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

TWENTY FIRST REPORT OF THE MONITOR DATED AUGUST 15, 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 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 (as defined in the affidavit of Thomas L. Kram, sworn December 8, 2009 (the "**Kram Affidavit**")) ("**OPEB Plan Members**") in respect of issues affecting such members and/or beneficiaries in the HCPH CCAA proceedings.

2. 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.

3. By order dated February 25, 2014, Mr. Michael Krupa was appointed Chief Restructuring Officer (the "**CRO**") effective March 1, 2014, following the resignation of Mr. Dennis Byrd.

4. 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 these CCAA proceedings pursuant to the Order of this Court dated July 31, 2012.

PURPOSE

5. The purpose of this Twenty First Report of the Monitor (the "**Twenty First Report**") is to report to this Court with respect to:

    i. an update regarding a distribution of approximately $3 million from HCPH's available funds (the "**Interim Distribution**") in accordance with the CCAA Plan (defined below) and the Order of this Court dated May 12, 2014 (the "**May 12 Order**");

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

    iii. the Applicant's request for an order (the "**Pacific Press Order**"), substantially in the form attached to the Applicant's motion record filed August 1, 2014 (the "**Pacific Press Motion**"), among other things:

        a. authorizing and directing that all remaining funds held at CIBC Mellon in account number 4470002, less any amounts required and customarily charged by CIBC Mellon to close such account (the "**Pacific Press Funds**"), shall be paid to HCPH for distribution to its stakeholders in accordance with the Applicant's Plan of Compromise and Arrangement dated May 24, 2012 (the "**CCAA Plan**"); and

b. approving this Twenty First Report of the Monitor and the conduct and activities of the Monitor as set forth herein, as well as the activities of the CRO as described in the affidavit of Michael Krupa sworn July 31, 2014 (the "**July Krupa Affidavit**").

TERMS OF REFERENCE

6. In preparing this Twenty First 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 Twenty First 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 Chartered Professional Accountants Canada Handbook ("**CPA Handbook**"), and

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

7. Future oriented financial information referred to in this Twenty First 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.

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

9. Capitalized terms not defined in this Twenty First Report are defined in the Initial Order,

previous reports of the Monitor and the CCAA Plan.

BACKGROUND

10. 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.

11. 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, and the ongoing operation of HCPH consisted 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 Kram Affidavit.

12. 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 CCAA Plan in consultation with the Monitor and Representative Counsel for the Plan Members and other creditors.

13. 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 had been advised by HCPH that all conditions precedent to the CCAA Plan had been satisfied or waived, as applicable in accordance with the CCAA Plan. Accordingly, the CCAA Plan became effective and binding on the Plan Members and other creditors affected by the CCAA Plan.

14. 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.

15. As reported in the previous reports of the Monitor, the Pension Plans have now been wound up, deficiencies funded (where required) and annuities purchased to satisfy the Pension Plan Claims.

16. With respect to the Windsor Pension Plan, which was in a surplus position, HCPH, with the assistance of the Monitor, is working toward a distribution of the wind up surplus (after payment of costs relating to the administration of the Windsor Star Plan in accordance with the order of this Court dated February 25, 2014), in the next few weeks.

17. With respect to the remaining Pension Plans (the "**Remaining Pension Plans**"), which were in a deficit position, after overcoming various issues as reported previously and pursuant to an order of this Court dated May 13, 2013:

   i. HCPH entered into a written contract with BMO Insurance, the annuity provider, for the purchase of annuities and finalization of data with respect to the members of the Pension Plans;

   ii. HCPH contributed $7,564,592 to the Remaining Pension Plans to fund the aggregate deficit calculation; and

   iii. HCPH paid BMO Insurance a premium for the purchase of the annuities subject to final data adjustments and a final premium reconciliation.

18. In September 2013, BMO Insurance started making monthly pension payments to the members of the Remaining Pension Plans.

19. As the amount paid to BMO Insurance for the purchase of annuities was an estimate, over

the last several months, BMO Insurance has worked with HCPH's actuary, Mercer, to complete the final reconciliation of the annuity premiums due to BMO Insurance. The reconciliation is primarily to account for deaths of retirees or their spouses and certain adjustments to premium values. This reconciliation has resulted in an amount of approximately $3.87 million being paid back to HCPH's trust account for the HCPH Retirement Plan (the "**HCPH Retirement Plan Trust Account**") on May 1, 2014 (the "**Premium Refund**").

20. In addition to the Premium Refund, there are funds remaining in the HCPH master trust fund account (in which four of the Pension Plans hold units) due to the sale of certain illiquid investments previously held in the master trust fund account. HCPH will require the approval of Financial Services Commission Ontario ("**FSCO**") in order to transfer the remaining funds (including the Premium Refund) from the HCPH Retirement Plan Trust Account (and may possibly require approval to take steps in relation to any remaining funds in the HCPH master trust fund account) to HCPH's general bank account, net of any outstanding and estimated remaining costs related to the administration of the Remaining Pension Plans. Accordingly, HCPH prepared and sent applications to request such approval from FSCO. HCPH has sent all follow-up information requested by FSCO to date and is awaiting FSCO's response.

