms of section 4.02 of the Agreement;

AND WHEREAS, John Walker has also ceased to act as an Original Trustee;

AND WHEREAS, following the retirement or effective resignation of the Original Trustees, replacement Trustees were not appointed prior to the Order of the Court made on November 28, 2011, as described below;

AND WHEREAS the Company administered the Plan and the Trust for the benefit of the Plan and Trust beneficiaries;

AND WHEREAS the only beneficiaries entitled to payment of benefits out of the Trust Fund are certain employees and former employees of the Company who were receiving disability benefits under the Plan prior to or by 2001, and who continue to be entitled to such benefits;

AND WHEREAS, by order of the Superior Court of Justice (Commercial List) (the "Court") dated December 10, 2009 (the "Initial Order"), the Company was granted protection from its creditors and other ancillary relief, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C036, as amended (the "CCAA");

AND WHEREAS, by order of the Court dated November 28, 2011 (the "November 28th Order), John G. Craig and William J. Mann were appointed as Trustees of the Trust Fund ("Trustees") for the limited purpose of administering the wind-up of the Trust Fund;

AND WHEREAS the November 28th Order terminated the obligations of the Company under or relating to the Plan, subject to the establishment of any proven claims in the context of the CCAA proceedings;

AND WHEREAS, pursuant to section 8.01 of the Trust Agreement, the Trust Agreement may be amended or modified at any time by mutual agreement of the Company and the Trustees;

AND WHEREAS the Parties are desirous of amending the Trust Agreement to reflect the November 28th Order and to permit the Trustees to continue to administer the Trust Fund on an interim basis in order to facilitate the orderly wind-up of the Trust Fund by the Trustees;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties have agreed as follows:

1. All references to the obligations, duties or powers of the Company in the Trust Agreement, including any obligation to contribute to the Trust Fund, are hereby deleted. For greater certainty, the following sections of the Agreement shall be deleted in their entirety: Sections 4.04, 4.06, 4.07, 5.01, 5.02, 5.03, and 6.02.

2. Section 2.01 of the Trust Agreement shall be amended by deleting the phrase ", on the written directions or instructions from the Company and" in the first sentence of the section.

3. Section 2.02 of the Trust Agreement shall be amended by inserting a period after the words "provided that they have acted in good faith" and by deleting the remainder of the section.

4. Section 3.02 of the Trust Agreement shall be amended by the deletion of the following clause at the conclusion of the first sentence: ", including all monies which shall hereafter be contributed to the Trust Fund by the Company or by such Employees, if any, of the Company as are obligated to contribute thereto".

5. Section 4.01 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

   4.01 The Trustees, who shall be known as the Trustees of the Long Term Disability Plan for the Employees of Southam Inc. Trust Fund, are hereby appointed Trustees and as such are empowered to hold, distribute and administer the Trust Fund in accordance with and subject to the terms and conditions of the Plan and the provisions of this Trust Agreement. Throughout the existence of the Plan, the Trust Fund and this Trust Agreement, there shall be no less than two trustees.

6. Section 4.02 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

   4.02 Each Trustee shall continue to serve until his death, resignation or the termination of the Trust Fund.

7. Section 4.03 of the Trust Agreement shall be amended by deleting the words "and to the Company" in the first sentence and by further deleting the following phrase at the conclusion of the first sentence of the section: "unless an earlier date is agreed upon by the Company, the remaining Trustees and the resigning Trustees".

8. Section 4.09 of the Trust Agreement shall be deleted in its entirety and replaced with the following:

   4.09 The Trustees shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties under this Trust Agreement.

9. Section 4.15(l) of the Trust Agreement is amended by deleting the phrase ", unless paid by the Company" at the conclusion of the paragraph.

10. Section 4.16 of the Trust Agreement is amended by inserting a period after the words "relating to the Trust Fund are kept" in the first sentence and deleting the remainder of the section.

11. Section 4.18 of the Trust Agreement is amended by deleting the last sentence of the section in its entirety.

12. Section 4.19 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

    4.19 No Trustee will be liable for the act or omission of any other Trustee. The Fund will indemnify and save harmless the Trustees and each of them, of, from and against any loss, expense, claim, demand, action or thing of any nature whatsoever, arising out of the performance or purported performance of their duties or responsibilities hereunder, except that this indemnity will not, in any way, extend so as to protect any Trustee with respect to any matter or thing arising out of his own, willful misconduct or gross negligence.

13. Section 6.01 of the Trust Agreement shall be amended by deleting the phrase "(who are retained or employed by the Company)" wherever it appears in the first sentence.

14. Section 7 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

    7.01 Any notice provided for herein to be given by one party to another shall be in writing and be delivered to the Trustees at:

    c/o
    Koskie Minsky LLP
    900-20 Queen St. West
    Toronto, ON
    M5H 3R3

    Attn: Trustees of the Southam Inc. LTD Trust

15. Section 8.02 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

    8.02 This trust may be terminated at any time by the Trustees. Following the termination of the Trust, as soon as practicable, the Trustees shall determine and satisfy all expenses, claims and obligations arising under this Trust Agreement up to the date of the wind-up of the Trust. Should any assets remain in the Trust following the satisfaction of all expenses, claims and obligations arising under this Trust Agreement, such amounts shall be equitably allocated by the Trustees as between and paid to such beneficiaries of the Trust who are then eligible for benefits from the Trust Fund as of November 30, 2011.

APPENDIX "2"

BENEFITS PAYMENT SCHEDULE

	28-Nov'11 in advance for December 2011
[redacted]	937.40
	793.23
	1,150.77
	1,274.72
	310.07
	1,266.05
	1,071.65
	239.58
	1,093.22
	1,291.19
	208.72
	1,058.85
	1,039.39
	1,248.80
	575.14
	303.95
	704.62
	326.66
	101.48
	292.76
	1,425.62
	206.18
	739.77
	324.31
	21.98
	493.19
	224.32
	18,723.62
Total Members Paid	**27**

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Court File No. 09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

SOUTHAM LTD PLAN AND TRUST PROCEDURE ORDER

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Derek Bell (LSUC #43420J)
Raj Sahni (LSUC#42942U)
Mark Smyth (LSUC #47278L)
Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Nov. 28/11.

NOV 28-11

Court File No. 09-8503-00CL

Having read the motion record & heard from Counsel – the relief sought is complex in the sense that it involves termination of 1 obligation & substitution of another scheme for ~~[illegible]~~ long term disability obligation within a CCAA Plan. The parties have worked diligently to achieve a result that provides for seamless continuation of payments & I am satisfied that the relief as set out in the draft order signed is in the circumstances appropriate & approved in terms of the draft order signed.

Campbell J.

SUPERIOR COURT OF JUSTICE / COUR SUPÉRIEURE DE JUSTICE
FILED / DÉPOSÉ
NOV 24 2011
AT
LOCAL REGISTRAR - GREFFIER LOCAL
TORONTO

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

MOTION RECORD
(Returnable on November 28, 2011)

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Derek Bell (LSUC #43420J)
Raj Sahni (LSUC #42942U)
Mark Smyth (LSUC #47278L)
Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant