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

SEVENTEENTH REPORT OF THE MONITOR DATED MAY 3, 2013

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 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 Seventeenth Report of the Monitor (the "**Seventeenth Report**") is to report to this Court with respect to:

   i. an overview of a proposal (the "**Preliminary Proposal**") that Representative Counsel has developed with respect to five of HCPH's six pension plans a) HCPH Retirement Plan; b) HCPH Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers (the "**Hollinger Thomson Plan**"); c) Sterling Newspapers Company Pension Plan for Employees of the Newspapers Formerly Owned by Thompson Newspapers (the "**Sterling Thomson Plan**"); d) HCPH Plan for Employees of Newspapers Formerly Owned by Sterling Newspapers (the "**Sterling BC Plan**"); and e) Journal Publishing Company Limited Pension Plan (the "**Journal Plan**"), and (collectively, the "**Deficit Pension Plans**");

   ii. the call conducted with certain Pension Plan Members of the Deficit Pension Plans on March 25, 2013 with respect to whether the Preliminary Proposal should be pursued by HCPH, the Monitor and Representative Counsel;

   iii. an update with respect to the funding deficits in the Deficit Pension Plans prepared by HCPH's actuary Mercer (Canada) Ltd. ("**Mercer**") based on illustrative quotes received by HCPH for the purchase of annuities;

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

   v. next steps in HCPH's CCAA Proceedings.

TERMS OF REFERENCE

4. In preparing this Seventeenth 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 its actuaries, and has had discussions with the CRO. EYI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information contained in this Seventeenth Report. Some of the information referred to in this Seventeenth 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 Seventeenth Report are defined in the Initial Order, previous reports of the Monitor and the CCAA Plan (defined below).

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 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 "**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 (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 (the "**CCAA Plan**") in consultation with the Monitor and Representative Counsel for the Plan Members and other creditors. 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.

10. As discussed in detail in the Twelfth Report of the Monitor dated June 7, 2012 (the "**Twelfth Report**"), the current CCAA Plan provides that each Pension Plan will be paid the total wind up deficit amounts for such Pension Plan, once determined, in full and final satisfaction of the applicable Pension Plan Claims and that the deficit amounts will be paid prior to any distributions to HCPH's unsecured creditors of which the OPEB Plan Members, as holders of OPEB Claims, are the predominant group.

11. As further described in the Twelfth Report, based on preliminary estimates of the wind up surpluses and deficits with respect to the Pension Plans prepared by Mercer, the total preliminary wind up deficit for four Pension Plans that were in a deficit position at that time had been estimated to be approximately $916,000 and two Pension Plans including the HCPH Retirement Plan and the Windsor Star Pension Plan had been estimated to be in a surplus position on wind up.

12. 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 including 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 amount 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.

13. As further discussed in detail in the Fifteenth Report, 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.

14. At the time, HCPH 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, and Representative

Counsel requested that HCPH not proceed with the wind up 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 Deficit 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.

OVERVIEW OF THE PRELIMINARY PROPOSAL DEVELOPED BY REPRESENTATIVE COUNSEL

15. Because of the unexpected increase in the cost to purchase annuities in the Deficit Pension Plans as described above, it appeared that HCPH would not have sufficient funds to make a distribution to OPEB Plan Members in respect of their OPEB claims, or if there was any distribution, it would be much lower than originally expected. Further, it was possible that HCPH's remaining cash would only be sufficient to purchase annuities that paid reduced pension benefits to the Pension Plan Members. As a result, Representative Counsel sought to propose an alternative approach to the distribution structure required by and now in effect under the existing CCAA Plan.

16. Representative Counsel's Preliminary Proposal is set out in its letter dated March 14, 2013 (the "**March 14 Letter**") that Representative Counsel sent to all Plan Members. A copy of the March 14 Letter is attached as Appendix 'A' to this Seventeenth Report.

17. The Preliminary Proposal, if pursued, would seek to adjust the CCAA Plan in order to:

    i. pay in full the wind up deficits in each of the Hollinger Thomson Plan, the Sterling Thomson Plan, the Sterling BC Plan and the Journal Plan, by a cash payment from HCPH to allow for annuities to be purchased to pay full pension benefits for the members of those four pension plans. These four pension plans are smaller than the HCPH Retirement Plan. The rationale for this approach to these four plans, as the Monitor understands it, is that completion of the wind up of these smaller plans would reduce ongoing administration costs;

ii. HCPH would retract the wind up of its largest pension plan, the HCPH Retirement Plan. HCPH would continue as plan administrator and continue to operate the HCPH Retirement Plan on a going concern basis; and

iii. the remaining cash in HCPH after paying administration and restructuring costs, would be distributed to HCPH's unsecured creditors (who are predominantly retirees with OPEB claims).

18. The Preliminary Proposal was only a preliminary proposal and the details of how it might be implemented would still need to be worked out, including discussions with the pension regulators in Ontario and British Columbia and procedures to seek approval from relevant Plan Members.

19. The March 14 Letter indicated that Representative Counsel, with the assistance of the Monitor, would seek feedback from a sample of retirees with respect to Representative Counsel's Preliminary Proposal.

CALL WITH CERTAIN PLAN MEMBERS WITH PREDOMINANTLY PENSION CLAIMS

20. As required by the endorsement of this Court of February 25, 2013, the Monitor, in consultation with HCPH and Representative Counsel arranged for a call with a sample of Plan Members with predominantly pension claims (and with no or relatively minimal OPEB claims) to seek their feedback on whether the Preliminary Proposal should be pursued by HCPH, the Monitor and Representative Counsel. The reason for focussing on Plan Members of this nature is that significant overlap exists between individuals who are Pension Plan Members and OPEB Plan Members. However, it is Pension Plan Members, as holders of Pension Claims, who would be most affected by the Preliminary Proposal since the current CCAA Plan contemplates that the pension deficits will be paid in full. Therefore, there was a desire to receive feedback from individuals whose economic interest was predominantly or exclusively pension-related, separate and apart from feedback from individuals with predominantly OPEB Claims or with more mixed claims.

