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

THIRTEENTH REPORT OF THE MONITOR DATED JULY 25, 2012

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. (**"EYI"**) 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 OPEBs (defined below) 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) 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 to July 31, 2012 pursuant to further Orders of this Court.

PURPOSE

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

   i. the results of the meeting of affected creditors of HCPH held on July 20, 2012 to consider and vote on a resolution to approve the Plan of Compromise and Arrangement of HCPH (the "**CCAA Plan**") pursuant to the Creditors Meetings Order (as defined herein);

   ii. the Applicant's motion for an Order (the "**Sanction Order**") sanctioning and approving the CCAA Plan;

   iii. the status of the claim with respect to the Southam Inc. Long Term Disability Plan (the "**Southam LTD Plan**") and the Applicant's motion for an Order declaring that the Southam LTD Trust (as defined in the Order of November 28, 2011) does not have any claim against HCPH;

   iv. actual receipts and disbursements of the Applicant from February 26, 2012 to July 15, 2012 as well as the Applicant's cash flow projection from July 16, 2012 to January 20, 2013;

   v. the motion by the Applicant to extend the Stay Period to December 31, 2012; and

   vi. the Applicant's motion to approve this Thirteenth Report and the conduct and activities of the Monitor as set forth herein.

TERMS OF REFERENCE

4. In preparing this Thirteenth Report and in making the comments herein relied upon, EYI has been provided with unaudited financial information, the Applicant's books and records, financial information prepared by the Applicant, and has had discussions with management of the Applicant and the chief restructuring officer. EYI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such

information and, accordingly, EYI expresses no opinion or other form of assurance in respect of such information contained in this Thirteenth Report. Some of the information referred to in this Thirteenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to in this 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 may vary from the projections, even if the assumptions materialize, and the variations could be significant.

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

6. Capitalized terms not defined in this Thirteenth Report are defined in the Initial Order, previous reports of the Monitor and the CCAA Plan.

BACKGROUND

7. 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 Chicago Newspaper Liquidation Corp. ("**CNLC**").

8. 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 "**OPEBs**") 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 (the "**Kram Affidavit**").

9. 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 in formulating a restructuring plan in consultation with the Monitor and Representative Counsel for the Plan Members and other creditors.

SUMMARY OF THE RESULTS OF THE CREDITORS MEETINGS AND ADHERENCE TO THE CREDITORS MEETINGS ORDER

10. As described in the Twelfth Report of the Monitor dated June 7, 2012 (the "**Twelfth Report**"), claims against HCPH include claims with respect to the Pension Plans (the "**Pension Plan Claims**"), claims with respect to the OPEBs (the "**OPEB Claims**") and claims of other general creditors (the "**General Claims**").

11. The CCAA Plan proposed two classes of affected creditors (the "**Affected Creditors**"): i) a Pension Plan Claims Class that addresses claims related to the Pension Plans (the "**Pension Plan Claims Class**"), and (ii) a Non-Pension Affected Claims Class that addresses the OPEB Claims and General Claims (the "**Non-Pension Affected Claims Class**").

12. On June 8, 2012, this Court issued an Order (the "**Creditors Meetings Order**") authorizing HCPH to call, hold and conduct meetings of the Non-Pension Affected Claims Class and the Pension Plan Claims Class to consider and vote on the CCAA Plan (the "**Creditors Meetings**"). The Creditors Meetings were held on July 20, 2012 in the offices of the Monitor at 10.00 a.m. and 11.00 a.m. respectively.

13. In accordance with the Creditors Meetings Order:

    i. on June 10, 2012 and June 12, 2012, the Monitor published the notice of the Creditors Meetings in the national edition of the Globe and Mail newspaper;

ii. on June 18, 2012, the Monitor sent a notice regarding the Creditors Meetings together with a copy of the Twelfth Report (which included a copy of the CCAA Plan) to the creditors in the Pension Plan Claims Class listed on the Mailing List (as defined in the Creditors Meetings Order) by regular mail and to Representative Counsel by e-mail, there being no disputed claims in this class;

iii. on June 18, 2012, the Monitor sent a notice regarding the Creditors Meetings together with a proxy and a copy of the Twelfth Report (which included a copy of the CCAA Plan) to the creditors of the Non-Pension Affected Claims Class listed on the Mailing List by regular mail, to Representative Counsel by e-mail and to the Quebec Ministry of Revenue (the holder of a disputed claim) by regular mail;

iv. on June 19, 2012, a copy of the Creditors Meetings Order was sent by e-mail to all persons on HCPH's service list as of June 8, 2012 and an electronic copy was posted on the Monitor's website, along with a copy of the CCAA Plan, the Twelfth Report and the other Meeting Materials (as defined in the Creditors' Meetings Order); and

v. the Monitor sent copies of the Creditors Meetings Order Meeting Materials to persons who requested such materials from the Monitor.

