Court File No.: 09-8503-00CL

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 OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Applicant

NINETEENTH REPORT OF THE MONITOR DATED FEBRUARY 24, 2014

INTRODUCTION

1. On December 10, 2009 Hollinger Canadian Publishing Holdings Co. ("**HCPH**" or the "**Applicant**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"). Pursuant to the Order of this Court dated December 10, 2009 (the "**Initial Order**"), Ernst & Young Inc. was appointed as the Monitor of the Applicant (the "**Monitor**") in the CCAA proceedings. The Initial Order also appointed Mr. Dennis Byrd as the Chief Restructuring Officer (the "**CRO**") of the Applicant and appointed the law firm of Koskie Minsky LLP as representative counsel (the "**Representative Counsel**") for all members and beneficiaries of the OPEB Plans (defined below) ("**OPEB Plan Members**") in respect of issues affecting such members and/or beneficiaries in the HCPH CCAA proceedings. By order dated July 27, 2010, Representative Counsel was also appointed as counsel for members and beneficiaries of the Pension Plans (defined below) ("**Pension Plan Members**") for or in respect of any issues affecting such members and/or beneficiaries in respect of the Pension Plans in the HCPH CCAA proceedings.

2. The Initial Order provided for a stay of proceedings through to January 8, 2010 (the "**Stay Period**"). The Stay Period has been extended through further orders of this Court and was extended to the end of the CCAA proceedings pursuant to the Order of this Court dated July 31, 2012.

PURPOSE

3. The purpose of this Nineteenth Report of the Monitor (the "**Nineteenth Report**") is to report to this Court with respect to:

   i. the status of the wind up of five of HCPH's six pension plans: a) HCPH Retirement Plan; b) HCPH Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers; c) Sterling Newspapers Company Pension Plan for Employees of the Newspapers Formerly Owned by Thompson Newspapers; d) HCPH Plan for Employees of Newspapers Formerly Owned by Sterling Newspapers (the "**Sterling BC Plan**"); and e) Journal Publishing Company Limited Pension Plan, and (collectively, the "**Remaining Pension Plans**");

   ii. general next steps in HCPH's CCAA proceedings;

   iii. the Applicant's request for an order (the "**CRO Order**"), substantially in the form attached to the Applicant's motion record filed February 21, 2014, among other things:

      a. effective February 28, 2014, releasing and discharging Dennis Byrd ("**Byrd**") as the CRO and releasing and discharging Byrd from all responsibilities and obligations imposed by the Initial Order and all subsequent orders of this Court in these CCAA proceedings and related liabilities and obligations (except gross negligence or wilful misconduct);

      b. effective March 1, 2014, appointing Michael Krupa ("**Krupa**") as the new CRO of HCPH and granting him all the powers, responsibilities, duties, and protections outlined in the Initial Order and all subsequent orders of this Court; and

c. amending paragraph 31 of the Initial Order as set out at paragraph 6 of the proposed CRO Order in order to reflect the replacement of Byrd for Krupa; and

iv. an update with respect to HCPH's cash position.

TERMS OF REFERENCE

4. In preparing this Nineteenth Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, the Applicant's books and records, financial information prepared by the Applicant, discussions with management of the Applicant including the CRO (the "**Management**") and information from other third-party sources including the Applicant's actuary. Except as described in this Nineteenth Report:

   i) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants ("**CICA Handbook**"), and

   ii) some of the information referred to in this Nineteenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CICA Handbook, has not been performed.

5. Future oriented financial information referred to in this Nineteenth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

6. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

7. Capitalized terms not defined in this Nineteenth Report are defined in the Initial Order, previous reports of the Monitor and the CCAA Plan (defined below).

BACKGROUND

8. HCPH is a wholly owned direct and indirect subsidiary of Sun-Times Media Group Inc. ("**STMG**"). In March 2009, STMG commenced Chapter 11 proceedings, and on October 26, 2009, substantially all of STMG's U.S. assets were sold. Following this sale, STMG began the process of liquidation in accordance with U.S. bankruptcy law procedures. STMG is currently known as CNLC.

9. Several years ago, HCPH sold its various newspaper businesses, which included the Pacific Press, Ottawa Citizen, Montreal Gazette, Calgary Herald and Kitchener Waterloo Record. For some period of time, HCPH has had no ongoing business activity. The ongoing operation of HCPH consists primarily of the administration of two unfunded retirement plans and certain other post-employment benefits plans (collectively with the unfunded retirement plans, the "**OPEB Plans**") and six registered pension plans (the "**Pension Plans**") for in excess of 3,000 former employees (the OPEB members and the Pension Plan members are collectively referred to as the "**Plan Members**"). Further details with respect to the OPEBs and Pension Plans are described in the Affidavit of Thomas L. Kram dated December 8, 2009.

10. On December 10, 2009, HCPH was granted an Initial Order pursuant to the CCAA. Since that time, and as reported in previous reports of the Monitor, HCPH has worked on determining liabilities (including an extensive Court-ordered audit process to compile and verify Plan Members' information) in relation to its more than 3,000 Plan Members and formulating a restructuring plan (the "**CCAA Plan**") in consultation with the Monitor and Representative Counsel for the Plan Members and other creditors. The CCAA Plan is attached as Appendix 'A' to this Nineteenth Report.

11. The CCAA Plan was approved by HCPH's creditors at the creditors' meetings held on July 20, 2012 and sanctioned by the Court on July 31, 2012. On October 17, 2012, the Monitor filed a certificate confirming that it has been advised by HCPH that all conditions precedent to the CCAA Plan have been satisfied or waived, as applicable in accordance with the CCAA Plan. Accordingly, the CCAA Plan has become effective and binding on the Plan Members and other creditors affected by the CCAA Plan.

12. As discussed in detail in the Twelfth Report of the Monitor dated June 7, 2012 (the "**Twelfth Report**"), the CCAA Plan contemplated two classes of affected creditors: a Pension Plan Claims Class (addressing claims relating to Pension Plans) and a Non-Pension Affected Claims Class (of which OPEB Claims are the predominant group). The CCAA Plan provides for the payment of Pension Plan Claims, including any deficiency in respect of the wind up of such Pension Plan, once determined, in full and final satisfaction of the applicable Pension Plan Claims, with such deficit amounts paid prior to any distributions to the Non-Pension Affected Claims Class.

13. At the time of the Twelfth Report, based on preliminary estimates of the wind up surpluses and deficits with respect to the Pension Plans prepared by HCPH's actuary Mercer (Canada) Ltd. ("**Mercer**"), four Pension Plans were estimated to be in a deficit position and two (the HCPH Retirement Plan and the Windsor Star Pension Plan) were estimated to be in a surplus position. The total preliminary wind up deficit for the four Pension Plans expected to be in a deficit position at that time were estimated to be approximately $916,000.

14. As discussed in detail in the Fifteenth Report of the Monitor dated December 10, 2012 (the "**Fifteenth Report**"), Schedule 'B' to the CCAA Plan set out the detailed Pension Plan wind up steps. Such steps included directing Mercer to prepare and distribute wind up statements to the respective Pension Plan Members to obtain the election of such Pension Plan Members with respect to their option to choose a lump sum transfer or the purchase of a life annuity (the "**Option**"); directing Mercer to prepare annuity purchase data based on Options received and HCPH's records with respect to Pension Plan Members who currently receive monthly pensions; and requesting and accepting quotes from insurance companies for the purchase of annuities.

15. As further discussed in detail in the Fifteenth Report, and as contemplated by the CCAA Plan, HCPH, with the assistance of its actuary, Mercer, requested quotes for the purchase of annuities from six insurance companies to purchase annuities for Pension Plan Members who were currently receiving monthly pensions and members who had opted for payment of a pension. In late November 2012, HCPH obtained quotes from five insurance companies for the purchase of annuities for its Pension Plans. Mercer provided

HCPH and the Monitor with a summary of the estimated deficits in each of the Pension Plans based on the quotes received. Based on Mercer's analysis, it appeared that the deficit calculations (the difference between the assets of the Pension Plans (not including the Windsor Star Pension Plan) and the cost of the annuities and the payment of commuted value transfers, in aggregate and before wind-up expenses) based on the most advantageous quotes totalled approximately $12.8 million in aggregate. This amount was significantly greater than the anticipated aggregate wind up deficit estimated in the wind up reports as at December 31, 2010, which had been estimated to be $916,000 as described above.

16. At the time, HCPH only held cash of approximately $11.9 million and accordingly, HCPH would not have been able to fund the deficits by the deadline of December 13, 2012 as required by the insurance companies. Further, Representative Counsel advised HCPH and the Monitor that it needed time to analyse the pension deficits and work with the Pension Plan Members and OPEB Plan Members to consider their views with respect to the options available in light of pension plan deficits described above. For that reason, Representative Counsel requested that HCPH not proceed with the wind ups pending further direction of the Court. Accordingly, HCPH sought an Order for directions from this Court to authorize and direct HCPH to suspend the wind up and the purchase of annuities in respect of the Remaining Pension Plans (not including the Windsor Star Pension Plan which remained in a surplus position based on the quotes received on November 29, 2012), pending further Order of this Court. Such order was granted by this Court on December 12, 2012.

17. On April 12, 2013, Mercer received illustrative quotes from six insurance companies. Based on Mercer's analysis, it appeared that the wind up deficit calculations based on the most advantageous annuity quotes totalled to approximately $8.9 million in aggregate. This compared favourably to the $12.8 million deficit estimated in December 2012.

18. Given the outcome of the illustrative quotes described above and based on discussions between HCPH, the Monitor and Representative Counsel, it was determined that it would be helpful to meet with the insurance companies who provided the three lowest quotes in

order to understand the basis of these quotes as well as to explain HCPH's situation to these insurance companies in order to ascertain if the quotes could be improved. Accordingly, further to the authorization of this Court of April 30, 2013, the CRO, along with representatives of HCPH's counsel, the Monitor, Representative Counsel and its actuary and Mercer met with certain insurance companies on May 8, 2013.

19. After the discussions with the insurance companies described above, HCPH, in consultation with the Monitor and Representative Counsel, obtained an Order from this Court on May 13, 2013 (the "**May 13 Order**") which, among other things:

   i. authorized and directed HCPH with the assistance of the Monitor, Mercer, Representative Counsel and its actuary, to obtain refreshed quotes for the purchase of annuities and engage in negotiations with one or more insurance companies to obtain the most advantageous final quote; and

   ii. authorized and directed HCPH to complete the wind up of each of the Remaining Pension Plans in the event that the aggregate deficit calculations (the difference between the value of the assets of the Remaining Pension Plans and the value of all liabilities on wind up including the costs of the annuities, in aggregate and before wind up expenses) of the Remaining Pension Plans (the "**Aggregate Deficit Calculation**" or "**ADC**") was less than $7.5 million or such higher amount as agreed to by Representative Counsel, HCPH and the Monitor (the "**ADC Limit**").

20. Pursuant to the May 13, Order, Mercer sent a request on May 22, 2013 to the same six insurance companies as referred to above for refreshed quotes for the purchase of annuities with respect to the Remaining Pension Plans.

21. On June 10, 2013, Mercer received refreshed quotes from four insurance companies. Based on Mercer's analysis, it appeared that the Aggregate Deficit Calculation, based on the most advantageous annuity quote, totalled approximately $8.7 million. This compared slightly favourably to the $8.9 million deficit based on the illustrative quotes obtained on April 12, 2013, referred to earlier in this Nineteenth Report.

22. Discussions continued with the leading annuity provider, BMO Assurance. Around the same time, HCPH worked with the trustees of the Remaining Pension Plans to liquidate the investments related to the Remaining Pension Plans. Discussions with BMO Assurance led to an ADC acceptable to Representative Counsel and HCPH, which was calculated by Mercer in its report dated June 18, 2013 as $7,564,592, subject to final data adjustments and a final reconciliation from BMO Assurance.