21. The sample of Plan Members for the call was selected based on higher monthly pension

amounts, lower ages with relatively high pension amounts and low or no OPEB claims. A total of 38 Plan Members with predominantly pension claims were selected from the Deficit Pension Plans consisting of 29 Plan Members from the HCPH Retirement Plan, three Plan Members from the Hollinger Thomson Plan, two Plan Members from the Sterling Thomson Plan, two Plan Members from the Sterling BC Plan and two Plan Members from the Journal Plan.

22. On March 15, 2013, the Monitor sent a letter by courier to each of the 38 Plan Members inviting such Plan Members to a conference call to be conducted by the Monitor along with HCPH and Representative Counsel at 11.00 a.m. on March 25, 2013 (the "**March 25 Call**"). The Monitor requested that Plan Members respond to the Monitor as to their availability for the call. In addition, calls were made to a few additional persons in the Sterling Thomson Plan as the Monitor had not received positive responses from Plan Members initially invited from the Sterling Thomson Plan. The Monitor received positive responses from 19 Plan Members who were expected to attend the March 25 Call consisting of 15 Plan Members from the HCPH Retirement Plan and one Plan Member from each of the Hollinger Thomson Plan, the Sterling Thomson Plan, the Sterling BC Plan and the Journal Plan. A copy of the Monitor's letter dated March 15, 2013 is attached as Appendix 'B' to this Seventeenth Report.

23. The March 25 Call was conducted by the Monitor at its offices along with the CRO, Representative Counsel, HCPH's counsel and the Monitor's counsel. In addition, one member of Representative Counsel's client committee also attended the call, in that capacity. The Monitor conducted a roll call at the commencement of the call and it was determined that 14 Plan Members or their family representatives were in attendance on the call consisting of 12 Plan Members from the HCPH Retirement Plan, and one Plan Member from each of the Sterling Thomson Plan and the Sterling BC Plan. No Plan Members from the Hollinger Thomson Plan or the Journal Plan attended the call.

24. Plan Members on the March 25 Call were advised that the purpose of the call was to provide the participants on the call with an overview of the status of the existing CCAA Plan now in effect and to seek feedback from a sample of Plan Members with

predominantly pension claims with respect to their views on whether HCPH, Representative Counsel and the Monitor should continue to pursue the Preliminary Proposal. Plan Members were further advised that the March 25 Call was not to obtain a formal vote, but to seek informal feedback. On the March 25 Call, the Monitor provided a background of the events leading to the March 25 Call, following which Representative Counsel presented an overview of its Preliminary Proposal. The remainder of the call was spent on questions and feedback from the Plan Members in attendance.

25. During the March 25 Call, every participant was given the opportunity to provide feedback and was also invited, if he or she preferred, to provide feedback directly to the Monitor after the call. The persons attending the March 25 Call actively participated in the discussions and several questions and comments were received from the participants, including comments on specific provisions in the Preliminary Proposal all of which were noted by the Monitor. Subsequent to the March 25 Call, the Monitor received additional feedback directly from certain Plan Members who were on the March 25 Call as well as Plan Members who were unable to attend the March 25 Call.

26. The feedback received from the participants of the March 25 Call as well as others who could not attend the call included some Pension Plan Members who actively opposed the Preliminary Proposal and other Pension Plan Members who were supportive or not opposed to the further pursuit of the Preliminary Proposal. Further, the Monitor received feedback from certain retirees and deferred Pension Plan Members who were not supportive of the Preliminary Proposal. In addition, the Monitor understands that Representative Counsel received feedback directly from certain Pension Plan Members which feedback was a combination of Pension Plan Members who were supportive or not opposed to the further pursuit of the Preliminary Proposal as well as Pension Plan Members who opposed the Preliminary Proposal.

27. A common request from participants of the March 25 Call was for information related to the current funded status of the Deficit Pension Plans, updated from the late November/early December 2012 information.

UPDATE WITH RESPECT TO THE PENSION PLAN DEFICITS

28. Based on the March 25 Call, it was determined that HCPH, Representative Counsel and the Monitor would continue to review and consider options of a nature like the Preliminary Proposal with a view to delivering an alternative arrangement that would be considered by Plan Members to deal with the increased pension deficiencies.

29. Further, it was determined that in order to develop an alternative arrangement it was necessary to obtain current information with respect to the expected wind up funded status of the Deficit Pension Plans based on illustrative annuity quotes. Accordingly, HCPH, in consultation with Representative Counsel and with the assistance of the Monitor requested Mercer to obtain illustrative annuity quotes with respect to the Deficit Pension Plans. On April 2, 2013 and April 3, 2013, Mercer sent a request to six insurance companies for illustrative quotes for the purchase of annuities with respect to the Deficit Pension Plans.

30. On April 12, 2013, Mercer received illustrative quotes from six insurance companies. On April 15, 2013, Mercer provided a summary of the illustrative quotes received to HCPH and the Monitor, along with an analysis of the estimated deficits in the Deficit Pension Plans. HCPH provided a copy of the illustrative quotes as well as Mercer's analysis to Representative Counsel. Based on Mercer's analysis, it appeared that the wind up deficit calculations (the difference between the assets of the Pension Plans and the cost of the annuities and commuted value transfers, in aggregate and before wind-up expenses) based on the most advantageous annuity quotes totalled in aggregate to approximately $8.9 million before expenses related to the Pension Plans. This compares favourably to the $12.8 million deficit estimated in December 2012, based on the November 29, 2012 annuity quotes referred to earlier in this Seventeenth Report. It should be noted that the illustrative quotes were estimates only as at the time they were obtained and in any event they were not binding on the insurance companies. Therefore, actual deficit calculations could vary materially.