14. In accordance with the Creditors Meetings Order, Alex Morrison a representative of the Monitor acted as the Chair of each of the Creditors Meetings. At each of the Creditors Meetings a quorum was present and the Chair declared that each of the Creditors Meetings was properly constituted.

15. At each of the Creditors Meetings, Ms. Heather Meredith from McCarthy Tetrault LLP, the Monitor's counsel, was appointed as Secretary of the meeting and Ms. Simone Carvalho a representative of the Monitor was appointed as the Scrutineer.

Summary of Claims for Voting Purposes

16. Using the methodology previously described in detail in the Twelfth Report and set out in the Creditors Meetings Order, total claims for voting purposes in the Pension Plan Claims

Class were as follows:

Pension Plan Claims **Pension Plan (as defined in the Twelfth Report)**	**Number**	**Amount**
Sterling Thomson Plan	1	$ 51,500
Hollinger Thomson Plan	1	113,800
Sterling Newspapers Plan	1	507,600
Journal Plan	1	242,100
HCPH Retirement Plan	1	1
Windsor Star Plan	1	1
Total Pension Plan Claims	**6**	**$ 915,002**

17. As described in the Twelfth Report, the above Pension Plan Claims for distribution purposes may change based on actual deficits in the Pension Plans at the completion of the wind up process.

18. Using the methodology previously described in detail in the Twelfth Report and set out in the Creditors Meetings Order, total claims for voting purposes in the Non-Pension Affected Claims Class were as follows:

Summary of Non-Pension Affected Claims Class	**Number**	**Amount**
OPEB Claims	1,782	$ 39,555,655
General Claims	6	85,561
Total Non-Pension Affected Claims Class	1,788	$ 39,641,216

19. As described in the Twelfth Report, the above OPEB Claims for distribution purposes may change as holders of certain OPEB Claims have provided the Monitor with certain amendments to their OPEB Claims in accordance with the Order of this Court of July 28, 2012.

Non-Pension Affected Claims Class – Creditor Meeting

20. The Creditors Meetings Order provided that Representative Counsel was appointed as proxy for all Affected Creditors in respect of OPEB Claims other than those who

previously opted out of such representation or those who appointed an alternate proxy or attended in person at the Creditors Meeting.

21. At the meeting of the Non-Pension Affected Claims Class, the Chair directed a vote on a resolution to approve the CCAA Plan. 1,778 Affected Creditors with claims for voting purposes totalling $39,524,306.99 were present either in person or by proxy. 42 proxies were held by the Monitor and 1,736 proxies were held by Representative Counsel based on the provisions in the Creditors Meetings Order as described above. Of the 1,778 creditors attending, 1,777 Affected Creditors with claims for voting purposes totalling $39,514,722.99 voted in favour of the CCAA Plan.

22. As a result, the CCAA Plan was approved by a majority in number representing more than two thirds in value of the Affected Creditors holding voting claims in the Non-Pension Affected Claims Class.

Pension Plan Claims Class – Creditor Meeting

23. The Creditors Meetings Order provided that Representative Counsel was appointed as proxy for HCPH, in its capacity as administrator of each of the Pension Plans.

24. At the meeting of the Pension Plan Claims Class, the Chair directed a vote on a resolution to approve the CCAA Plan. Representative Counsel representing the Pension Plans with claims for voting purposes totalling $915,002 was present and voted in favour of the CCAA Plan.