STATUS OF THE WIND UP OF THE REMAINING PENSION PLANS

23. As discussed in the Eighteenth Report of the Monitor dated June 18, 2013 (the "**Eighteenth Report**"), pursuant to the order of this Court:

i. HCPH contributed $7,564,592 to the Remaining Pension Plans to fund the ADC;

ii. HCPH paid BMO Assurance, the annuity provider, the premium amount for the purchase of the annuities;

iii. HCPH entered into a written contract with BMO Assurance for the purchase of the annuities and the finalization of the data with respect to the members of the Pension Plans;

24. BMO Assurance has started making monthly pension payments to the members of the Remaining Pension Plans.

25. Currently, BMO Assurance is working with HCPH's actuary Mercer to complete the final reconciliation of the annuity premiums due to BMO Assurance. It is anticipated that certain funds will be paid back to HCPH's trust account for its Pension Plans as a result of the reconciliation. This is primarily due to deaths of retirees and certain adjustments to premium values. This reconciliation is expected to be completed in the next few weeks.

26. There are funds remaining in the trust account of the Pension Plans primarily due to the sale of certain illiquid investments previously held in the trust investment account. The refund from BMO Assurance will also be received in the trust account for the Pension Plans. HCPH will need the approval of Financial Services Commission Ontario ("**FSCO**"), in order to transfer the remaining funds from the trust account of the Pension

Plans to HCPH's general bank account. HCPH will seek the approval of FSCO once it receives the refund of annuity premiums from BMO Assurance. Such approval from FSCO is expected to take between four to six weeks.

27. Based on the above remaining items, it is anticipated the wind up of HCPH's Remaining Pension Plans will be completed in the Spring of this year.

GENERAL NEXT STEPS IN HCPH'S CCAA PROCEEDINGS

28. After the completion of the wind up of the Remaining Pension Plans, as described above, HCPH's remaining funds, after the payment of costs related to these CCAA proceedings will be distributed to HCPH's unsecured creditors of which the OPEB Plan Members, as holders of OPEB claims, are the predominant group.

DISCHARGE OF BYRD AND APPOINTMENT OF KRUPA AS CRO

29. As discussed above, the Initial Order appointed Byrd as CRO of HCPH with respect to these CCAA proceedings. In January 2014, Byrd advised that since these CCAA proceedings were nearing completion, he had accepted an offer he received for full time employment. As his new employer requires him full time, Byrd advised that he would be resigning as of February 28, 2014. Accordingly, HCPH is seeking an order from this Court effective February 28, 2014, releasing and discharging Byrd as the CRO and releasing and discharging Byrd from all responsibilities and obligations imposed by the Initial Order and all subsequent orders of this Court in these CCAA proceedings and related liabilities and obligations (except gross negligence or wilful misconduct).

30. As Byrd will no longer be carrying out the role of CRO for HCPH, it is appropriate to discharge him from the responsibilities and obligations imposed by the Initial Order and other orders in these CCAA proceedings going forward. With respect to the release sought from all liabilities or obligations except gross negligence or wilful misconduct, the Monitor notes the following: i) the Initial Order contains the following language: "the CRO shall not incur any liability or obligation as a result of the performance of his duties or his engagement as contemplated hereunder, save and except for any liability or obligation found by this Court to have arisen from gross negligence or wilful misconduct

on his part", together with an indemnity and charge; ii) the Monitor understands HCPH sought Court approval of all major activities undertaken by Byrd as CRO as described in affidavits filed which were approved by the Court on motions brought by HCPH throughout these CCAA proceedings, including in the most recent order dated May 13, 2013, and the Monitor is not aware of any issues or allegations relating to Byrd's conduct or activities in relation thereto; and iii) there is a broad release contained in section 11.01 of the CCAA Plan that includes a release of the CRO.

31. HCPH is also seeking an order from this Court appointing Krupa as CRO to complete these CCAA proceedings, and granting him the all the powers, responsibilities, duties, and protections outlined in the Initial Order and all subsequent orders of this Court.

32. Krupa is a former employee of STMG, the parent company of HCPH. Further details with respect to Krupa's role at STMG and a detailed resume of Krupa are provided in the affidavit of Dennis Byrd sworn February 21, 2014 (the "**Byrd Affidavit**").

33. Soon after the commencement of these CCAA proceedings, Krupa was retained by HCPH to maintain HCPH's financial accounting records, complete and file tax returns, review and pay invoices and provide information to HCPH's actuary, the Monitor and other external advisors primarily with respect to HCPH's Pension Plans and OPEBs. Krupa has also been working on HCPH's bank reconciliations and cash reports. Krupa has worked directly with the Monitor with respect to accounting issues and issues related to Plan Members. As such, Krupa is familiar with HCPH's accounting, pension and OPEB records as well as these CCAA proceedings. In the last month, Krupa has been working with Byrd to transition work that was previously done by Byrd to Krupa.

34. Similar to Byrd, for his role as CRO, Krupa will be compensated on an hourly basis based on actual hours worked and paid monthly in arrears.

35. Given Krupa's previous involvement with HCPH's financial records and these CCAA proceedings, the Monitor is of the view that Krupa is an appropriate candidate for the role of CRO for the remainder of HCPH's CCAA proceedings.

UPDATE WITH RESPECT TO HCPH'S CURRENT CASH POSITION

36. HCPH's primary remaining asset is cash of approximately $7.4 million as of February 2, 2014, before accrued but unpaid costs and expenses. Accordingly, such cash, after the payments of costs relating to the ongoing administration of the CCAA proceedings is the primary source from which distributions will be made under the CCAA Plan.

37. A summary of the actual receipts and disbursements of the Applicant as compared to its projection is attached as Appendix 'B' to this Nineteenth Report. The Applicant's actual consolidated net cash outflow for the period from April 22, 2013 to February 2, 2014 was approximately $8.7 million, of which approximately $7.6 million was paid to the trust account of the Remaining Pension Plans to fund the deficits of these Pension Plans. A detailed variance analysis is set out in Appendix 'B' to this Nineteenth Report.

38. HCPH, with the assistance of the Monitor, has prepared a cash flow projection (the "**Cash Flow Forecast**") for the period from February 3, 2014 to June 29, 2014 (the "**Projection Period**"), a copy of which is attached as Appendix 'C' to this Nineteenth Report. Due to the uncertainty in the timing of the distribution to the unsecured creditors, such distribution has not been included in the Cash Flow Forecast. The Cash Flow Forecast has been prepared by management of HCPH, using probable and hypothetical assumptions set out in notes 1 to 10 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the Projection Period in Canadian dollars.

39. The Applicant is projecting a net cash outflow of approximately $937,000 during the Projection Period. The Cash Flow Forecast projects that the Applicant will have sufficient liquidity to operate during these CCAA proceedings.

40. Based on the Monitor's review of the Cash Flow Forecast, the assumptions developed by management are suitably supported and provide a reasonable basis for the Cash Flow Forecast. Further, the Cash Flow Forecast reflects these assumptions and is consistent with the plans of HCPH.

All of which is respectfully submitted this 24th day of February, 2014.

ERNST & YOUNG INC.
in its capacity as Court Appointed Monitor of
Hollinger Canadian Publishing Holdings Co.

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

APPENDIX “A”

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

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.

PLAN OF COMPROMISE AND ARRANGEMENT OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

MAY 24, 2012

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PLAN OF COMPROMISE AND ARRANGEMENT OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO. PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

INTRODUCTION[1]

HCPH is the corporate entity holding what remains of the former Southam newspaper chain, the majority of the assets of which were sold in 2002, with the remaining newspaper assets sold in 2006. As such, for several years prior to the CCAA Proceeding, HCPH has not conducted any business activity or operations other than its continued administration of the Pension Plans and OPEB Plans not transferred as part of the aforementioned sales, relating to more than 3,000 former employees, the vast majority of whom are elderly pensioners.

HCPH's CCAA Proceeding has involved a very unique set of facts and circumstances, in that, since the commencement of the CCAA Proceeding it has been recognized that the overwhelming majority of HCPH's stakeholders consist of its former employees and their respective entitlements under the Pension Plans and OPEB Plans. Since the commencement of the CCAA Proceeding, HCPH's focus has to been to facilitate an orderly wind-up of the Pension Plans and termination of the OPEB Plans and to address its liabilities in respect thereof together with its other liabilities and obligations.

Against this backdrop, the CCAA Plan is to effect a compromise and arrangement of all Affected Claims against the Applicant, with the Pension Plan Claims given preferred treatment in the unique circumstances of this case, in a manner that provides equitable treatment among the Affected Creditors and allows for the orderly allocation and distribution of HCPH's assets to the Affected Creditors. HCPH proposed the appointment of the independent Representative Counsel at the commencement of the CCAA Proceeding and has worked cooperatively with such counsel during the course of the CCAA Proceeding, including in connection with the formulation of this CCAA Plan.

The CCAA Plan addresses two Affected Creditors Classes: (i) a Pension Plan Claims Class, and (ii) a Non-Pension Affected Claims Class. Holders of Pension Plan Claims shall constitute the Pension Plan Claims Class, and shall receive the treatment described in Section 4.01(a) hereof. All other holders of Affected Claims against HCPH (*i.e.*, all holders of Affected Claims other than Pension Plan Claims), shall constitute the Non-Pension Affected Claims Class, and shall receive the treatment described in Section 4.01(b) hereof.

The CCAA Plan is presented to the Affected Creditors with the expectation that the implementation of the CCAA Plan and the structured and orderly wind-up of the Pension Plans and the OPEB Plans in the context of the CCAA Proceeding is of greater benefit to the members and beneficiaries thereof and all Persons with claims against HCPH than an abrupt termination thereof.

[1] Capitalized terms used in this Introduction but not otherwise defined shall have the meanings ascribed to such terms in Section 1.01 of the CCAA Plan.

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.01 Definitions

Unless the context otherwise requires, the following capitalized terms shall have the following meanings when used herein:

"**Additional Reserves**" shall have the meaning ascribed to such term in Section 5.02 hereof;

"**Administration Claim**" means any Claim in respect of the fees and disbursements of the Monitor and its counsel, HCPH's counsel, advisors and other retained professionals (including actuaries), the CRO, and the Representative Counsel and its retained professionals (including its actuarial advisor), in each case relating to its duties and responsibilities in the CCAA Proceeding, the administration of the CCAA Plan, the Pension Plan Wind-ups, realization of any Remaining Assets, the administration of HCPH or any related matter;

"**Affected Claim**" means (i) any OPEB Claim in existence on August 31, 2011; (ii) any Pension Plan Claim in existence on December 31, 2010; and (iii) any other Claim in existence on the Filing Date that is not an Unaffected Claim;

"**Affected Creditor**" means any Person holding an Affected Claim and includes the transferee or assignee of a transferred or assigned Affected Claim who is recognized as an Affected Creditor by HCPH and the Monitor in accordance with the Claims Procedure Orders;

"**Affected Creditors Classes**" means the following two classes of Affected Creditors established in accordance with the Creditors' Meeting Order and this CCAA Plan: (i) the Pension Plan Claims Class, and (ii) the Non-Pension Affected Claims Class;

"**Applicable Law**" means in respect of any Person, property, transaction, event or other matter, any law, statute, regulation, code, ordinance, principle of common law, civil law, or equity, municipal by-law, treaty or order, domestic or foreign, applicable to that Person, property, transaction, event or other matter and all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, and policies, in each case, having the force of law, of any Governmental Authority having or purporting to have the authority over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance;

"**Available Cash Pool**" means all Cash, Cash equivalents, and accounts of HCPH (excluding, for greater certainty, funds held by HCPH in trust for any other Person) held by or on behalf of HCPH or to which it is entitled from time to time, including all proceeds of realization on Remaining Assets of HCPH and any payments received by HCPH from the STMG Trust, if any, after the Plan Implementation Date pursuant to Section 5.06 hereof.