31. The table below sets out a comparison of wind up deficits in the Deficit Pension Plans based on annuity quotes received on November 29, 2012 and the illustrative annuity

quotes received on April 12, 2013:

Comparison of Deficits in the Pension Plans ($000's)		Final Annuity Quotes November 29, 2012		Illustrative Annuity Quotes April 12, 2013		
Pension Plans	Registration #	(Deficit)		(Deficit)		Difference
		(excluding expenses)		(excluding expenses)		
Ontario Registered Pension Plans						
HCPH Retirement Plan	526947	$	(11,319)	$	(7,572)	$ 3,747
Sterling Thomson Plan	1024744		(148)		(138)	10
Hollinger Thomson Plan	1033786		(272)		(259)	13
			(11,739)		(7,969)	3,769
B.C Registered Pension Plan						
Sterling Newspapers Plan	PO85060		(818)		(642)	176
Journal Plan	No Registration #		(273)		(271)	2
Total Pension Plans		$	(12,830)	$	(8,882)	$ 3,947

32. The analysis in the table above reflects that aggregate deficit in the Deficit Pension Plans may have decreased by approximately $3.9 million from November 29, 2012 to April 12, 2013. Based on discussions with Mercer, it appears that such decrease is due to a combination of items including better annuity quotes from certain insurance companies and changes in the status of Plan Members in the Deficit Pension Plans.

UPDATE WITH RESPECT TO HCPH'S CURRENT CASH POSITION

33. HCPH's primary remaining asset is cash of approximately $16.1 million as of April 21, 2013, before accrued but unpaid costs and expenses. Accordingly, such cash, after the payments of costs relating to the ongoing administration of the CCAA proceedings and addressing the issues relating to the Pension Plans, is the primary source from which distributions will be made under the CCAA Plan.

34. A summary of the actual receipts and disbursements of the Applicant as compared to the projection set out in the Sixteenth Report of the Monitor dated February 22, 2013 (the "**Sixteenth Report**") is attached as Appendix 'C' to this Seventeenth Report. The Applicant's actual consolidated net cash inflow for the period from February 11, 2013 to April 21, 2013 was approximately $1 million. A detailed variance analysis is set out in Appendix 'C' to this Seventeenth Report.

NEXT STEPS IN HCPH'S CCAA PROCEEDINGS

35. At a 9.30 a.m. case conference call on April 30, 2013, HCPH provided this Court with an update on the April 12, 2013 illustrative annuity quotes. Given the possibility of an improved market for annuities, HCPH informed the Court that it would consult with Representative Counsel about obtaining formal annuity quotes and for having discussions with the insurance companies that provided the illustrative quotes on April 12, 2013 to assess whether the illustrative annuity quotes could be improved.

All of which is respectfully submitted this 3rd day of May, 2013.

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

KOSKIE
MINSKY LLP
BARRISTERS & SOLICITORS

March 14, 2013

Andrew J. Hatnay
ahatnay@kmlaw.ca

PRIVATE AND CONFIDENTIAL

Via Regular Mail

Dear Sir/Madam:

Re: Hollinger Canadian Publishing Holdings Co. ("HCPH")
Proceedings under the *Companies' Creditors Arrangement Act* ("CCAA")
Our File No. 09/1867

We are writing further to our letter of December 10, 2012 to provide you with an update on the status of this matter and the proposal that is under discussion for next steps.

In our December 10, 2012 letter (under heading number 3), we reported that we received information from HCPH's actuary in December 2012 that the cost for HCPH to purchase annuities from life insurance companies to take over the payment of pension benefits from the HCPH Pension Plans once those plans are wound up had become extraordinarily high.

It had been previously estimated by HCPH's actuary, Mercer Canada Ltd. ("Mercer") that the total wind up deficits with respect to all of HCPH's Pension Plans was approximately $916,000. This meant that HCPH would have to pay $916,000 from its cash (in addition to using all the pension plan assets) to be able to purchase annuities from a life insurance company that would continue to pay pension benefits to all HCPH pension plan members in full amounts.

However, in December 2012, when HCPH received quotes from insurance companies to purchase annuities, the additional cost required to purchase the annuities had increased from $916,000 to approximately $13 million, primarily due to market conditions. As a result, there was insufficient cash in all of the HCPH pension funds, plus the cash in HCPH at the time, to be able to proceed with the annuity purchases for all the HCPH pension plans that would pay pension benefits in full amounts (with the exception of the Windsor Star Plan, which is discussed further below).

Instead, the amount of cash available could only purchase annuities that would pay *reduced* pension benefits. In other words, if HCPH had proceeded with the annuity purchases in December 2012, then pension benefits for all HCPH pension plan members (other than the Windsor Star Plan) would have been reduced. Furthermore, there would have been no cash left for HCPH to make any distributions on retirees' OPEB claims.

We believe it is helpful to recap the HCPH pension and benefit situation before we proceed to discuss the proposal for next steps to deal with the current predicament.

HCPH is the administrator of six registered pension plans:

a) HCPH Retirement Plan, (Registration No. 0526947) (the "HCPH Plan"). This plan has 2333 members.

b) HCPH Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers, (Registration No. 1033786). This plan has 33 members.

c) Sterling Newspapers Company Pension Plan for Employees of the Newspapers Formerly Owned by Thompson Newspapers, (Registration No. 1024744). This plan has 41 members.

d) HCPH Plan for Employees of Newspapers Formerly Owned by Sterling Newspapers, (Registration No. 399444). This plan has 9 members.

e) Journal Publishing Company Limited Pension Plan, (Registration No. 0267351). This plan has 2 members.

f) Windsor Star Pension Plan, (Registration No. 0208355) (the "Windsor Star Plan"). This plan has 83 members.