25. As a result, the CCAA Plan was approved by Representative Counsel representing the Pension Plan Claims.

Summary of Vote Results

26. In summary, the CCAA Plan was approved by the "Requisite Majorities" as defined in paragraph 30 of the Creditors Meetings Order, with voting as summarized in the table below:

Class of Creditors	In Favour by Number	In Favour by Value
Pension Plan Claims	100%	100%
Non-Pension Affected Claims	99.94%	99.98%

Disputed Claims

27. The only Disputed Claim (as defined in the Order of this Court of June 8, 2010) is a claim from the Quebec Ministry of Revenue for approximately $38,000. The Quebec Ministry of Revenue was sent a notice of the Creditors Meetings, however did not attend the meeting in person or by proxy. If the Quebec Ministry of Revenue had attended the Creditors Meeting and voted against the CCAA Plan in the Non-Pension Affected Claims Class using the full value of its Disputed Claim, it would not have changed the outcome of the vote with respect to the Non-Pension Affected Claims Class

CONDITIONS FOR APPROVAL OF THE CCAA PLAN

28. Article 9.01 of the CCAA Plan indicates that the CCAA Plan is conditional upon the fulfillment, satisfaction or waiver (except for certain conditions) by HCPH of the following conditions on or before the implementation of the CCAA Plan:

    i. the CCAA Plan being approved by the Affected Creditors in accordance with the Creditors Meetings Order and the CCAA;

    ii. a Sanction Order being issued by this Court in form and substance acceptable to HCPH, the Monitor and Representative Counsel;

    iii. 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

    iv. all relevant Persons (as defined in the CCAA Plan) 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.

29. Upon completion of the conditions set out above, the Monitor will file a certificate certifying that all such conditions precedent have been satisfied by waived by HCPH. HCPH has advised that with respect to item (iv) above, it does not expect that there are any items remaining to be addressed.

SOUTHAM LTD PLAN

30. By Order dated November 28, 2011, this Court ordered the Southam LTD claims notice (which was sent to the trustees of the Southam LTD Trust, and not disputed or amended by the trustees), binds the members of the Southam LTD Plan and represents the entire Southam LTD claim of the Southam LTD Trust and Southam LTD Plan members against HCPH to the extent of any deficiency between the Southam LTD claim and the assets in the Southam LTD Trust at the Termination Date (defined below).

31. The Monitor has received a copy of the valuation report with respect to the Southam LTD Plan from HCPH's actuary Mercer Canada Limited ("**Mercer**"), which reflects liabilities of the Southam LTD Plan of $958,706 as of the Southam LTD Plan termination date of November 30, 2011 (the "**Termination Date**"). HCPH has provided the Monitor with a copy of the statement of assets with respect to the Southam LTD Plan compiled by RBC Dexia Investor Services Limited reflecting assets of $1,547,688.31 as of the Termination Date. As the assets exceed the liabilities, the Southam LTD Plan is in a surplus position as of the Termination Date.

32. Accordingly, the Monitor supports the relief sought by the Applicants in the Sanction Order that there is no claim with respect to the Southam LTD Plan against HCPH.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS

33. A summary of the actual receipts and disbursements of the Applicant as compared to the projection set out in the Eleventh Report is attached as Appendix 'A' to this Thirteenth Report.

34. The Applicant's actual consolidated net cash outflow for the period from February 27,

2012 to July 13, 2012 was approximately $1.4 million. A detailed variance analysis is set out in Appendix 'A' to this Thirteenth Report.

UPDATED CASH FLOW PROJECTION

35. HCPH, with the assistance of the Monitor, has prepared a cash flow projection (the "**Cash Flow Forecast**") for the period from July 14, 2012 to January 20, 2013 (the "**Projection Period**"), a copy of which is attached as Appendix 'B' to this Thirteenth Report. The Cash Flow Forecast has been prepared by management of HCPH, using probable and hypothetical assumptions set out in notes 1 to 11 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.

36. The Applicant is projecting a net cash outflow of approximately $2.4 million during the Projection Period. The Cash Flow Forecast projects that the Applicants will have sufficient liquidity to operate during the proposed Stay Period.

37. As described in the Twelfth Report, HCPH is in the process of winding up its Pension Plans. Since the timing of the wind up process is uncertain, as described further in this Thirteenth Report, the Cash Flow Forecast does not reflect the proposed distributions under the CCAA Plan.

38. 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.

UPDATE ON DISTRIBUTIONS PROPOSED IN THE CCAA PLAN

39. The anticipated timing for distributions proposed in the CCAA Plan is described in the Twelfth Report of the Monitor.