UPDATE OF THE INTERIM DISTRIBUTION

21. Pursuant to the May 12 Order, this Court directed HCPH to act as Disbursing Agent (as described in the CCAA Plan) and provide the Interim Distribution to members of OPEB Claims and other Non-Pension Affected Claims (as described in the CCAA Plan).

22. Prior to making the Interim Distribution, HCPH, with the assistance of the Monitor, had discussions with Canada Revenue Agency ("**CRA**") and its counsel to obtain CRA's approval with respect to the withholding taxes and deductions for CPP and Employment Insurance ("**EI**"). HCPH, with the assistance of the Monitor and in consultation with Representative Counsel prepared a memorandum setting out the proposed methodology for the treatment of withholding taxes, CPP and EI (the "**Withholding Tax Memorandum**"). On June 3, 2014, HCPH provided a copy of the Withholding Tax

Memorandum to CRA. On June 12, 2014, HCPH's counsel along with the Monitor and its counsel had a call with CRA to walk through the Interim Distribution and the Withholding Tax Memorandum. On the call, CRA advised that it was fine in principle with the treatment of withholding taxes, CPP and EI. CRA also sent an e-mail advising that it had reviewed the Withholding Tax Memorandum provided to it on June 3, 2014 and further advised that there did not appear to be any issue with the proposed withholding treatment; however, it was not in a position to confirm the correctness of the proposed withholding. In addition, CRA indicated that a formal request could be made to the CRA Rulings Division. As such a formal request would be expected to materially delay the interim distribution, in order to prevent further hardship to HCPH's Affected Creditors, HCPH, with the consent of the Monitor and Representative Counsel opted to complete the distribution based upon CRA's informal approval as set out above, on the understanding that any outstanding tax issues will be resolved with CRA or by order of the Court prior to a final distribution.

23. On June 20, 2014, following the approval from CRA as described above, HCPH, with the assistance of the Monitor, made a distribution of approximately $2.8 million in relation to certain OPEB Claims. Pursuant to the Interim Distribution Order, the interim distribution amount in relation to approximately 29 of the OPEB Claims were held back as certain of these OPEB Claims were pending a Canada Pension Plan exemption approval, certain OPEB Claims were pending Employment and Social Development Canada ("**ESDC**") approval and certain OPEB Claims were on hold due to previous overpayments of OPEB amounts. Once such clearances and approvals were resolved, in the week of August 3, 2014, HCPH made a further distribution of approximately $40,000 in respect of the remaining OPEB Claims and the Non-Pension Affected Claims. An amount of $200,000 was set aside from the amount of $3 million to pay for the employer portion of CPP and EI. Any remaining amounts will be added to the final distribution.

24. Over the next few months, HCPH, with the assistance of the Monitor will work with CRA and the Ministry of Revenue of Quebec to resolve outstanding tax issues. Further, HCPH has made an application to FSCO to seek approval of the release of funds in the

HCPH Retirement Plan Trust Account to HCPH. In addition, HCPH has brought the Pacific Press Motion in which it seeks to make an additional approximately $1.48 million available for distribution to the OPEB Claims and Non-Pension Affected Claims. Once these matters are resolved, HCPH expects to be in a position to make a final distribution to the OPEB Claims and other Non-Pension Affected Claims.

UPDATE WITH RESPECT TO HCPH'S CURRENT CASH POSITION

25. HCPH's primary remaining asset is cash of approximately $3.6 million as of July 20, 2014, before accrued but unpaid costs and expenses. Further cash is expected to be received pursuant to the approval of FSCO (if such approval is received) of the funds in the HCPH Retirement Plan Trust Account, and may be received from the Pacific Press Trust if approved by this Court. 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.

26. A summary of the actual receipts and disbursements of the Applicant as compared to its projection is attached as Appendix '**A**' to this Twenty First Report. The Applicant's actual consolidated net cash outflow for the period from February 3, 2014 to July 20, 2014 was approximately $3.8 million, of which approximately $2.8 million was with respect to the Interim Distribution. A detailed variance analysis is set out in Appendix '**A**' to this Twenty First Report.

27. HCPH, with the assistance of the Monitor, has prepared a cash flow projection (the "**Cash Flow Forecast**") for the period from July 21, 2014 to February 1, 2015 (the "**Projection Period**"), a copy of which is attached as Appendix '**B**' to this Twenty First Report. Due to the uncertainty in the timing of the final 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 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.

28. The Applicant is projecting a net cash outflow of approximately $1.2 million during the Projection Period. The Cash Flow Forecast projects that the Applicant will have sufficient liquidity to operate during these CCAA proceedings.