Collectively, the HCPH pension plans are referred to in this letter as the "RPPs" (an acronym for "registered pension plans").

HCPH also sponsored a number of health benefit plans and unfunded supplementary pension plans for retirees. The benefits for these plans were paid out of company cash (as opposed to being funded by money paid into a trust fund). These plans are collectively referred to as "OPEBs" (an acronym for "other post-employment benefits").

As you are aware, HCPH terminated its OPEB plans on August 31, 2011. HCPH's actuary, in consultation with the actuary we retained, calculated the retirees' OPEB claims against HCPH in the amount of approximately $39.5 million. We filed a claim for this amount in the HCPH creditors' claims process. There are 1777 HCPH retirees with OPEB claims

The retirees are by far the largest creditor group of HCPH and have the greatest amount of claims.

Based on the financial situation estimated by Mercer, we negotiated the terms of a document called a Plan of Compromise (the "CCAA Plan") with HCPH to reflect the following general scheme of distribution of HCPH's assets to its creditors:

- an amount of cash would be paid from HCPH to the underfunded RPPs to fully fund those plans on their wind up. As described above, the total deficit of four RPPs that were in a deficit position had been estimated by Mercer to be $916,000.[1]

- the remaining cash of HCPH, after satisfying administration and professional costs and other relatively small priority claims would be distributed to unsecured creditors of HCPH, of which the retirees with OPEB claims are the predominant group; and

- The distribution from HCPH on OPEB claims was estimated by the Monitor to be in the range of 20-24 cents on the dollar based on the preliminary estimates prepared by Mercer of the surpluses and deficits in the RPPs and other relevant information at the time. This was expected to increase to approximately 25-28 cents on the dollar due to the payment of $2.95 million to HCPH that we obtained from proceedings we brought in the courts against other parties to Hollinger-related litigation where we sought re-payment of cash that had been paid by HCPH to the SunTimes Media Group Trust fund before HCPH filed for CCAA protection in December 2009.

On July 20, 2012, the CCAA Plan was approved at a creditors meeting by a vote of the required majorities of the creditors of HCPH (i.e., predominantly the retirees). On July 31, 2012 the CCAA Plan was approved by the Court.

Based on the scheme of distribution in the CCAA Plan, HCPH proceeded with the wind-up of the RPPs. HCPH filed wind-up reports with the Ontario Superintendent of Financial Services, the British Columbia Superintendent of Financial Institutions and the Minister of National Revenue. Conditional regulatory approvals of the wind-up reports for the RPPs have been received from the provincial pension regulators.

However, as explained above, due to the unexpected increase in annuity purchase costs that came to light in December 2012, annuities to pay the pension benefits at their full amounts could not be purchased with the cash in HCPH at that time. Accordingly, on December 12, 2012, the company sought direction from the court with respect to the wind up process, including a request for the court to approve the suspension of the wind-up of the RPPs, (with the exception of the wind up of the Windsor Star plan), pending further direction from the court. On the instructions of our client committee, we consented to the issuance of that order, which was issued that day by the CCAA judge.

The Windsor Star Plan

The Windsor Star plan was the only plan that had surplus cash as of December, 2012. That means there is sufficient cash in the Windsor Star plan to purchase annuities for the Windsor Star plan members to pay full pension benefits without reduction, and still have cash remaining (i.e.,

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[1] As noted above, this amount was based on preliminary estimates by Mercer as described in the valuation reports with respect to each of the Pension Plans prepared by Mercer on a wind up valuation basis and were subject to change until the wind up process was completed.

the "surplus"). The annuity purchases have been completed and commencing March 2013, the Windsor Star members will receive their pension benefits from the annuity provider (BMO Insurance).

We have had discussions with a committee of Windsor Star pension plan members to explain the Windsor Star situation in detail. All Windsor Star pension plan members have been sent a package from BMO Insurance confirming that BMO Insurance is taking over payment of their pension benefits payable from the Windsor Star Plan. The next major step with respect to the Windsor Star members is the distribution of the surplus to the Windsor Star members. We will correspond further with the Windsor Star members in that regard in a separate letter.

Proposal to amend the distribution scheme under the CCAA Plan for the five other RPPs

Based on the distribution scheme in the CCAA Plan as it currently exists, there would not be any cash available for a distribution to retirees with OPEB claims because all of HCPH's cash would be paid to an insurance company for the purchase of annuities in respect of the five RPPs (i.e., all pension plans other than the Windsor Star Plan). Moreover, even if all the available cash is applied to purchase annuities for pension plan members, the available cash can only purchase annuities that pay reduced pension benefits.

We have discussed the significant change in the financial situation with our client committee, and have been instructed to pursue an alternative approach to the distribution scheme in the current CCAA Plan. Our objective is to continue payment of full pension benefits to all pension plan members without reduction (until further notice if a reduction becomes unavoidable) and allow some of HCPH's cash to remain available for a payment on retirees' OPEB claims. The proposal would be reflected in an amendment to the existing CCAA Plan.

We are writing to provide you with an overview of this proposal and to ask you for any questions or comments you may have. In addition, with the assistance of the Monitor, we will seek feedback from samples of retirees.