"**Business Day**" means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;

"**Cash**" means lawful currency of Canada and includes legal tender, cheque, draft or funds available through electronic transfer;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in effect as of the date of the Initial Order;

"**CCAA Plan**" means this Plan of Compromise and Arrangement of HCPH filed pursuant to the CCAA, including the schedules hereto, as may be amended, modified, or supplemented hereinafter and from time to time in accordance with the terms hereof or order of the Court;

"**CCAA Proceeding**" means the proceeding commenced by HCPH pursuant to the Initial Order and the CCAA;

"**Claim**" means any right or claim of any Person against HCPH, in any capacity, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of HCPH, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including arising by reason of the commission of a tort (intentional or unintentional), any breach of duty (including any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or to a trust, constructive trust or deemed trust (statutory, express, implied, resulting, or otherwise) against any property or assets, any Taxes and together with any security enforcement costs or legal costs associated with any such claim, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, by surety, by warranty, or otherwise, and whether or not such right is executory or anticipatory in nature, including any claim arising from or caused by the termination, disclaimer, resiliation, assignment or repudiation by HCPH of any contract, lease or other agreement, whether written or oral, any claim made or asserted against HCPH through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, and includes any other claims of any kind that, if unsecured, would have been claims provable in bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 had HCPH become bankrupt on the Filing Date, including any other claims arising from or caused by, directly or indirectly, the implementation of, or any action taken pursuant to, the Initial Order or the CCAA Proceeding, including any Restructuring Claim;

"**Claims Bar Date**" means 5:00 p.m. (Eastern Standard Time) on June 18, 2010, as established by the General Claims Procedure Order;

"**Claims Disallowance Procedure Order**" means the Court's claims disallowance procedure order issued in the CCAA Proceeding, dated June 8, 2011;

"**Claims Procedure Orders**" means, collectively, the following orders relating to the procedures for Claim filing and/or determination, as such orders may be amended, restated or varied by subsequent order of the Court from time to time:

(i) the General Claims Procedure Order;

(ii) the Restructuring Claims Bar Date Order;

(iii) the Claims Disallowance Procedure Order; and

(iv) the OPEB Claims Procedure Order;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Creditor**" means any Person having a Claim and includes the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person;

"**Creditors' Meetings**" means the meetings of each of the Affected Creditors Classes to be held pursuant to the Creditors' Meeting Order for the purpose of considering and voting on the resolution to approve the CCAA Plan and includes any adjournment of such meetings;

"**Creditors' Meeting Order**" means the Court's meeting order, dated **[DATE]**;

"**CRO**" means Mr. Dennis M. Byrd, as the chief restructuring officer of HCPH appointed pursuant to the Initial Order;

"**Directors**" means, collectively, those individuals who are or were previously directors or officers of HCPH and "**Director**" means, individually, any one of them;

"**Disbursing Agent**" means HCPH, to the extent it has any remaining officers or employees available, and otherwise the Monitor solely in its capacity as the Applicant's agent, for purposes of making Distributions from the Available Cash Pool in respect of Affected Claims and making other payments from the Available Cash Pool in respect of Unaffected Claims, in each case as required by and in accordance with Section 5.01 and the other provisions hereof;

"**Disputed Claim**" means any Affected Claim or any portion thereof in respect of which a Proof of Claim has been filed or which has otherwise been asserted in accordance with the applicable Claims Procedure Order(s) but which has not been accepted by HCPH and the Monitor or finally determined for CCAA Plan distribution purposes in accordance with the applicable Claims Procedure Order(s);

"**Disputed Claim Reserve**" means the reserve established in accordance with Section 6.02 hereof on account of Disputed Claims;

"**Distribution**" means any payment made by the Disbursing Agent on account of an Affected Claim pursuant to the terms and provisions of the CCAA Plan;

"**E&Y**" means Ernst & Young Inc.;

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

"**General Claims Procedure Order**" means the Court's Order, dated April 15, 2010 establishing a procedure for asserting Claims other than OPEB Claims or Pension Plan Claims, as supplemented by the Restructuring Bar Date Order and the Claims Disallowance Procedure Order;

"**Government and Other Priority Claims**" means any Claim required to be paid in accordance with section 6(3), (5) or (6) of the CCAA;

"**Governmental Authority**" means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any government department, body, ministry, agency, tribunal, commission, board, court, bureau or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government;

"**HCPH**" means Hollinger Canadian Publishing Holdings Co.;

"**Initial Order**" means the Initial Order of the Court, dated December 10, 2009, as amended, extended, restated or varied by subsequent order of the Court from time to time;

"**Inter-Company Claim**" means a Claim of any affiliate of HCPH against the Applicant;

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

"**Monitor**" means Ernst & Young Inc., in its capacity as Court-appointed Monitor, pursuant to the Initial Order;

"**Non-Pension Affected Claim**" means any Affected Claim other than a Pension Plan Claim;

"**Non-Pension Affected Claims Class**" means the class of Affected Creditors holding Non-Pension Affected Claims;

"**OPEB Claim**" means any Claim in respect of or relating to any OPEB Plan;

"**OPEB Claims Procedure Order**" means the Court's OPEB Claims Procedure Order, dated July 28, 2011;

"**OPEB Plans**" means all unfunded retirement plans, agreements and arrangements (including the Southam Executive Retirement Agreements and the Divisional Allowance Top-Up) and all other post-employment benefit plans of HCPH in respect of which HCPH may have an obligation or liability, which relate to, among other things, medical coverage, dental coverage, life insurance, accidental death and dismemberment insurance, and long-term disability income benefits, including any claim, right or entitlement in respect of any long-term disability plan whether insured or uninsured and including the plans listed on Schedule "A" hereto, and which, for greater certainty, shall not include the Pension Plans, and shall not include the Long Term Disability Plan for the Employees of Southam Inc., and any one of the OPEB Plans shall be referred to herein as an "<u>OPEB Plan</u>";

"**Pension Plans**" means the following six registered pension plans relating to former employees of HCPH:

(a) Hollinger Canadian Publishing Holdings Co. Retirement Plan (FSCO and CRA No. 0526947);

(b) Sterling Newspaper Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers (FSCO and CRA No. 1024744);

(c) Hollinger Canadian Publishing Holdings Co. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (FSCO and CRA No. 1033786);

(d) Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan (FSCO and CRA No. 0208355);

(e) Hollinger Canadian Publishing Holdings Co. Plan for Employees of Newspapers Formerly Owned by Sterling Newspapers (B.C. No. P085060-1 and CRA No. 0399444); and

(f) Journal Publishing Company Limited Pension Plan (CRA No. 0267351);

"**Pension Plan Claim**" means any Claim in respect of or relating to any Pension Plan, including in respect of any Pension Plan Deficiency;

"**Pension Plan Claims Class**" means the class of Affected Creditors holding Pension Plan Claims against HCPH;

"**Pension Plan Deficiency**" means any deficiency in any Pension Plan in respect of the Pension Plan Wind-ups, based on the final actual costs of settling all benefits and refunds and payments of related expenses on wind-up, including fees and expenses of any trustees or agents appointed by any Pension Plan administrator and the actual costs of annuity purchases;

"**Pension Plan Wind-ups**" means the Court authorized wind-up of the Pension Plans pursuant to the October 14, 2010 order of the Court, with the wind-up date as of December 31, 2010, substantially in accordance with the Pension Plan Wind-up Steps and the Pension Plan Wind-up Direction;

"**Pension Plan Wind-up Steps**" means the steps substantially set out in Schedule "B" hereto, as may be amended with the agreement of HCPH and the Monitor and the consent of Representative Counsel or by order of the Court.

"**Pension Plan Wind-up Direction**" means a direction and agreement, substantially in the form attached hereto as Schedule "C", to be executed and delivered by HCPH to the Monitor upon approval of the Court, with such amendments thereto as the Monitor and HCPH may agree with the consent of Representative Counsel or as may be approved by the Court.

"**Person**" means any individual, corporation, limited or unlimited liability company, general or limited partnership, income fund, association, trust, pension fund, union, unincorporated organization, joint venture, government or any agency, regulatory body, representative or instrumentality thereof, legal personal representative or litigation guardian, pension plan administrator, pension committee, or any other entity howsoever designated or constituted;

"**Plan Implementation Date**" means the Business Day on which the conditions precedent to implementation of the CCAA Plan have been satisfied, fulfilled, or waived, as applicable, and the Monitor has completed and filed its certificate with the Court in accordance with Section 9.03 hereof;

"**Post-Filing Claim**" means any Claim that arose after the Filing Date and not satisfied as at the Plan Implementation Date, in respect of which HCPH and the Monitor have actual notice as at the Plan Implementation Date, from or in respect of: (a) any executory contract or unexpired lease that has not been terminated or disclaimed by HCPH; (b) the supply of any services, delivery of any goods, or any monies advanced to HCPH on or after the Filing Date; or (c) any amounts to be remitted to a tax authority pursuant to paragraph 8 of the Initial Order during the period from the Filing Date to, but excluding, the Plan Implementation Date; provided that "Post-Filing Claim" shall not include any Restructuring Claim;

"**Post-Implementation Claim**" means any Claim incurred from and after the Plan Implementation Date by or on behalf of HCPH with the approval of the Monitor in relation to the Pension Plan Wind-Ups (other than fees and costs of HCPH's agents or Representative Counsel that constitute wind up administration expenses that are charged to and payable from the funds of the respective Pension Plans) and administration of the CCAA Plan, occupation rent or the supply of services, delivery of goods or monies loaned to HCPH;

"***Pro Rata* Share**" means, in respect of a Person with a Non-Pension Affected Claim, the Proven Amount of such Non-Pension Affected Claim divided by the aggregate Proven Amounts of all Non-Pension Affected Claims, in each case as adjusted to reflect any gross-up of OPEB Claims pursuant to Section 5.09(b);

"**Proof of Claim**" means the form to have been completed and filed by a Creditor setting forth its purported Claim in accordance with the Claims Procedure Orders;

"**Proven Amount**" means:

(a) in respect of a Pension Plan Claim, the amount of such Claim as accepted by HCPH and the Monitor as necessary to fund the Pension Plan Deficiency or as finally determined by an order of the Court; and

(b) in any other case, the amount of a Claim in respect of which a Proof of Claim has been or is deemed to have been filed in a proper and timely manner in accordance with the applicable Claims Procedure Order(s) and which has been accepted by HCPH and the Monitor or finally determined in accordance with the applicable Claims Procedure Order(s) or order of the Court;

"**Released Claims**" shall have the meaning ascribed to such term in Section 11.01 hereof;

"**Released Parties**" shall have the meaning ascribed to such term in Section 11.01 hereof;

"**Remaining Assets**" means all remaining assets of HCPH, if any, other than Available Cash Pool;

"**Representative Counsel**" means Koskie Minsky LLP, in its capacity as the Court-appointed representative counsel for all members and beneficiaries of holders of OPEB Claims and all members and beneficiaries of the Pension Plans, other than those members and beneficiaries who opted out of such representation pursuant to the Initial Order and the order of the Court made on December 10, 2009;

"**Restructuring Claim**" shall have the meaning given to such term in the General Claims Procedure Order;

"**Restructuring Claims Bar Date**" means the bar date for filing a Proof of Claim in respect of a Restructuring Claim pursuant to the Claims Procedure Orders;

"**Restructuring Claims Bar Date Order**" means the Court's order dated July 27, 2010;

"**Sanction Hearing**" means the Court hearing at which the Applicant's motion for the Sanction Order will be heard;

"**Sanction Order**" means an order made by the Court pursuant to the CCAA to, among other things, sanction, authorize and approve the CCAA Plan, as such order may be amended by the Court from time to time;

"**Secured Claims**" means any Claim (excluding any Pension Plan Claim) which is secured by a lien or encumbrance on the property of the Applicant, which lien or encumbrance is valid, perfected and enforceable pursuant to Applicable Law, to the extent of and limited to the value of such property, as of the Plan Implementation Date.