40. By way of update, the Monitor has been advised by Mercer that on July 20, 2012, wind up statements with respect to the Pension Plans were mailed to the respective Pension Plan members and such Plan Members have 90 days to elect certain options as identified

in the wind up statements. After the responses are received, there are various other steps required to complete the wind up of the Pension Plans and purchase of annuities. Such steps are expected to take at least several months to complete.

41. As set out in the Twelfth Report, distributions to the Non-Pension Affected Claims Class will not take place until distributions are made to the Pension Plan Claims Class. In the interim, the Monitor intends to seek an advance tax ruling from the CRA with respect to the federal income tax treatment of certain medical and dental OPEB Claims (the "**Advance Tax Ruling**"). Since the date of the Twelfth Report, the Monitor has filed an application for the Advance Tax Ruling and is presently awaiting a response in relation thereto.

STAY EXTENSION

42. The current Stay Period under the Initial Order expires on July 31, 2012. The Applicant is seeking an extension of the Stay Period to December 31, 2012 in order to permit HCPH the time to complete the wind up of the Pension Plans as described above, complete the process for the determination of its OPEB and other liabilities, complete the conditions required to implement the CCAA plan and implement the CCAA Plan. At this stage, the Monitor expects that a further request to extend the Stay Period will be made at that time.

43. Based on its observation of the Applicant's wind down process, it is the Monitor's view that the Applicant has acted in accordance with the Initial Order and other Orders of this Court, and that the Applicant is acting in good faith and with due diligence.

RECOMMENDATIONS

44. The Monitor supports the relief sought by the Applicant and recommends that the Order be made, if this Court sees fit:

   i. granting the Applicant's motion for a Sanction Order sanctioning and approving the CCAA Plan;

   ii. the Applicant's motion for an Order declaring that the Southam LTD Trust does not have any claim against HCPH;

iii. extending the Stay Period to December 31, 2012; and

iv. approving this Thirteenth Report and the conduct and activities of the Monitor as reported on herein and the conduct and activities of the CRO as described in the Byrd Affidavit.

All of which is respectfully submitted this 25th day of July, 2012.

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”

Hollinger Canadian Publishing Holding Co
Cumulative Consolidated Receipts and Disbursements
For the Period February 27, 2012 to July 15, 2012
(In Thousands of Canadian Dollars)

	Actual	Projection	Variance	Note
OPENING BANK BALANCE (In $CDN)	**15,035**	**15,035**	-	
RECEIPTS				
MAV II ABCP Note Payments Received	-	-	-	
Interest Income	113	57	56	
Other	-	-	-	
Total Receipts	113	57	56	
DISBURSEMENTS				
Payroll	(102)	(102)	(1)	
Consultants	(284)	(357)	73	1
Registered Pension Plan Contributions	(6)	(7)	1	
Unfunded Pension Plan Payments	-	-	-	
Post Employment and Post Retirement Benefits	(11)	(9)	(2)	
General & Administrative Costs	(62)	(88)	25	
Restructuring Costs	(1,104)	(1,244)	140	2
Total Disbursements	(1,570)	(1,807)	238	
NET CASH INFLOW/(OUTFLOW)	(1,457)	(1,751)	294	
CLOSING BANK BALANCE	**13,578**	**13,284**	**294**	
Indemnity Trust (Not included in the funds above)	6,900	6,962	(62)	3

Hollinger Canadian Publishing Holding Co. ("Applicant")
Combined Actual Receipts and Disbursements
For the Period February 27, 2012 to July 15, 2012
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$1.0028=CDN$1.00.

1. **Consultants** – The favourable variance is primarily due to timing and is expected to reverse in the future.

2. **Restructuring Costs** – The favourable variance is primarily due to a timing difference partially offset by higher than expected professional fees related to the Indemnity Trust dispute. The timing difference is expected to reverse in the future.

3. **Indemnity Trust** – The variance is due to the withdrawal of professional fees from the indemnity trust for certain defamation actions not related to these CCAA proceedings. The indemnity trust (the "**Trust**") is further described in the affidavit of Thomas Kram dated December 8, 2009 (the "**Kram Affidavit**"). Please refer to the Eleventh Report of the Monitor for further details with respect to the Indemnity Trust.