Please note that this proposal is not final and is subject to change. The general terms of the proposal are as follows:

a) The deficits in the four small underfunded pension plans (not the HCPH Plan), would be funded by a cash payment from HCPH to allow for annuities to be purchased to pay full pension benefits for the members of those plans. Those pension plans would then be wound up. These plans have significantly fewer members than the HCPH Plan and winding up these plans would result in reduced administration costs. Based on the annuity quotes received in December 2012, we understand that the cost of funding the deficits out of HCPH cash in four plans is approximately $1.5 million total.

b) Instead of winding up the HCPH Plan, HCPH would retract the wind up of that plan. HCPH would remain as plan administrator and continue to operate the plan on a going concern basis and pay pension benefits. Existing management of HCPH could continue for this purpose or retired executives (who have pension management experience) of our client committee have told us that they are willing to take over as administrators of the HCPH Plan;

c) The HCPH Plan would continue to pay pension benefits without reduction, until further notice if a reduction becomes unavoidable;

d) The HCPH Plan administrator would conservatively invest the assets of the HCPH Plan fund over a period of several years with the objective of increasing the fund assets;

e) In addition to investing the fund assets, the postponement of the wind up of the HCPH Plan would provide time for the annuity climate to hopefully improve so that the cost of annuities would decrease; and

f) The remaining cash in HCPH, after deducting an amount necessary to pay the administration and professional costs and other relatively small priority claims of other creditors will be distributed to unsecured creditors who, as noted above, are predominantly the retirees with OPEB claims.

The goal of the proposal is to arrive at a point in the future where the assets in the HCPH Plan would be sufficient to buy annuities that continue to pay full pension benefits to HCPH Plan members. At that point, the HCPH Plan could be wound up and members would not have any reduction to their pension benefits.

The major advantages of this proposal are:

a) annuities would be purchased now for the four smaller HCPH pension plans that have a deficit. Those plans could be wound up without reduction to the members' pension benefits;

b) the HCPH Plan would continue to operate and pay full pension benefits to the extent permitted under pension legislation (until further notice if a reduction becomes unavoidable);

c) there would be cash remaining in the company for a distribution in respect of retirees' OPEB claims. However, please note the rate of distribution on OPEB claims is not final in the proposal and will be less than the 20-24 cents on the dollar that the Monitor anticipated in the CCAA Plan.

d) pension benefit reductions for all plan members (other than Windsor Star) are avoided, which would occur if annuity purchases proceed now with the limited cash available.

The main disadvantage of this proposal is the risk of pension benefit reductions to the HCPH Plan members in the future if the HCPH Plan is wound up with insufficient assets. There is no guarantee that the assets in the HCPH Plan fund could be significantly increased through investment returns. Nor is there any guarantee that annuity prices will decrease in the future which are largely a function of interest rates. As related risks, the future investment returns in the HCPH plan fund could be negative or it is possible that annuity purchase costs could increase, which could result in pension benefit reductions for HCPH Plan members in the future if the plan is wound up.

However, the risks outlined above should be considered in light of the current financial situation. If HCPH were to proceed with annuity purchases at this time with insufficient cash, then pension benefit reductions for all HCPH plan members would immediately result. Furthermore, as noted above, there would not be any cash left to pay the retirees' OPEB claims.

We recognize that retirees within the HCPH retiree population have different and overlapping categories of claims. For example, the majority of HCPH retirees are members of a pension plan and also have an OPEB claim, while other retirees have an OPEB claim but not an entitlement to pension benefits. Conversely, other retirees are entitled to pension benefits but do not have an OPEB claim. In light of these different groups of claims among retirees, we, with the assistance of the Monitor, will be communicating directly with certain retirees under separate cover to obtain their views on the proposal, in addition to requesting your thoughts with this letter.

If you have any questions or comments on the proposal in this letter, please contact us as soon as possible at the following coordinates:

Hotline: 1-866-545-9917
Email: hcph@kmlaw.ca

Yours truly,

KOSKIE MINSKY LLP

Andrew J. Hatnay
AJH:jc

cc: HCPH Client Committee (Gordon Bullock, John Craig, Fraser Kean, Bill Mann, Ross Morrison and Fred Granville)
Anthony Guindon, James Harnum, *Koskie Minsky LLP*

APPENDIX B

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, ON M5K 1J7

Tel: 416 864 1234
Fax: 416 943 3300
ey.com/ca

VIA COURIER

March 15, 2013

Hollinger Canadian Publishing Holdings Co. ("HCPH") – Conference call to seek feedback on next steps with respect to certain pension plans

Dear

On March 14, 2013, your representative counsel, Koskie Minsky LLP (**"Representative Counsel"**) sent a letter (the **"March 14 Letter"**) to you and all of HCPH's other retirees presenting an overview of a proposal that Representative Counsel has developed relating to HCPH's pension plans (the **"Preliminary Proposal"**). A copy of the March 14 Letter is attached as Appendix 'A' to this letter. The reasons for and general terms of the Preliminary Proposal, as well as its potential impact on pension claims, are described in the March 14 Letter.

As indicated in the March 14 Letter, the Court-Appointed Monitor and Representative Counsel plan to conduct a conference call with a sample of HCPH retirees such as yourself who predominantly have pension claims in order to get their views in person on whether the Preliminary Proposal, or a variation of it, should be pursued. The date and time for the call is **March 25, 2013 at 11.00 a.m. E.D.T. (Toronto time)**. Based on your pension entitlement, you have been selected as one of the persons to be invited to participate in the conference call. It would be very beneficial and greatly appreciated if you could participate.