"**Taxes**" means any and all federal, provincial, local or foreign taxes, duties, fees, pending assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind whatsoever (including any Claims by Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any Province or Territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority, including any municipality, of any Province or Territory of Canada), including all interest, penalties, fines and additions with respect to such amounts;

"**Unaffected Claim**" shall have the meaning ascribed to such term in Section 2.02 hereof;

"**Unaffected Creditor**" means a Person who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

"**Website**" means the website of the Monitor established in connection with the CCAA Proceeding: www.ey.com/ca/hcph; and

1.02 Certain Rules of Interpretation

In the CCAA Plan:

(a) the division of the CCAA Plan into Articles, Sections, subsections and clauses and the use of headings and a table of contents are for convenience of reference only and do not affect the construction or interpretation of the CCAA Plan, nor are the descriptive headings of Articles and Sections intended as complete or accurate descriptions of the contents thereof;

(b) the terms "the CCAA Plan", "hereof", "hereunder", "herein" and similar expressions refer to the CCAA Plan and not to any particular Article, Section, subsection, clause or Schedule of or to the CCAA Plan;

(c) words importing the singular include the plural and vice versa and words importing any gender include all genders;

(d) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation but rather shall mean "includes without limitation", "including without limitation", "includes but is not limited to" and "including but not limited to", as applicable, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

(e) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

(f) all references to the CCAA are references to the CCAA as it existed on the date of the Initial Order;

(g) all accounting terms not otherwise defined herein shall have the meanings ascribed to them, from time to time, in accordance with the Canadian generally accepted accounting principles, including those prescribed by the Canadian Institute of Chartered Accountants;

(h) unless otherwise indicated, all references to currency and to "$" are Canadian dollars;

(i) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day; and

(j) unless otherwise specified, the time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

1.03 Interest

Interest shall not be paid on any Affected Claim after the Filing Date, no Affected Claim shall be entitled to interest accruing after or on the Filing Date and any Claim in respect of such interest shall be released and extinguished upon the Plan Implementation Date.

1.04 Schedules

The following are the Schedules to the CCAA Plan:

(i) Schedule "A": List of OPEB Plans

(ii) Schedule "B": Pension Plan Wind-Up Steps

(iii) Schedule "C": Pension Plan Wind-Up Direction

1.05 Currency Conversion

All Affected Claims denominated in a currency other than lawful money of Canada are to be converted to the equivalent thereof in lawful money of Canada at the noon rate of exchange as quoted by the Bank of Canada on the Filing Date, or, in the case of OPEB Claims, on August 31, 2011.

ARTICLE II
AFFECTED AND UNAFFECTED CLAIMS

2.01 Affected Claims

The CCAA Plan will become effective on the Plan Implementation Date and shall be binding on and enure to the benefit of the Applicant, the Affected Creditors holding Affected Claims and all other Persons named or referred to in, or subject to, the CCAA Plan, in accordance with its terms but shall not affect Unaffected Creditors, solely with respect to and to the extent of their Unaffected Claims.

2.02 Unaffected Claims

The CCAA Plan does not compromise or affect the following Claims (collectively, the "**Unaffected Claims**") against the Applicant:

(a) Administration Claims;

(b) Government and Other Priority Claims;

(c) Secured Claims;

(a) **Pension Plan Claims Class**: The trustee(s) of each Pension Plan will be paid the Proven Amount of the Pension Plan Claims from the Available Cash Pool in accordance with Section 5.01(e) hereof (adjusted as necessary in accordance with the Pension Plan Wind-up Steps and Pension Plan Wind-Up Direction), in full and final satisfaction of the applicable Pension Plan Claims. Any surplus funds, if any, remaining in a Pension Plan after completion of the payment of or provision for all basic benefits on the wind-up of such Pension Plan (including after payment of all applicable costs and expenses and funding of all annuities in respect thereof) shall be distributed to those individuals who were members and beneficiaries of such Pension Plan as at the wind-up date of December 31, 2010 in accordance with applicable pension law.

(b) **Non-Pension Affected Claims Class**: Each holder of a Non-Pension Affected Claim will be paid its *Pro Rata* Share of the remaining Available Cash Pool after payment or reserve for payment of the items set out in Sections 5.01(a) to 5.01(g) in accordance with Section 5.01(h) hereof and the other provisions of this CCAA Plan, in full and final satisfaction of its Non-Pension Affected Claim.

4.02 Inter-Company Claims

No Person shall receive any Distributions pursuant to the CCAA Plan in respect of any Inter-Company Claim and all Inter-Company Claims shall be released upon the Plan Implementation Date.

4.03 Equity Claims and Equity Interests

No Person shall receive any Distributions pursuant to the CCAA Plan in respect of any equity claim or equity interest (each as defined in section 2(1) of the CCAA) unless and until all Affected Claims are paid in full.

ARTICLE V
PROVISIONS GOVERNING AVAILABLE CASH POOL AND DISTRIBUTIONS

5.01 Available Cash Pool

Subject to Sections 5.02 to 5.09 and Article 6, the Available Cash Pool will be distributed by the Disbursing Agent on the following basis and in the following order of priority:

(a) **Administration Claims (Pre-Implementation)**: each holder of an Administration Claim incurred up to the Plan Implementation Date and not paid prior to such date by HCPH (if any) will be paid the full amount of such Administration Claim from the Available Cash Pool, on or as soon as practical after the Plan Implementation Date;

(b) **Government and Other Priority Claims**: each holder of a Government and Other Priority Claim will be paid the full amount of such holder's Government and Other Priority Claim from the Available Cash Pool, on or as soon as practical

(d) Post-Filing Claims; and

(e) Post-Implementation Claims.

ARTICLE III
CLASSIFICATION OF CREDITORS AND PROCEDURAL MATTERS

3.01 Two Classes of Affected Creditors

For the purposes of considering and voting on and receiving any Distribution under the CCAA Plan, there shall be two Affected Creditors Classes:

(i) the Pension Plan Claims Class; and

(ii) the Non-Pension Affected Claims Class.

3.02 No Vote or Distribution in Respect of Unaffected Claims

No holder of an Unaffected Claim shall be entitled to vote on or receive any Distributions under this CCAA Plan in respect of such Unaffected Claim (although the payment of Unaffected Claims in full is contemplated by Section 5.01).

3.03 Claims Bar Date and Restructuring Claims Bar Date

Nothing in the CCAA Plan extends or shall be interpreted as extending or amending the Claims Bar Date or the Restructuring Claims Bar Date, or gives, or shall be interpreted as giving, any rights to any Person in respect of Claims that have been determined, barred, extinguished or released pursuant to the Claims Procedure Orders and/or the Sanction Order.

3.04 Approval by Creditors

In order to be approved by the Affected Creditors, the CCAA Plan must receive an affirmative vote by the majorities required by the CCAA of each of the Affected Creditors Classes at the Creditors' Meetings.

3.05 Meetings of Creditors

The Creditors' Meetings and voting procedures in respect of the CCAA Plan shall be held and conducted in accordance with the Creditors' Meeting Order and any further applicable order of the Court.

ARTICLE IV
TREATMENT OF AFFECTED CREDITORS

4.01 Affected Creditors Classes

The treatment of the Affected Creditors Classes shall be as follows:

after the Plan Implementation Date but in any event within six (6) months after the Sanction Order;

(c) **Secured Claims**: each holder of a Secured Claim will be paid the Proven Amount of such holder's Secured Claim from the Available Cash Pool, on or as soon as practical after the Plan Implementation Date;

(d) **Post-Filing Claims**: each holder of a Post-Filing Claim that remains outstanding on the Plan Implementation Date, if any, will be paid the full amount such holder's Post-Filing Claim (in the amount agreed with the Monitor or as otherwise ordered by the Court) from the Available Cash Pool, on or as soon as practical after the Plan Implementation Date;

(e) **Pension Plan Claims**: the trustee(s) of each Pension Plan will be paid the Proven Amount of the Pension Plan Claim in respect of such Pension Plan from the Available Cash Pool, as soon as practical after the Plan Implementation Date by way of one or more Distributions as determined by the Disbursing Agent in its sole discretion;

(f) **Administration Claims (Post-Implementation)**: each holder of an Administration Claim incurred on or after the Plan Implementation Date will be paid the full amount of such Administration Claim from the Available Cash Pool, at such time or times as agreed with the Monitor;

(g) **Post-Implementation Claims**: each holder of a Post-Implementation Claim will be paid the full amount of such holder's Post-Implementation Claim (in the amount agreed with the Monitor or as otherwise ordered by the Court) from the Available Cash Pool, at such time or times as agreed with the Monitor;

(h) **Non-Pension Affected Claims**: each holder of a Non-Pension Affected Claim will be paid its *Pro Rata* Share of the amount remaining in the Available Cash Pool after the satisfaction in full of the amounts referred to in clauses (a) to (g) of this Section 5.01, which may be paid by way of one or more Distributions to such holder and at such time or times as determined by the Disbursing Agent in accordance with Section 5.04.

5.02 Reserves

(1) In addition to the Disputed Claims Reserve contemplated by Section 6.02, the Disbursing Agent may establish reserves at any time from the Available Cash Pool in respect of potential Administration Claims, Post-Filing Claims, Post-Implementation Claims and any other Claims subject to payment pursuant to Section 5.01 (collectively, the "**Additional Reserves**"), and may at any time increase or decrease such Additional Reserves at its discretion having regard to payments to be made from the Available Cash Pool in accordance with Section 5.01 on account of any such Claims and the Monitor's then current estimate of the potential remaining amount of such Claims and any other factors considered appropriate by the Monitor (including a contingency factor).

(2) If the Disbursing Agent is reasonably satisfied that a particular category of Claims and all prior-ranking categories of Claims as set out in Section 5.01 have been paid in full or sufficient Additional Reserves exist to pay such Claims in full, the Disbursing Agent may in its discretion, but will not be required to, make payments from the Available Cash Pool in accordance with Section 5.01 to holders of Claims in the category with the next highest priority.

5.03 Monitor to Serve as Disbursing Agent

(1) To the extent that HCPH no longer has any officers or employees available to enable it to act as Disbursing Agent, the Monitor shall serve as the Disbursing Agent (subject to the other provisions of this Section 5.03), solely as agent and on behalf of HCPH, in connection with all payments under the CCAA Plan. The Disbursing Agent will only be required to make such Disbursements and other payments to the extent sufficient funds exist in the Available Cash Pool.

(2) In connection with its role as Disbursing Agent:

(a) the Monitor is solely doing so as payment agent for HCPH and neither the Monitor nor E&Y has agreed to become, and neither is assuming any responsibility as a receiver, assignee, curator, liquidator, administrator, receiver-manager, agent of the Creditors or legal representative of HCPH within the meaning of any relevant tax legislation;

(b) the Disbursing Agent will make the disbursements contemplated by the CCAA Plan from the Available Cash Pool that shall remain in the possession of HCPH;

(c) neither the Monitor nor E&Y will have any liability for, and each is hereby released from, any claim in respect of any act or omission in respect of the Monitor as Disbursing Agent;

(d) the Monitor will be provided with and is entitled to have access to all of the books and records of HCPH and to all documents and other information required by it from time to time, whether in the possession of HCPH or a third party, in connection with its role as Disbursing Agent;

(e) the Monitor at any time may resign as or refuse to perform the role of Disbursing Agent;

(f) the Monitor will not exercise discretion or control over such funds and will only make payments contemplated by the CCAA Plan and the Monitor at any time may apply to court for directions with respect to its role as Disbursing Agent or for any other relief;

(g) the Monitor may discuss from time to time all matters relating to its role as Disbursing Agent with Representative Counsel;

(h) the Monitor may at any time engage legal counsel, accountants and other advisers to assist it in connection with its role as Disbursing Agent; and

(i) all fees and disbursements of the Monitor (including, without limitation, the fees and disbursements of legal counsel, accountants and other advisers) will be paid by HCPH and will constitute Administrative Claims for the purposes of the CCAA Plan.

HCPH will provide the Monitor with copies of all documents and all information requested by the Monitor from time to time and otherwise will provide to the Monitor with full access to its books and records.