APPENDIX “B”

Hollinger Canadian Publishing Holdings Co. ("Applicant") Cash Flow Projection
For The Period From July 16, 2012 to January 20, 2013
(In Thousands of Canadian Dollars)

		Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Monthly	Monthly	Monthly	Monthly	
Week Ending	**Notes**	**22-Jul**	**29-Jul**	**5-Aug**	**12-Aug**	**19-Aug**	**26-Aug**	**2-Sep**	**9-Sep**	**16-Sep**	**23-Sep**	**30-Sep**	**Oct-2012**	**Nov-2012**	**Dec-2012**	**Jan-2013**	**Total**
Opening Bank Balance	1	13,578	13,227	13,160	13,082	13,065	12,866	12,849	12,804	12,736	12,714	12,520	12,481	12,180	11,849	11,554	13,578
Receipts																	
Interest Income	2	6	-	6	-	6	-	5	-	5	-	5	10	10	10	10	73
Tax Refunds due from CRA	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		6	-	6	-	6	-	5	-	5	-	5	10	10	10	10	73
Disbursements																	
Payroll	4	(5)	-	(16)	-	(5)	-	(5)	(11)	-	(5)	-	(16)	(21)	(10)	(18)	(114)
Consultants	5	(23)	(15)	(45)	-	(7)	-	(24)	(38)	(7)	-	(24)	(50)	(50)	(47)	(64)	(396)
Registered Pension Plan Contributions	6	(1)	-	-	-	(1)	-	-	-	-	(1)	-	(1)	(1)	(1)	(1)	(10)
Unfunded Pension Plan Payments	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post Employment and Post Retirement Benefits	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General & Administrative Costs	9	(8)	(2)	(7)	(2)	(6)	(2)	(6)	(4)	(6)	(2)	(6)	(13)	(23)	(17)	(11)	(114)
Restructuring Costs	10	(318)	(50)	(15)	(15)	(185)	(15)	(15)	(15)	(15)	(185)	(15)	(230)	(245)	(230)	(315)	(1,863)
Total Disbursements		(357)	(67)	(84)	(17)	(204)	(17)	(50)	(68)	(28)	(194)	(45)	(311)	(341)	(305)	(411)	(2,498)
Net Weekly Cash Flows		(351)	(67)	(78)	(17)	(199)	(17)	(45)	(68)	(22)	(194)	(39)	(301)	(331)	(295)	(401)	(2,424)
Closing Bank Balance		13,227	13,160	13,082	13,065	12,866	12,849	12,804	12,736	12,714	12,520	12,481	12,180	11,849	11,554	11,154	11,154

Indemnity Trust	11	6,900

Note: The assets within the trust cannot be used for the benefit of HCPH until the termination of the trust.

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**"), HCPH has relied upon unaudited financial information and HCPH 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:

HCPH has prepared the Cash Flow Forecast based primarily on historical payments. 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$ 1.0181 = CDN$1 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:**
HCPH has filed Income Tax returns and HST returns with CRA for which the company expects to receive a refund. The amount of the refund that will be received during the Cash Flow Forecast period cannot be determined at the time of this Report.

4) **Payroll:**
Payroll represents projected salaries and benefit costs to two employees who are based in HCPH's Toronto office and the cost of a contract employee in Chicago.

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 (except the Journal Publishing plan) ceased pursuant to the Order of April 20, 2011, and are no longer reflected in this Cash Flow Forecast. HCPH forecasts contributions to the Journal Publishing plan based on historical run rates.

7) **Unfunded Pension Plan Payments:**
HCPH has 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. Further details of such plans are presented in the Kram Affidavit.

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. Further details of such programs are presented in the Kram Affidavit.

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 post employment and post retirement benefit plans.

9) **General and Administrative Costs:**
General and Administrative costs represent projected costs for rent for HCPH's Toronto and Chicago 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 and its actuary.

11) **Restricted Cash:**
The Indemnity Trust balance represents cash held in a trust indenture (the "**Trust**") for certain indemnities and trust payments. As described in the Kram Affidavit, the assets within the Trust can not be used for the benefit of HCPH until the termination of the Trust. Upon the termination of the Trust, any residual amount returns to HCPH. The restricted cash is reduced on a monthly basis for withdrawals related to

professional fees and for certain defamation actions not related to these CCAA proceedings as further described in the Kram Affidavit. Please refer to the Eleventh Report of the Monitor for further details with respect to the Indemnity Trust