The specific issue to be considered by you and the other participants on the conference call is whether or not you wish for Representative Counsel, HCPH and the Court-Appointed Monitor to continue to pursue the Preliminary Proposal or a variation of it with a view to developing a formal proposal, which would likely include the following:

- *the ordinary administration of the HCPH Plan would re-commence and the wind-up of the HCPH Retirement Plan (the "**HCPH Plan**"), which HCPH commenced last year with court approval, would be stopped and retracted*

- *some portion of the money otherwise required to be paid into the HCPH Plan in connection with the wind-up process would be made available to fund potential distributions to other post employment benefit ("**OPEB**") members and other relatively small claims of other creditors in respect of their claims.*

While the Preliminary Proposal, if it or a variation of it was developed into a formal proposal and implemented, could result in the benefits outlined in March 14 Letter, it would alter the scheme of distribution currently set out in HCPH's Plan of Compromise and Arrangement (the "CCAA Plan"), which provides for the payment of pension plan claims (including primarily the pension wind-up deficits) in priority to the non-pension affected claims, including OPEB claims. It could also give rise to various risks, including those noted in the March 14 Letter.

The Preliminary Proposal, at least as currently envisioned by Representative Counsel, contemplates that only the wind-up of the HCPH Plan would be stopped and retracted. The other pension plans sponsored by HCPH would continue to be wound-up and their pension deficits would be funded in full, subject to availability of sufficient cash in HCPH.

The purpose of the conference call is not to seek a formal vote or approval in respect of the Preliminary Proposal or any variation of it, but simply to receive from you your preliminary thoughts of whether or not you believe that the Preliminary Proposal or a variation of it should be pursued. After the call, the Court-Appointed Monitor will file a report with the Court, based in part on the feedback from you and other retirees on the call, so that the respective parties can seek further directions from the Court. The Monitor may also be contacting other retirees who have other claims against HCPH to solicit their views as well. If it is decided that the Preliminary Proposal should be pursued, any formal proposal that is developed from it would be subject to a formal vote at a creditors meeting pursuant to the provisions of the CCAA and will be subject to further court approval. Therefore, your rights with respect to voting on any such proposal are not affected by anything that you say or any position that you may have at the conference call. However, your feedback will be very helpful to determine whether it is worthwhile to spend further time and HCPH estate funds pursuing the Preliminary Proposal.

The conference call details are as follows:

Date and Time:	March 25, 2013 at 11.00 a.m. E.D.T. (Toronto time)
Dial in Number:	1-866-227-0624
Participant Code:	580709

Please RSVP to Vivian Kwan at 416-943-5405 by 3.00 p.m. by March 20, 2013 to confirm if you are able to attend the conference call.

It would be helpful if you could dial in a few minutes prior to the call. If you have difficulties dialing in to the conference call, please contact Vivian Kwan at 416-943-5405.

If you would like to speak to the Monitor or provide any comments you have after the conference call, please feel free to call Simone Carvalho at 416-943-2085 by 4.00 p.m. E.D.T. (Toronto time) on March 26, 2013 as the Monitor will be issuing its report to court on or about March 27, 2013.

Yours very truly,

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

Per:

Alex Morrison
Senior Vice President

Attachment

Copy to: Dennis Byrd, HCPH's Chief Restructuring Officer
Jamey Gage, McCarthy Tétrault LLP., Monitor's Counsel
Raj Sahni, Bennett Jones LLP, HCPH's Counsel
Andrew Hatnay and Anthony Guindon, Koskie Minsky LLP, Representative Counsel

KOSKIE
MINSKY LLP
BARRISTERS & SOLICITORS

APPENDIX A

Andrew J. Hatnay
ahatnay@kmlaw.ca

March 14, 2013

PRIVATE AND CONFIDENTIAL

Via Regular Mail

Dear Sir/Madam:

**Re: Hollinger Canadian Publishing Holdings Co. ("HCPH")
Proceedings under the *Companies' Creditors Arrangement Act* ("CCAA")
Our File No. 09/1867**

We are writing further to our letter of December 10, 2012 to provide you with an update on the status of this matter and the proposal that is under discussion for next steps.

In our December 10, 2012 letter (under heading number 3), we reported that we received information from HCPH's actuary in December 2012 that the cost for HCPH to purchase annuities from life insurance companies to take over the payment of pension benefits from the HCPH Pension Plans once those plans are wound up had become extraordinarily high.

It had been previously estimated by HCPH's actuary, Mercer Canada Ltd. ("Mercer") that the total wind up deficits with respect to all of HCPH's Pension Plans was approximately $916,000. This meant that HCPH would have to pay $916,000 from its cash (in addition to using all the pension plan assets) to be able to purchase annuities from a life insurance company that would continue to pay pension benefits to all HCPH pension plan members in full amounts.

However, in December 2012, when HCPH received quotes from insurance companies to purchase annuities, the additional cost required to purchase the annuities had increased from $916,000 to approximately $13 million, primarily due to market conditions. As a result, there was insufficient cash in all of the HCPH pension funds, plus the cash in HCPH at the time, to be able to proceed with the annuity purchases for all the HCPH pension plans that would pay pension benefits in full amounts (with the exception of the Windsor Star Plan, which is discussed further below).

Instead, the amount of cash available could only purchase annuities that would pay *reduced* pension benefits. In other words, if HCPH had proceeded with the annuity purchases in December 2012, then pension benefits for all HCPH pension plan members (other than the Windsor Star Plan) would have been reduced. Furthermore, there would have been no cash left for HCPH to make any distributions on retirees' OPEB claims.

We believe it is helpful to recap the HCPH pension and benefit situation before we proceed to discuss the proposal for next steps to deal with the current predicament.

KOSKIE
MINSKY LLP
BARRISTERS & SOLICITORS

HCPH is the administrator of six registered pension plans:

a) HCPH Retirement Plan, (Registration No. 0526947) (the "HCPH Plan"). This plan has 2333 members.

b) HCPH Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers, (Registration No. 1033786). This plan has 33 members.

c) Sterling Newspapers Company Pension Plan for Employees of the Newspapers Formerly Owned by Thompson Newspapers, (Registration No. 1024744). This plan has 41 members.

d) HCPH Plan for Employees of Newspapers Formerly Owned by Sterling Newspapers, (Registration No. 399444). This plan has 9 members.

e) Journal Publishing Company Limited Pension Plan, (Registration No. 0267351). This plan has 2 members.

f) Windsor Star Pension Plan, (Registration No. 0208355) (the "Windsor Star Plan"). This plan has 83 members.