(3) HCPH hereby indemnifies and holds harmless E&Y (in its capacity as Monitor and in its personal capacity), its affiliates and its and their respective directors, officers, employees, advisors, agents and other representatives (each, an "Indemnified Person") from and against any and all losses, claims, damages and liabilities to which any such Indemnified Person may become subject arising out of or in connection with its role as Disbursing Agent or any claim, litigation, investigation or proceeding relating to any of the foregoing (the "Indemnified Matters"), and to reimburse each Indemnified Person upon demand for any reasonable legal or other out-of-pocket expenses incurred in connection with Indemnified Matters or investigating or defending any of the foregoing. HCPH will not, without the prior written consent of E&Y and the relevant Indemnified Person, effect any settlement of any pending or threatened proceeding against an Indemnified Person in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (i) includes an unconditional release of such Indemnified Person from all liability or claims that are the subject matter of such proceeding and (ii) does not include any statement as to any admission. All amounts that may be claimed by an Indemnified Person pursuant to this paragraph 5.03(3) will constitute Administration Claims for the purposes of the CCAA Plan.

5.04 Timing of Distributions from the Available Cash Pool

Distributions to Non-Pension Affected Creditors from the Available Cash Pool will be made from time to time and as soon as practicable following the issuance of the Sanction Order, as determined by the Disbursing Agent in consultation with Representative Counsel. In this regard, the Disbursing Agent will only make Distributions from the Available Cash Pool if the amount available to be distributed makes such Distribution economically practical, as determined by the Disbursing Agent acting reasonably (having regard to, among any other considerations that the Disbursing Agent considers appropriate, the amount of liquid funds then available to be distributed, any reserves considered appropriate, the number of Persons to whom the Distribution is to be made and the time at which further funds are expected to become available for Distribution), which determination will be final and non-reviewable.

5.05 Disbursing Agent Shall Not Distribute Cash Below $10

No Distribution to an Affected Creditor will be made for an amount less than $10. HCPH's liability to any Affected Creditor for any Distribution in an amount less than $10 will be forever discharged and extinguished.

5.06 Remaining Assets

To the extent any proceeds are realized from the Remaining Assets (whether through sale or liquidation, release of any reserve funds, any funds arising from a non-Distribution in accordance with Section 5.05, reimbursement of any tax or other accounts, or otherwise), such funds will become part of the Available Cash Pool and distributed in accordance with Section 5.01 and the other provisions of the CCAA Plan. If the Monitor becomes aware of any Remaining Assets that have material value, the Monitor may (but will have no obligation to) assist HCPH in the realization of such Remaining Assets, including exercising any authority or power given to the Monitor pursuant to the Sanction Order or otherwise in respect thereof.

5.07 Delivery of Distributions

The Distributions to Affected Creditors in respect of Non-Pension Affected Claims pursuant to section 5.01 above shall be made by prepaid ordinary mail by the Disbursing Agent as follows:

(a) to the addresses set forth in the Proofs of Claim filed by such Affected Creditors in accordance with the Claim Procedures Orders or, in the case of Affected Creditors with OPEB Claims, the Personal Information Statements of such Affected Creditors (as defined in the Court's Order dated April 15, 2010);

(b) if applicable, to the addresses set forth in any written notices of address change delivered to the Monitor after the date on which any corresponding Proof of Claim was filed, provided such notice is received by the Monitor at least five (5) Business Days prior to the date on which such Distribution is made; or

(c) absent the availability of the foregoing, to the last known address of the Affected Creditor indicated in the Applicant's books and records.

5.08 Unclaimed Distributions

(1) If an address for any Affected Creditor entitled to a Distribution from the Available Cash Pool cannot be located on the applicable Distribution date, then an amount equal to such Affected Creditor's Distribution shall be set aside or otherwise reserved by the Disbursing Agent. If an address for such Affected Creditor is located within six (6) months after such Distribution date, the Distribution for such Affected Creditor shall be distributed to it by the Disbursing Agent. If the address for such Affected Creditor cannot be located within six (6) months after such Distribution date, the Distribution for such Affected Creditor shall be added back to the Available Cash Pool and such Affected Creditor shall be deemed to have released its right to such Distribution and have no further right to any replacement or other Distribution in respect thereof. Nothing contained in the CCAA Plan shall require the Disbursing Agent to take any steps to attempt to locate any Affected Creditor or any address for one, beyond the requirements of section 5.07 of the CCAA Plan.

(2) Any cheque in payment of a Distribution that has not been cashed within 6 months after the date of the applicable Distribution may thereafter be cancelled by the Disbursing Agent, with HCPH's liability to the payee of such cheque forever discharged and extinguished, and the

amount otherwise payable pursuant to such cheque will become available for distribution from the Available Cash Pool.

5.09 Income Tax Withholding Requirements

(a) In connection with the CCAA Plan, any Distribution made hereunder by the Disbursing Agent shall be made net of all applicable Taxes. Notwithstanding the foregoing and any other provision of the CCAA Plan, each Affected Creditor that is to receive a distribution pursuant to the CCAA Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Governmental Authority (including income, withholding and other Tax obligations on account of such distribution). The Disbursing Agent, as necessary, shall be authorized to take any and all actions as may be necessary or appropriate to comply with applicable withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Authority.

(b) To the extent that the Disbursing Agent determines that Taxes are required to be withheld and remitted to the appropriate Governmental Authority in respect of any Non-Pension Affected Claim that is an OPEB Claim, such OPEB Claim shall be grossed up by 10% unless otherwise ordered by the Court.

ARTICLE VI
DISPUTED CLAIMS

6.01 No Distributions

A Creditor holding a Disputed Claim will not be entitled to receive a Distribution under the CCAA Plan in respect thereof unless and until such Disputed Claim becomes a Proven Claim that is entitled to a Distribution under this CCAA Plan.

6.02 Disputed Claim Reserve

The Disbursing Agent shall establish, from the funds in the Available Cash Pool prior to making any Distribution in accordance with Section 5.01(h) hereof, a Disputed Claim Reserve on account of all Disputed Claims (if any) existing as at each date for a Distribution, equal to the aggregate amount of the Distribution that all the holders of such Disputed Claims would have been entitled to receive from the Distribution Pool if all such Disputed Claims had been Proven Non-Pension Affected Claims in their entire amount on such Distribution date.

6.03 Distributions from Disputed Claim Reserve

(1) If any portion of a Disputed Claim becomes a Proven Claim entitled to a Distribution under the CCAA Plan after a Disputed Claim Reserve has been established in respect thereof, such holder shall receive a Distribution from the Disputed Claim Reserve in an amount equal to the Distribution such holder would have received in respect of such Proven Claim.

(2) If a Disputed Claim is ultimately disallowed in whole or in part in accordance with the Claims Procedure Orders or other Order of the Court after a Disputed Claim Reserve has been established in respect thereof, any portion of the Disputed Claim Reserve in respect of the disallowed portion of such Disputed Claim will be released back to the Available Cash Pool and will distributed in accordance with Section 5.01.

ARTICLE VII
PENSION PLAN WIND-UPS

7.01 Pension Plan Wind-up Process

Without limitation to the terms of, and the authority given to HCPH pursuant to, the order of the Court dated October 14, 2010 or any other order of the Court or otherwise by law, HCPH may take the steps described in Schedule "B" hereto in connection with the Pension Plan Wind-ups and may cause any surplus in any Pension Plan to be distributed to or for the benefit of the applicable members and beneficiaries of such Pension Plan in the manner contemplated by such steps.

7.02 Monitor's Assistance

(1) In connection with the Pension Plan Wind-ups, HCPH may obtain the assistance of the Monitor and will, subject to approval of the Court, execute and deliver the Pension Plan Wind-up Direction to the Monitor on the Plan Implementation Date.

(2) Without limitation to the rights, powers, protections and benefits in favour of the Monitor and E&Y elsewhere in this CCAA Plan, the Monitor and E&Y will have the rights, powers, protections and benefits set out in the Pension Plan Wind-up Direction, including paragraph 3 thereof.

ARTICLE VIII
SANCTION ORDER

8.01 Application for Sanction Order

A motion shall be brought by HCPH seeking the Sanction Order that is to be heard by the Court following the approval of the CCAA Plan by the Affected Creditors Classes in accordance with the Creditors' Meeting Order and the CCAA.

8.02 Effect of Sanction Order

In addition to approving and sanctioning the CCAA Plan, and subject to the discretion of the Court, the Sanction Order shall, among other things and without limitation:

(a) declare that (i) the CCAA Plan has been approved by the requisite majorities of the Affected Creditors Classes in conformity with the CCAA; (ii) HCPH has complied with the provisions of the CCAA and the orders made in the Applicant's CCAA Proceeding in all respects; (iii) the Court is satisfied that HCPH has not done nor purported to do anything that is not authorized by the CCAA; and (iv) the CCAA Plan and the transactions contemplated thereby are fair and reasonable;

(b) direct and authorize the Applicant, the Monitor, and the Disbursing Agent to fulfill their respective obligations under the CCAA Plan, including to complete the transactions, payments and Distributions contemplated under the CCAA Plan free and clear of all Claims;

(c) provide the Monitor with such expanded powers, directions, protections and authorizations as may be necessary or desirable to enable the Monitor to carry out its duties or contemplated activities in respect of the Pension Plan Wind-ups and all other matters in connection with the implementation and future administration of the CCAA Plan, the CCAA Proceedings, realization on any Remaining Assets or the administration of HCPH;

(d) authorize and direct HCPH to execute and deliver the Pension Plan Wind-up Direction to the Monitor on the Plan Implementation Date;

(e) confirm the effect of the Claims Procedure Orders, including the effect of the Claims Bar Date, the Restructuring Claims Bar Date and the releases, injunctions and prohibitions provided thereunder;

(f) effective on the Plan Implementation Date, permanently stay all Affected Claims and declare that the compromises effected pursuant to the CCAA Plan are approved, binding and effective as herein set out upon all Creditors and other Persons affected by the CCAA Plan;

(g) effective on the Plan Implementation Date, declare that the compromises, releases and injunctions effected by the CCAA Plan, including the releases contemplated by Section 11.01, are approved, binding and effective as of the Plan Implementation Date upon all Affected Creditors and all other Persons affected by the CCAA Plan and shall inure to the benefit of the Applicant, the CRO, the Monitor, the Representative Counsel, and all Persons affected by the CCAA Plan;

(h) continue the stay of proceedings under the Initial Order until the CCAA Proceeding is terminated by order of the Court;

(i) subject to section 5.1(2) of the CCAA, effective on the Plan Implementation Date, stay any and all steps or proceedings, including administrative orders, declarations or assessments, commenced, taken or proceeded with against the Directors or that could have been commenced, taken or proceeded with against the Directors save for the stay of proceedings, and discharge the Directors from any liability arising as a result of their acting as a director and/or officer of the Applicant;

(j) effective on the Plan Implementation Date, permanently enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedy or recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the CCAA Plan; and

(k) confirm that the Monitor's and the Applicant's advisors, the CRO, and the Representative Counsel shall continue to have the benefit of the charges as provided in the Initial Order or other order of this Court, until such time as the CCAA Proceeding is terminated and all obligations secured thereby are paid in full.

ARTICLE IX
CONDITIONS PRECEDENT

9.01 Conditions Precedent to Implementation of CCAA Plan

The implementation of the CCAA Plan is conditional upon the fulfillment, satisfaction or waiver (except for 9.01(a) or 9.01(b)) by HCPH of the following conditions on or before the Plan Implementation Date:

(a) the CCAA Plan being approved by the Affected Creditors in accordance with the Creditors' Meeting Order and the CCAA;

(b) the Sanction Order being issued by the Court in form and substance acceptable to the Applicant, the Monitor and Representative Counsel;

(c) all applicable appeal periods in respect of the Sanction Order having expired and any appeals therefrom having been finally disposed of by the applicable appellate tribunal; and

(d) all relevant Persons having executed, delivered and filed all documents and other instruments and HCPH having obtained all consents and approvals that, in the opinion of the Applicant, acting reasonably, are necessary to implement the provisions of the CCAA Plan.

9.02 Waiver

Any waiver of the conditions in Section 9.01 hereof capable of being waived shall be in writing by HCPH as applicable.

9.03 Monitor's Certificate

Upon being advised by HCPH that the conditions set out in Section 9.01 hereof have been satisfied or waived, the Monitor shall file with the Court a certificate that states that all conditions precedent set out in Section 9.01 of the CCAA Plan have been satisfied or waived.

ARTICLE X
EFFECT OF CCAA PLAN

10.01 Effect of CCAA Plan Generally

The CCAA Plan will become effective upon the filing by the Monitor of the certificate contemplated by Section 9.03. The CCAA Plan (including the releases and injunctions contained in the CCAA Plan), upon being sanctioned and approved by the Court pursuant to the Sanction Order, shall be binding as of the Plan Implementation Date on all Persons and shall constitute:

(a) a full, final and absolute settlement of all rights of the holders of all Affected Claims; and

(b) an absolute release and discharge of all indebtedness, liabilities and obligations of HCPH of or in respect of the Affected Claims.

10.02 Consents, Waivers and Agreements

On the Plan Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of the CCAA Plan in its entirety. In particular, each Affected Creditor shall be deemed:

(a) to have executed and delivered to the Monitor and HCPH all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the CCAA Plan in its entirety; and

(b) to have waived any and all defaults then existing or previously committed by HCPH in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and HCPH and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded.

ARTICLE XI
RELEASES AND INJUNCTIONS

11.01 Releases

For good and valuable consideration, including the compromises and distributions to be made pursuant to the CCAA Plan, every Person (including, for greater certainty, each and every member or beneficiary of each and every Pension Plan and OPEB Plan), regardless of whether or not such Person is an Affected Creditor, and save and except for Unaffected Creditors solely with respect to their Unaffected Claims, on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, actuaries, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives, and successors and assigns, as applicable: (a) hereby fully, finally, irrevocably and unconditionally releases and forever discharges the Applicant, the CRO, the Monitor, and the Representative Counsel, and all current, former, and any future administrators of the Pension Plans or members of any Pension Plan committee, together with each of their and their affiliates' respective current and former legal representatives, agents, directors, officers, predecessors, heirs, spouses, dependants, administrators, executors, subsidiaries, affiliates, related companies, member companies, partners, shareholders, employees, legal counsel, auditors, contractors, actuaries, consultants, financial or other professional advisors, and successors and assigns (collectively, the "**Released Parties**" and individually a "**Released Party**"), as applicable, of and from any and all past, present and future claims, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, damages, expenses, fees, costs, compensation, or causes of action, of whatever kind or nature, whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort, contract, or other basis in law, whether statutory, at common law, civil law, or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission existing or taking place on or prior to the Plan Implementation Date relating to or otherwise in connection with the Applicant, the Applicant's CCAA proceeding, any Pension Plan currently or formerly administered by the Applicant, or in respect of which the Released Parties had any role in their capacity as director, officer or agent of HCPH, or in their capacity as or on behalf of the administrator of or any other capacity in relation to any Pension Plan or OPEB Plan or any other employee benefit or retirement savings plan of HCPH, including without limitation any post-employment benefits or plans of HCPH (collectively, the "**Released Claims**"); and (b) hereby agrees not to make or continue, and is hereby prohibited from making or continuing any claims or proceedings whatsoever based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, the substance of the facts giving rise to any Released Claims (including any action, cross-claim, counter-claim, third party action or application) against any Person who claims or might reasonably be expected to claim in any manner or forum against one or more of the Released Parties, including by way of contribution or indemnity, in common law, civil law, or in equity, or under the provisions of any statute or regulation, or any other basis in law, and that in the event that any of the Released Parties are added to such claim or proceeding, it will immediately discontinue any such claim or proceeding. Notwithstanding the foregoing, nothing herein shall: (x) release or discharge a Released Party from its obligations, if any, under the CCAA Plan; (y) release or discharge any Unaffected Claim against HCPH ; or (z) release or discharge any claim referred to in sections 5.1(2) or 19(2) of the CCAA.

11.02 Injunction

All Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Plan Implementation Date, with respect to the Released Claims, from:

(a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;

(b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property;

(c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;

(d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or

(e) taking any actions to interfere with the implementation or consummation of the CCAA Plan.

This Section 11.02 does not apply to the enforcement of any obligation under the CCAA Plan.

ARTICLE XII
PLAN AMENDMENTS OR TERMINATION

12.01 Plan Amendment

(1) Prior to and during the Creditors' Meeting, the Applicant, in consultation with the Monitor and Representative Counsel, may at any time and from time to time amend, modify and/or supplement the CCAA Plan in accordance with the Creditors' Meeting Order.

(2) Following the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), any amendment, modification or supplement to the CCAA Plan may be made by HCPH by written instrument with the consent of the Monitor and Representative Counsel or approved by the Court provided that it concerns a matter which, in the opinion of the Applicant, the Monitor and Representative Counsel, each acting reasonably, is of an administrative nature required to better give effect to the implementation of the CCAA Plan and to the Sanction Order and is not adverse or prejudicial to the financial or economic interests of the Affected Creditors. The Monitor shall post such amendment on the Website and HCPH shall file the amendment to the CCAA Plan with the Court, but no additional vote of the Affected Creditors will be necessary in order to give effect to such amendment to the CCAA Plan.

(3) Any amended, modified or supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section 12.01, approved by the Court, shall, for all purposes, be and be deemed to be a part of, and be incorporated in the CCAA Plan.

12.02 Termination of the CCAA Plan prior to Implementation

(1) At any time prior to the Plan Implementation Date, HCPH may, subject to further order of the Court, determine not to proceed with the CCAA Plan notwithstanding any prior approvals given at the Creditors' Meeting or the obtaining of the Sanction Order.

(2) If the conditions precedent to implementation of the CCAA Plan are not satisfied or waived, if HCPH determines not to proceed with the CCAA Plan subject to further order of the Court or if the Sanction Order is not issued by the Court: (a) the CCAA Plan shall be null and void in all respects; (b) any document or agreement executed pursuant to the CCAA Plan shall be deemed null and void; and (c) nothing contained in the CCAA Plan, and no act taken in preparation of the consummation of the CCAA Plan, shall constitute or be deemed to constitute a waiver or release of any claims or any defences thereto by or against HCPH or any other Person.

ARTICLE XIII
GENERAL PROVISIONS

13.01 Severability of CCAA Plan Provisions

If, prior to the Plan Implementation Date, any term or provision of the CCAA Plan is held by the Court to be invalid, void or unenforceable, HCPH may apply to Court for an order: (a) severing such term or provision from the balance of the CCAA Plan and provide HCPH with the option to proceed with the implementation of the balance of the CCAA Plan as of and with effect from the Plan Implementation Date; or (b) altering or interpreting such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided HCPH proceeds with the implementation of the CCAA Plan, the remainder of the terms and provisions of the CCAA Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation. Notwithstanding the foregoing, no such severance, alteration or interpretation shall affect Unaffected Claims and the rights of Creditors with Unaffected Claims.

13.02 Advice and Directions

The Applicant, the Monitor, and the Representative Counsel shall each be entitled to apply to the Court from time to time for advice and directions concerning the implementation, operation, and administration of the CCAA Plan.

13.03 Paramountcy

From and after the Plan Implementation Date, any conflict between the CCAA Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, credit document, agreement for sale, by-laws of the Applicant, lease or other agreement, written or oral, and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and HCPH as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the CCAA Plan and the Sanction Order, which shall take precedence and priority.

13.04 Deeming Provisions

In the CCAA Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

13.05 Notices

Any notice or communication to be delivered hereunder shall be in writing and shall reference the CCAA Plan and may, subject as hereinafter provided, be made or given by personal delivery, registered mail, email or by facsimile addressed to the respective parties as follows:

(a) if to the Applicant:

Hollinger Canadian Publishing Holdings Co.
300 North LaSalle St
Suite 4925
Chicago IL 60654
United States of America

Attention:	Dennis Byrd, CRO
Facsimile:	(312) 803-0579
E-mail:	dbyrd@hcphbenefits.com

with a copy to the Monitor (at the address below) and to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attention:	Raj S. Sahni
Facsimile:	416-863-1716
Email:	sahnir@bennettjones.com

(b) if to the Monitor:

Ernst & Young Inc.
Court-appointed Monitor of HCPH
222 Bay Street
P.O. Box 251
Toronto, ON M5K 1J7

Attention:	Alex Morrison and Simone Carvalho
Facsimile:	416-943-3300
Emails:	alex.f.morrison@ca.ey.com simone.carvalho@ca.ey.com

with a copy to:

McCarthy Tetrault LLP
Suite 5300 TD Bank Tower
Toronto Dominion Centre
66 Wellington Street West
Toronto, ON M5K 1E6

Attention: James D. Gage and Heather L. Meredith
Facsimile: 416-868-0673
Emails: jgage@mccarthy.ca
hmeredith@mccarthy.ca

(c) if to the Representative Counsel:

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

Attention: Andrew J. Hatnay and Andrea McKinnon
Facsimile: 416-977-3316
Emails: ahatnay@kmlaw.ca
amckinnon@kmlaw.ca

or to such other address as any party may from time to time notify the others in accordance with this Section 13.05. All such notices and communications that are hand delivered shall be deemed to have been received on the date of delivery, provided same is a Business Day. Any such notices and communications that are faxed shall be deemed to be received on the date faxed if sent before 5:00 p.m. on a Business Day and otherwise shall be deemed to be received on the Business Day next following the day upon which such fax was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing if mailed within Canada and on the ninth Business Day after the date of mailing if mailed outside of Canada. The unintentional failure by HCPH to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to the CCAA Plan.

13.06 Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the CCAA Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, successor or assign of such Person.

13.07 Further Assurances

Notwithstanding that the transactions and events set out in the CCAA Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by HCPH or the Monitor in order to implement and give effect to the CCAA Plan.

13.08 Governing Law

The CCAA Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. In the event of any dispute or issue in connection with, or related to, the interpretation, application or effect of the CCAA Plan, such dispute or issue shall be subject to the exclusive jurisdiction of the Court.

Dated at Toronto, Ontario this __ day of _____, 2012.