Collectively, the HCPH pension plans are referred to in this letter as the "RPPs" (an acronym for "registered pension plans").

HCPH also sponsored a number of health benefit plans and unfunded supplementary pension plans for retirees. The benefits for these plans were paid out of company cash (as opposed to being funded by money paid into a trust fund). These plans are collectively referred to as "OPEBs" (an acronym for "other post-employment benefits").

As you are aware, HCPH terminated its OPEB plans on August 31, 2011. HCPH's actuary, in consultation with the actuary we retained, calculated the retirees' OPEB claims against HCPH in the amount of approximately $39.5 million. We filed a claim for this amount in the HCPH creditors' claims process. There are 1777 HCPH retirees with OPEB claims

The retirees are by far the largest creditor group of HCPH and have the greatest amount of claims.

Based on the financial situation estimated by Mercer, we negotiated the terms of a document called a Plan of Compromise (the "CCAA Plan") with HCPH to reflect the following general scheme of distribution of HCPH's assets to its creditors:

- an amount of cash would be paid from HCPH to the underfunded RPPs to fully fund those plans on their wind up. As described above, the total deficit of four RPPs that were in a deficit position had been estimated by Mercer to be $916,000.[1]

- the remaining cash of HCPH, after satisfying administration and professional costs and other relatively small priority claims would be distributed to unsecured creditors of HCPH, of which the retirees with OPEB claims are the predominant group; and

- The distribution from HCPH on OPEB claims was estimated by the Monitor to be in the range of 20-24 cents on the dollar based on the preliminary estimates prepared by Mercer of the surpluses and deficits in the RPPs and other relevant information at the time. This was expected to increase to approximately 25-28 cents on the dollar due to the payment of $2.95 million to HCPH that we obtained from proceedings we brought in the courts against other parties to Hollinger-related litigation where we sought re-payment of cash that had been paid by HCPH to the SunTimes Media Group Trust fund before HCPH filed for CCAA protection in December 2009.

On July 20, 2012, the CCAA Plan was approved at a creditors meeting by a vote of the required majorities of the creditors of HCPH (i.e., predominantly the retirees). On July 31, 2012 the CCAA Plan was approved by the Court.

Based on the scheme of distribution in the CCAA Plan, HCPH proceeded with the wind-up of the RPPs. HCPH filed wind-up reports with the Ontario Superintendent of Financial Services, the British Columbia Superintendent of Financial Institutions and the Minister of National Revenue. Conditional regulatory approvals of the wind-up reports for the RPPs have been received from the provincial pension regulators.

However, as explained above, due to the unexpected increase in annuity purchase costs that came to light in December 2012, annuities to pay the pension benefits at their full amounts could not be purchased with the cash in HCPH at that time. Accordingly, on December 12, 2012, the company sought direction from the court with respect to the wind up process, including a request for the court to approve the suspension of the wind-up of the RPPs, (with the exception of the wind up of the Windsor Star plan), pending further direction from the court. On the instructions of our client committee, we consented to the issuance of that order, which was issued that day by the CCAA judge.

The Windsor Star Plan

The Windsor Star plan was the only plan that had surplus cash as of December, 2012. That means there is sufficient cash in the Windsor Star plan to purchase annuities for the Windsor Star plan members to pay full pension benefits without reduction, and still have cash remaining (i.e.,

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[1] As noted above, this amount was based on preliminary estimates by Mercer as described in the valuation reports with respect to each of the Pension Plans prepared by Mercer on a wind up valuation basis and were subject to change until the wind up process was completed.

the "surplus"). The annuity purchases have been completed and commencing March 2013, the Windsor Star members will receive their pension benefits from the annuity provider (BMO Insurance).

We have had discussions with a committee of Windsor Star pension plan members to explain the Windsor Star situation in detail. All Windsor Star pension plan members have been sent a package from BMO Insurance confirming that BMO Insurance is taking over payment of their pension benefits payable from the Windsor Star Plan. The next major step with respect to the Windsor Star members is the distribution of the surplus to the Windsor Star members. We will correspond further with the Windsor Star members in that regard in a separate letter.

Proposal to amend the distribution scheme under the CCAA Plan for the five other RPPs

Based on the distribution scheme in the CCAA Plan as it currently exists, there would not be any cash available for a distribution to retirees with OPEB claims because all of HCPH's cash would be paid to an insurance company for the purchase of annuities in respect of the five RPPs (i.e., all pension plans other than the Windsor Star Plan). Moreover, even if all the available cash is applied to purchase annuities for pension plan members, the available cash can only purchase annuities that pay reduced pension benefits.

We have discussed the significant change in the financial situation with our client committee, and have been instructed to pursue an alternative approach to the distribution scheme in the current CCAA Plan. Our objective is to continue payment of full pension benefits to all pension plan members without reduction (until further notice if a reduction becomes unavoidable) and allow some of HCPH's cash to remain available for a payment on retirees' OPEB claims. The proposal would be reflected in an amendment to the existing CCAA Plan.

We are writing to provide you with an overview of this proposal and to ask you for any questions or comments you may have. In addition, with the assistance of the Monitor, we will seek feedback from samples of retirees.