Schedule "A"

OPEB Plans

Hollinger Canadian Publishing Holdings Co.
List of OPEB Plans As ofAugust 31, 2011
(based on HCPH's records)

OPEB Plan	Plan Description
Southam Executive Retirement Agreement	Unfunded Plan
Divisional Allowances and Top-Up	Unfunded Plan
Canadian Multi Employer Retirement Fund for the Graphic Arts Media (not an HCPH sponsored plan)	Employer Contribution Only
CAW Union Pension Plan (not an HCPH sponsored plan)	Employer Contribution Only
Death Benefit	Life
SSQ Quebec Union Insurance Plan No. 48951	Premium based
Manulife Policy No. 36933	Life Insurance
Manulife Policy No. 36933	Accidental Death and Dismemberment
Manulife Policy No. 36933	Optional Dependent Life
Manulife Policy No. 36933	Waiver of Premium for Life and ADD
Manulife Policy No. 36934	Optional Life
Manulife Policy No. 36934	Dependent Life
Manulife Policy No. 36934	Spousal Life
Manulife Policy No. 36934	Waiver of Premium for Optional Life
Manulife Policy No. 36935	Optional Accidental Death and Dismemberment
Manulife Policy No. 36935	Waiver of Premium for Optional ADD
Manulife Policy No. 19239	Basic Life including waiver of premiums
Sunlife EDB Policy No. 87993	Basic Life including waiver of premiums
Sunlife EDB Policy No. 87993	Optional Dependent Life including waiver of premiums
Sunlife EDB Policy No. 87993	Employee Optional Life including waiver of premiums
Manulife Policy No. 38460	Basic Life including waiver of premiums
Manulife Policy No. 83173	ASO Dental
Manulife Policy No. 83172	ASO Health
Manulife Policy No. 83497	ASO Retiree Health - $10,000 lifetime max. for retiree and spouse only if applicable.
Manulife Policy No. 35768	Optional Long Term Disability
Manulife Policy No. 37623	Basic Long Term Disability
Manulife Policy No. 38462	Basic Long Term Disability
Manulife Policy No. 39786	Basic Long Term Disability
Manulife Policy No. 001882	Basic Long Term Disability
Manulife Policy No. 19240	Basic Long Term Disability
Manulife Policy No. 2472	Basic Long Term Disability
Manulife Policy No. 960940	Basic Long Term Disability
Manulife Policy No. 960940	Basic Employee Life
Manulife Policy No. 960940	Employee Optional Life
Great West Life Policy No. 28305	Basic Long Term Disability/Basic Life Insurance
Great West Life Policy No. 28305	Basic Life
Great West Life Policy No. 28305	Basic Life
Great West Life Policy No. 330034	Basic Long Term Disability
Great West Life Policy No. 321138	Basic Life including waiver of premiums
Sunlife Policy No. 14227	Basic Long Term Disability
Sunlife Policy No. 14225	Basic Life including waiver of premiums
Sunlife Policy No. 25288	Basic Long Term Disability
Sunlife Policy No. 24010	Basic Life & ADD including waiver of premiums
Sunlife Policy No. 321519	Basic Life including waiver of premiums
WSIB	No Premium
Pacific Blue Cross Policy No. E048387	Health
Pacific Blue Cross Policy No. E038834	Health
Pacific Blue Cross Policy No. E038753	Dental
Pacific Blue Cross Policy No. E038857	Health
Pacific Blue Cross Policy No. E038857	Dental
British Columbia Medical Services Plan	Reimbursement of premiums paid by member to BCMSP
Great West Life Policy 320116	Paid up life
Alberta Health Care	No premiums under the provincial health care plan
Southam LTD Plan	Long Term Disability

Schedule "B"

Pension Plan Wind-up Steps

DETAILED STEP PLAN FOR THE DISTRIBUTION OF ASSETS ON WIND-UP POST-APPROVAL OF RPP WIND-UP REPORTS

Except where otherwise indicated, any reference to an action to be taken by the Monitor shall be as agent of HCPH as administrator of the RPPs and only where HCPH is not otherwise capable of taking such action by virtue of having no CRO or other management (likely after the sanction order is issued). HCPH would remain a legal entity and the official sponsor and administrator of the RPPs throughout.

Steps

1. **Mercer to prepare, on direction of HCPH/Monitor as necessary, and HCPH/Monitor to distribute or to cause to be distributed individual wind-up statements.** Mercer prepares individual wind-up statements of entitlements and options for members/deferred members. HCPH/Monitor generally has 60 days (30 days in B.C.) following approval of the wind-up report to transmit them or have them transmitted to those individuals not already in receipt of a pension.

2. **Election of options by members.** Recipients of wind-up statements have 90 days in Ontario (60 days in B.C.) to elect option to transfer the commuted value to certain prescribed retirement savings vehicles or for the purchase of a life annuity.

3. **Processing of commuted value transfers.** Once member election forms are returned or deadline has passed, Mercer, on direction of HCPH/Monitor as necessary, will determine the amount required for commuted value transfers and which liabilities will need to be annuitized.

4. **Mercer, on direction of HCPH/Monitor as necessary, to prepare annuity purchase data.** Mercer requires approximately two weeks to prepare annuity quote packages for a number of life insurance companies based on the total annuity purchases required. HCPH/Monitor would then sign off on annuity purchase data (within 3 to 5 days). Request for annuity purchase then subject to insurers.

5. **HCPH/Monitor to determine all outstanding administration expenses payable from RPP funds.** HCPH/Monitor would put RPP fund trustees (RBC Dexia and CIBC Mellon) on notice to estimate all trustee/custodial fees up to final distribution date, as well as other fees.

6. **HCPH/Monitor decides on annuity quotes.** Once insurers bid, annuity quotes will only be valid and binding for five business days or less. Mercer will coordinate with

HCPH/Monitor to decide on which bid to accept. A settlement date for the purchase of the annuities ("**Settlement Date**") will be established. *Note*: Copies of the certified annuity quotes are also submitted to the Superintendent.

7. **HCPH/Monitor to liquidate RPP funds in preparation for pension payment for annuity purchases.** HCPH/Monitor will instruct the RPP fund trustees to convert bonds and other assets into cash in the period prior to the purchase of the annuities. RPP fund trustees may need several days of prior notice to liquidate assets. It is only once the RPP fund trustees has/have converted bonds and any other assets to cash that HCPH/Monitor will know exactly how much cash is available in the applicable RPP funds to buy the annuities.

8. **HCPH (or Monitor as agent of HCPH as sponsor of the RPPs) remits or causes to be remitted to RPP fund trustees funds equal to any deficiencies, including any annuity premium paid.** HCPH funds wind-up deficiencies, makes annuity premium payment, and files or causes to be filed with FSCO and FICOM certification that the obligations under the Ontario *Pension Benefits Act* and the British Columbia *Pension Benefits Standards Act* have been fully funded.

   Note: Prior to the Settlement Date, Mercer needs to file a certificate with FSCO (under Regulation 29(8)) and FICOM (under Section 6) to certify that no further contributions are required to fully fund any of the RPPs that had a deficit (as at the wind-up date).

9. **HCPH/Monitor to cause to be filed addendums to wind up reports prepared by Mercer with respect to surplus distribution proposal for any RPP in surplus.** Mercer will file addendums to the wind up reports for any RPPs in surplus setting out the proposed formula for allocation and method of distribution of surplus assets to members and other plan beneficiaries as at the wind-up date of December 31, 2010 for regulatory approval.

10. **HCPH/Monitor to distribute individual surplus statements to members and beneficiaries of RPPs in surplus.** Once final regulatory approval is received, HCPH/Monitor distributes individual statements of surplus entitlement (and options if applicable) to members and other plan beneficiaries as at the wind-up date of December 31, 2010 for RPPs in surplus.

11. **HCPH/Monitor to direct the payment of surplus assets to members, and other plan beneficiaries as at the wind-up date of December 31, 2010 for RPPs in surplus in accordance with the approved formula for allocation.** Surplus is then paid out to the members and other plan beneficiaries as at the wind-up date of December 31, 2010 in accordance with the filed wind up report (and members' elections, if applicable).

12. **HCPH/Monitor to provide confirmation of final distribution of assets from plan to regulators.** HCPH/Monitor to notify FSCO, FICOM and the Canada Revenue Agency of the final distribution of assets from the RPPs.

Schedule "C"

[DRAFT]

Direction and Agreement
HCPH Co Pension Plan Wind-up

TO: Ernst & Young Inc.

Recitals

A. On December 10, 2009, Hollinger Canadian Publishing Holdings Co. ("HCPH") commenced proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA Proceedings") pursuant to an order of the court of that date (the "Initial Order").

B. Pursuant to the Initial Order, Ernst & Young Inc. ("E&Y") was appointed as the monitor of HCPH in connection with the CCAA Proceedings (in such capacity, the "Monitor").

C. HCPH is the administrator (the "Administrator") of the six registered pension plans sponsored by it, as employer, set out in Schedule A (the "Pension Plans").

D. Pursuant to the order of the court in the CCAA Proceedings dated July 27, 2010, Koskie Minsky LLP was appointed as representative counsel ("Rep Counsel") to all members and beneficiaries of the Pension Plans for the purpose of the CCAA Proceedings, and ordered that such members and beneficiaries would be bound by the actions of Rep Counsel in the proceedings.

E. By order of the court in the CCAA Proceedings dated October 14, 2010 (the "Wind-up Order"), HCPH was authorized to wind-up the Pension Plans with an effective date of December 31, 2010 (the "Pension Plan Wind-ups") and to take all necessary actions in connection with the Pension Plan Wind-ups, including, without limitation, the preparation by HCPH's actuarial firm (currently, Mercer (Canada) Limited) (the "Actuarial Firm") of wind-up reports.

F. HCPH has commenced the process in respect of the Pension Plan Wind-ups.

G. Pursuant to the plan of arrangement dated • filed by HCPH in its CCAA Proceedings (as may be amended from time to time, the "CCAA Plan"), HCPH has committed to fund the resulting deficit, if any, of each Pension Plan in connection with the Pension Plan Wind-ups, in priority to distributions under the CCAA Plan to unsecured creditors.

H. HCPH has requested the assistance of the Monitor in connection with the completion of the Pension Plan Wind-ups, and the Monitor has agreed to provide that assistance, subject to the terms hereof.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, HCPH hereby irrevocably and unconditionally authorizes and directs the Monitor, and agrees in favour of E&Y and the Monitor, as follows:

Directions from HCPH

(1) HCPH, as Administrator, irrevocably and unconditionally authorizes and directs the Monitor to take the following actions and steps for and on behalf of HCPH, in HCPH's capacity as Administrator (the "HCPH Wind-up Steps") in connection with the Pension Plan Wind-ups:

(a) to direct the Actuarial Firm to prepare, and to distribute or cause to be distributed wind-up statements of entitlements and options to individual members of the Pension Plans to the extent they are entitled thereto, in accordance with and within the time period required by applicable legislation;

(b) to direct the Actuarial Firm to determine, after receipt of member elections and the applicable deadline has passed: (i) the amount required for commuted value transfers and (ii) which Pension Plan liabilities are to be annuitized;

(c) to direct the Actuarial Firm to prepare annuity quote packages and solicit bids from life insurance companies, based on the total annuity purchases required as determined by the Actuarial Firm in accordance with paragraph 1(b) above;

(d) to direct the Actuarial Firm, after receipt of the annuity quotes and the applicable deadline has passed: (i) to advise in the selection of the insurance company or insurance companies to provide the annuities, (ii) to establish a settlement date for the purchase of annuities, and (iii) to file certified copies of the annuity quotes with the relevant pension regulator as may be required by applicable legislation or by such pension regulator;

(e) to select the insurance company or insurance companies to provide the annuities;

(f) to direct the Actuarial Firm to: (i) prepare an addenda to the wind-up reports for the Pension Plans in surplus setting out a proposed allocation method for the distribution of surplus assets, and (ii) prepare and distribute statements of entitlements to surplus and options to individual members of the Pension Plans to the extent they are entitled thereto, in accordance with and within the time period required by applicable legislation;

(g) to direct the Pension Plan trustees (RBC Dexia and CIBC Mellon) to (i) estimate all trustee/custodial fees up to final distribution date and (ii) to sell or otherwise liquidate bonds and all other assets into cash in the period prior to the purchase of the annuities;

(h) to determine what fees, other than the trustee/custodial fees, are to be paid from the Pension Plan funds;

(i) to direct the Actuarial Firm to file with the relevant pension regulator as may be required by applicable legislation, after any Pension Plan wind-up deficiency has been fully funded, a certification that the obligations under a particular Pension Plan has been fully funded;

(j) to direct the Pension Plan trustees (i) to pay or release Pension Plan funds to the insurance company or insurance companies selected to provide the annuities, (ii) to transfer Pension Plan funds, as required, for commuted value transfers, and (iii) to make any other payment from the Pension Plan funds, including fees and surplus amounts, as may be required in connection with the Pension Plan Wind-ups;

(k) to file or cause to be filed with the Canada Revenue Agency and the relevant pension regulator as may be required by applicable legislation or by the Canada Revenue Agency or such pension regulator a notice of final distribution of assets from the Pension Plan funds;

(l) to do anything else that HCPH, as Administrator, may be required to do or that is otherwise necessary in connection with the Pension Plan Wind-ups.

(2) HCPH, as sponsor and employer, irrevocably and unconditionally authorizes and directs the Monitor to take the following actions and steps for and on behalf of HCPH in connection with the Pension Plan Wind-ups:

(a) facilitate the payment by HCPH, from one or more of HCPH's bank accounts, of any amounts necessary to fund any final deficiency or any other amount owing by HCPH to or in respect of any of the Pension Plans; and

(b) to do anything else that HCPH may be required to do or that is otherwise necessary in connection with the Pension Plan Wind-ups.

<u>Agreements of HCPH</u>

(3) HCPH acknowledges and agrees in favour of E&Y and the Monitor that:

(a) the Monitor, in performing HCPH Wind-up Steps, is solely doing so on behalf of HCPH and neither the Monitor nor E&Y has agreed to become, and neither is assuming any responsibility as, the Administrator of the Pension Plans;

(b) HCPH is and will at all times remain as the Administrator of each of the Pension Plans (unless and until replaced with a successor by the Superintendent of the Financial Services Commission of Ontario or the Superintendent of the Financial Institutions Commission of British Columbia, as the case may be (each, a "Superintendent"), pursuant to applicable legislation (a "Successor Administrator"));

(c) the Monitor is authorized to execute all directions, agreements and other documents of whatever nature in the name and on behalf of HCPH for any purpose in connection with the HPCH Wind-up Steps and the Pension Plan Wind-ups;

(d) neither E&Y nor the Monitor will have any liability for, and each is hereby released from, any claim in respect of any act or omission in respect of HCPH Wind-up Steps or the Pension Plan Wind-ups;

(e) the Monitor will be provided with and is entitled to have access to all of the books and records of HCPH and to all documents and other information required by it from time to time, whether in the possession of HCPH or a third party, in connection with the Pension Plans, HCPH Wind-up Steps and the Pension Plan Wind-ups;

(f) the Monitor at any time may refuse to perform any or all of HCPH Wind-up Steps and, without limitation to the foregoing, upon receipt by the Monitor of notice that a Successor Administrator has been appointed, the Monitor may immediately stop performing HCPH Wind-up Steps;

(g) the Monitor at any time may apply to court for directions with respect to HCPH Wind-up Steps or for any other relief;

(h) the Monitor may discuss from time to time all matters relating to the Pension Plan Wind-ups and the Pension Plans with the applicable Superintendent and Rep Counsel;

(i) the Monitor may at any time engage legal counsel, actuaries, accountants and other advisers to assist it in connection with HCPH Wind-up Steps;

(j) all fees and disbursements of the Monitor (including, without limitation, the fees and disbursements of legal counsel, actuaries, accountants and other advisers) will be paid by HCPH and will constitute Administration Claims for the purposes of the CCAA Plan; and

(k) HCPH hereby indemnifies and holds harmless E&Y (in its capacity as Monitor and in its personal capacity), its affiliates and its and their respective directors, officers, employees, advisors, agents and other representatives (each, an "Indemnified Person") from and against any and all losses, claims, damages and liabilities to which any such Indemnified Person may become subject arising out of or in connection with the Pension Plans, HCPH Wind-up Steps and the Pension Plan Wind-ups or any claim, litigation, investigation or proceeding relating to any of the foregoing (the "Indemnified Matters"), and to reimburse each Indemnified Person upon demand for any reasonable legal or other out-of-pocket expenses incurred in connection with Indemnified Matters or investigating or defending any of the foregoing. HCPH will not, without the prior written consent of E&Y and the relevant Indemnified Person, effect any settlement of any pending or threatened proceeding against an Indemnified Person in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (i) includes an unconditional release of such Indemnified Person from all liability or claims that are the subject matter of such proceeding and (ii) does not include any statement as to any admission. All amounts that may be claimed by an Indemnified Person pursuant to this paragraph 3(k) will constitute Administration Claims for the purposes of the CCAA Plan.

(4) This direction and agreement is in addition to, and does not limit, the rights, powers, protections and benefits given to E&Y and the Monitor in the Initial Order, all other orders in the CCAA Proceedings and the CCAA Plan. If there is any right, power, protection or other benefit in favour of E&Y or the Monitor set out in the Initial Order, any

other order in the CCAA Proceedings or the CCAA Plan which is not set out or provided for in this direction and agreement, such additional right, power, protection or benefit shall remain available to E&Y or the Monitor, as the case may be.

(5) This direction and agreement contains and constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations, agreements and understandings, whether written or oral, of the parties hereto.

(6) This direction and agreement will be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and HCPH irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

(7) Section headings in this direction and agreement are included herein for convenience of reference only and will not constitute a part of this direction and agreement for any other purpose or be given any substantive effect.

(8) This direction and agreement may be executed and delivered by facsimile, portable document format (".pdf") or other electronic means of transmission.

(9) This direction and agreement will be binding upon and inures to the benefit of and is enforceable by the respective successors and permitted assigns of the parties hereto.

DATED as of •, 2012.

Hollinger Canadian Publishing Holdings Co.

Per:

____

Name:
Title:

APPENDIX “B”

Hollinger Canadian Publishing Holding Co
Cumulative Consolidated Receipts and Disbursements
For the Period April 22, 2013 to February 2, 2014
(In Thousands of Canadian Dollars)

	Actual	Projection	Variance	Note
OPENING BANK BALANCE (In $CDN)	**16,179**	**14,274**	**1,905**	**1**
RECEIPTS				
MAV II ABCP Note Payments Received	-	-	-	
Interest Income	84	84	1	
Other	563	563	-	
Total Receipts	648	647	1	
DISBURSEMENTS				
Payroll	(162)	(169)	7	
Consultants	(241)	(296)	55	**2**
Registered Pension Plan Contributions	(7,568)	(4)	(7,563)	**3**
Unfunded Pension Plan Payments	-	-	-	
Post Employment and Post Retirement Benefits	-	-	-	
General & Administrative Costs	(86)	(93)	7	
Restructuring Costs	(1,340)	(1,636)	296	**4**
Total Disbursements	(9,398)	(2,199)	(7,199)	
NET CASH INFLOW/(OUTFLOW)	(8,750)	(1,552)	(7,198)	
CLOSING BANK BALANCE	**7,429**	**12,722**	**(5,294)**	

Hollinger Canadian Publishing Holding Co. ("Applicant")
Combined Actual Receipts and Disbursements
For the Period April 22, 2013 to February 2, 2014
Variance Analysis

The actual receipts and disbursements are denominated in Canadian dollars. U.S. dollars are converted to Canadian dollars at the month end exchange rate as published by the Bank of Canada. In the projection, U.S. dollars were converted to Canadian dollars at the exchange rate of US$1.00=CDN$1.016.

The cash flow forecast appended to the Sixteenth Report of the Monitor (the "**Cash Flow Forecast**") ended at end of June, 2013. For the purpose of presenting the variance analysis, the actual cash flow results for the period from July, 2013 to February 2, 2014 were added to the Cash Flow Forecast.

1. **Opening Balance** - This represents the net cash flow variance incurred during the period April 22, 2013 to February 2, 2014.

2. **Consultants** – The favourable variance is primarily due to a timing difference and lower than expected consulting fees. The timing related difference is expected to reverse in the future.

3. **Registered Pension Plan Contributions** – As explained in detail in the Nineteenth Report, HCPH contributed $7,564,592 to Remaining Pension Plans to fund the deficits in these Remaining Pension Plans. This amount was not included in the forecast due to the uncertainty of the amount and the timing of payment of such amount.

4. **Restructuring Costs** –The favourable variance is primarily due to a timing difference and lower than expected restructuring costs.

APPENDIX "C"

Hollinger Canadian Publishing Holdings Co. ("Applicant") Cash Flow Projection
For The Period From February 3, 2014 to June 29, 2014
(In Thousands of Canadian Dollars)

		Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Monthly	Monthly	Monthly	
Week Ending	**Notes**	**9-Feb**	**16-Feb**	**23-Feb**	**2-Mar**	**9-Mar**	**16-Mar**	**23-Mar**	**30-Mar**	**April**	**May**	**June**	**Total**
Opening Bank Balance	1	7,429	7,389	7,327	7,168	7,158	7,144	7,131	7,031	7,021	6,825	6,654	7,429
Receipts													
Interest Income	2	-	3	-	3	-	3	-	3	6	6	8	32
Tax Refunds	3	-	-	-	-	33	-	20	-	23	19	60	155
Total Receipts		-	3	-	3	33	3	20	3	29	25	69	186
Disbursements													
Payroll	4	(4)	-	(3)	-	(8)	-	(3)	-	(8)	(5)	(5)	(36)
Consultants	5	(16)	(13)	(13)	-	(22)	-	(13)	-	(52)	(45)	(76)	(249)
Registered Pension Plan Contributions	6	-	-	-	-	-	-	-	-	-	-	-	-
Unfunded Pension Plan Payments	7	-	-	-	-	-	-	-	-	-	-	-	-
Post Employment and Post Retirement Benefits	8	-	-	-	-	-	-	-	-	-	-	-	-
General & Administrative Costs	9	(3)	(3)	(2)	(1)	(5)	(4)	(2)	(1)	(15)	(7)	(11)	(54)
Restructuring Costs	10	(17)	(49)	(141)	(12)	(12)	(12)	(102)	(12)	(150)	(138)	(138)	(784)
Total Disbursements		(40)	(65)	(159)	(13)	(46)	(16)	(120)	(13)	(225)	(196)	(230)	(1,123)
Net Weekly Cash Flows		(40)	(62)	(159)	(10)	(14)	(13)	(100)	(10)	(196)	(171)	(161)	(937)
Closing Bank Balance		7,389	7,327	7,168	7,158	7,144	7,131	7,031	7,021	6,825	6,654	6,492	6,492

In the Matter of the CCAA of Hollinger Canadian Publishing Holdings Co. ("HCPH" or the "Applicant")
Notes to the Unaudited Cash Flow Projection

Disclaimer:

In preparing this cash flow projection (the "**Cash Flow Forecast**"), the Applicant has relied upon unaudited financial information and the Applicant has not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the contributions to the registered pension plans, the unfunded pension plans and the post retirement and post employment benefit plans. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Applicant has prepared the Cash Flow Forecast based primarily on historical payments after the implementation of its CCAA Plan. Receipts and disbursements are denominated in Canadian dollars.

Assumptions:

1) **Opening Balance:**
This is the projected opening cash balance of the Applicant for the projection period and includes funds held in Canadian dollars and U.S. dollars that were converted into Canadian dollars at US$ 1.00 = CDN$1.1138 exchange rate.

2) **Interest Income:**
Interest income on available cash is earned at a projected rate of 1.05% and projected to be received bi-weekly.

3) **Tax refunds:**
This represents HCPH's estimated HST refunds during the forecast period.

4) **Payroll:**
Payroll represents projected salaries and benefit costs to one employee who is based in HCPH's Toronto office.

5) **Consultants:**
Consultants represent projected fees of HCPH's Chief Restructuring Officer and costs to certain legal and other advisors assisting HCPH with non-restructuring issues.

6) **Registered Pension Plan Contributions:**
As discussed in the previous Monitor's reports, contributions to registered pension plans ceased pursuant to the Order of April 20, 2011, and are no longer reflected in this Cash Flow Forecast.

7) **Unfunded Pension Plan Payments:**
HCPH had two unfunded pension plans that provide retirement and certain death benefits for certain former employees based on individual arrangements with each of the employees included in these plans.

Pursuant to the Order dated July 28, 2011, HCPH terminated its OPEB plans, including the unfunded pension plans, and ceased contributions after the August 2011 payments were made. Accordingly, the Cash Flow Forecast does not reflect payments to the unfunded pension plans.

8) **Post Employment and Post Retirement Benefits:**
HCPH had several post employment and post retirement benefit programs for its former employees.

Pursuant to the Order dated July 28, 2011, HCPH terminated its OPEB plans as of August 31, 2011, and discontinued monthly premiums thereafter. Accordingly, the Cash Flow Forecast does not reflect payments to the unfunded pension plans.

9) **General and Administrative Costs:**
General and Administrative costs represent projected costs for rent for HCPH's offices, utilities, office supplies and storage costs.

10) **Restructuring Costs:**
Restructuring costs include projected costs related to the fees of HCPH's counsel, the Monitor and its counsel and representative counsel for the post employment and post retirement plan members.