Please note that this proposal is not final and is subject to change. The general terms of the proposal are as follows:

a) The deficits in the four small underfunded pension plans (not the HCPH Plan), would be funded by a cash payment from HCPH to allow for annuities to be purchased to pay full pension benefits for the members of those plans. Those pension plans would then be wound up. These plans have significantly fewer members than the HCPH Plan and winding up these plans would result in reduced administration costs. Based on the annuity quotes received in December 2012, we understand that the cost of funding the deficits out of HCPH cash in four plans is approximately $1.5 million total.

b) Instead of winding up the HCPH Plan, HCPH would retract the wind up of that plan. HCPH would remain as plan administrator and continue to operate the plan on a going concern basis and pay pension benefits. Existing management of HCPH could continue for this purpose or retired executives (who have pension management experience) of our client committee have told us that they are willing to take over as administrators of the HCPH Plan;

c) The HCPH Plan would continue to pay pension benefits without reduction, until further notice if a reduction becomes unavoidable;

d) The HCPH Plan administrator would conservatively invest the assets of the HCPH Plan fund over a period of several years with the objective of increasing the fund assets;

e) In addition to investing the fund assets, the postponement of the wind up of the HCPH Plan would provide time for the annuity climate to hopefully improve so that the cost of annuities would decrease; and

f) The remaining cash in HCPH, after deducting an amount necessary to pay the administration and professional costs and other relatively small priority claims of other creditors will be distributed to unsecured creditors who, as noted above, are predominantly the retirees with OPEB claims.

The goal of the proposal is to arrive at a point in the future where the assets in the HCPH Plan would be sufficient to buy annuities that continue to pay full pension benefits to HCPH Plan members. At that point, the HCPH Plan could be wound up and members would not have any reduction to their pension benefits.

The major advantages of this proposal are:

a) annuities would be purchased now for the four smaller HCPH pension plans that have a deficit. Those plans could be wound up without reduction to the members' pension benefits;

b) the HCPH Plan would continue to operate and pay full pension benefits to the extent permitted under pension legislation (until further notice if a reduction becomes unavoidable);

c) there would be cash remaining in the company for a distribution in respect of retirees' OPEB claims. However, please note the rate of distribution on OPEB claims is not final in the proposal and will be less than the 20-24 cents on the dollar that the Monitor anticipated in the CCAA Plan.

d) pension benefit reductions for all plan members (other than Windsor Star) are avoided, which would occur if annuity purchases proceed now with the limited cash available.

The main disadvantage of this proposal is the risk of pension benefit reductions to the HCPH Plan members in the future if the HCPH Plan is wound up with insufficient assets. There is no guarantee that the assets in the HCPH Plan fund could be significantly increased through investment returns. Nor is there any guarantee that annuity prices will decrease in the future which are largely a function of interest rates. As related risks, the future investment returns in the HCPH plan fund could be negative or it is possible that annuity purchase costs could increase, which could result in pension benefit reductions for HCPH Plan members in the future if the plan is wound up.

However, the risks outlined above should be considered in light of the current financial situation. If HCPH were to proceed with annuity purchases at this time with insufficient cash, then pension benefit reductions for all HCPH plan members would immediately result. Furthermore, as noted above, there would not be any cash left to pay the retirees' OPEB claims.

We recognize that retirees within the HCPH retiree population have different and overlapping categories of claims. For example, the majority of HCPH retirees are members of a pension plan and also have an OPEB claim, while other retirees have an OPEB claim but not an entitlement to pension benefits. Conversely, other retirees are entitled to pension benefits but do not have an OPEB claim. In light of these different groups of claims among retirees, we, with the assistance of the Monitor, will be communicating directly with certain retirees under separate cover to obtain their views on the proposal, in addition to requesting your thoughts with this letter.

If you have any questions or comments on the proposal in this letter, please contact us as soon as possible at the following coordinates:

Hotline: 1-866-545-9917
Email: hcph@kmlaw.ca

Yours truly,

KOSKIE MINSKY ~~LLP~~

Andrew J. Hatnay
AJH:jc

cc: HCPH Client Committee (Gordon Bullock, John Craig, Fraser Kean, Bill Mann, Ross Morrison and Fred Granville)
Anthony Guindon, James Harnum, *Koskie Minsky LLP*

APPENDIX C

Hollinger Canadian Publishing Holding Co
Cumulative Consolidated Receipts and Disbursements
For the Period February 11, 2013 to April 21, 2013
(In Thousands of Canadian Dollars)

	Actual	Projection	Variance	Note
OPENING BANK BALANCE (In $CDN)	**15,144**	**15,144**	-	
RECEIPTS				
MAV II ABCP Note settlement proceeds	1,548	-	1,548	1
Interest Income	32	32	0	
Other	-	7	(7)	
Total Receipts	1,580	32	1,542	
DISBURSEMENTS				
Payroll	(39)	(41)	1	
Consultants	(44)	(145)	101	2
Registered Pension Plan Contributions	(3)	(3)	0	
Unfunded Pension Plan Payments	-	-	-	
Post Employment and Post Retirement Benefits	-	-	-	
General & Administrative Costs	(20)	(33)	13	
Restructuring Costs	(439)	(687)	247	2
Total Disbursements	(545)	(908)	362	
NET CASH INFLOW/(OUTFLOW)	1,035	(876)	1,904	
CLOSING BANK BALANCE	**16,179**	**14,268**	**1,911**	

Hollinger Canadian Publishing Holding Co. ("Applicant")
Combined Actual Receipts and Disbursements
For the Period February 11, 2013 to April 21, 2013
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$0.9973.

1. **Mav II ABCP Notes Payments Received**: The amount shown represents proceeds from HCPH's participation in the Coventree ABCP Settlements that were not included in the projection.

2. **Consultants and Restructuring Costs** – The favourable variances are primarily due to a timing difference and lower than expected disbursements. The timing difference is expected to reverse in the future.