29. 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.

PACIFIC PRESS FUNDS

30. As discussed in the Twentieth Report of the Monitor dated May 9, 2014 (the "**Twentieth Report**") and the affidavit of Mike Krupa dated May 6, 2014 (the "**May Krupa Affidavit**"), prior to commencing the wind up of its operations, HCPH, while operating as Southam Inc. ("**Southam**"), ran a number of newspapers including Pacific Press Ltd. ("**Pacific Press**"). It appears that Pacific Press and Southam self-insured the health and welfare plans of certain unionized employees by creating a health and welfare trust (the "**Pacific Press Trust**"). The Pacific Press Trust was specifically established to provide disability, death or other health benefits for employees and former disabled employees of Pacific Press. The current balance in the Pacific Press Trust is approximately $1.48 million. Further details with respect to Pacific Press and the Pacific Press Trust and its administration and operations are provided in the July Krupa Affidavit.

31. HCPH, as the successor to Southam, the settlor of the Pacific Press Trust, is proposing to wind up the Pacific Press Trust and to distribute the remaining funds in the Pacific Press Trust account to the holders of the OPEB Claims and General Claims. Accordingly, HCPH has brought the Pacific Press Motion to this Court with respect to the wind up and distribution of the funds in the Pacific Press Trust.

32. Due to the unique circumstances related to the Pacific Press Trust as described in the May Krupa Affdavit, in the Court hearing of May 12, 2014, HCPH sought the guidance and directions of this Court with respect to appropriate notice and service requirements

related to the Pacific Press Motion. Paragraph 57 of the May Krupa Affidavit set out HCPH's proposed process for notice and service with respect to the Pacific Press Motion. Further to such notice requirements, on June 27, 2014, the Monitor posted a notice of the upcoming Pacific Press Motion (the "**Pacific Press Notice**") on its website. A copy of the Pacific Press Notice is attached as Appendix "**C**" to this Twenty First Report. The Monitor understands that the other notice requirements set out in the May 12 Order have been complied with.

33. Based on the July Krupa Affidavit and the affidavit of Andrea MacBride dated July 10, 2014 (the "**MacBride Affidavit**"), it appears that the Pacific Press Trust has been dormant for over 14 years and that no outstanding claims remain from the former beneficiaries of the Pacific Press Trust. Further details with respect to the Pacific Press Trust including the process followed by HCPH and Representative Counsel to determine HCPH's eligibility to the Pacific Press Trust are provided in the July Krupa Affidavit and the MacBride Affidavit.

34. While the relief sought by the Applicant is not typical, the circumstances in this case are also unique. Accordingly, the Monitor was concerned to ensure all interested parties were given notice and an opportunity to respond to the requested relief. As discussed above, the notice procedure was approved by the Court and complied with by the Applicant and the Representative Counsel. Having provided such notice, the Monitor is not aware of any parties opposing the release of the Pacific Press Trust funds to HCPH. Conversely, as set out in the MacBride Affidavit, the trade union that has been the certified bargaining agent representing employees of Pacific Press Limited has indicated that it does not object to the relief sought "as all of our current or former members who were at one time covered by the Pacific Press Trust appear to have no claim for disability benefits whatsoever, including with respect to Pacific Press Trust specifically."

35. The Monitor also acknowledges that the relief sought does appear to address a situation in which the Pacific Press Trust has been dormant and to respond to the equities of circumstances in which:

i. the OPEB Plans will have a substantial shortfall in their claims (with an arguable connection to the funds at issue set out in the July Krupa Affidavit); and

ii. it appears that the liabilities in respect of the former beneficiaries of the trust were assumed by CanWest and then Postmedia, payment therefor was made by Hollinger to CanWest as part of an arbitration settlement and the former beneficiaries are therefore receiving their benefits from other sources.

36. Accordingly, for the reasons set out above, including the completion of the notice requirements set out in the May 12 Order and the fact that the Monitor is not aware of any parties objecting to the distribution of the Pacific Press Trust funds in accordance with the CCAA Plan, the Monitor supports the distribution of the Pacific Press Funds to HCPH for distribution by HCPH in accordance with the CCAA Plan.

RECOMMENDATIONS

37. In conclusion, the Monitor supports the motion for directions and other relief sought by the Applicant and recommends that the Order be made, if this Court sees fit:

a. authorizing and directing that the Pacific Press Funds shall be paid to HCPH for distribution to its stakeholders in accordance with the CCAA Plan; and

b. approving this Twenty First Report and the conduct and activities of the Monitor as set forth in these Reports, as well as the activities of the CRO as described in the July Krupa Affidavit.

All of which is respectfully submitted this 15th day of August, 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”

Hollinger Canadian Publishing Holding Co
Cumulative Consolidated Receipts and Disbursements
For the Period February 3, 2014 to July 20, 2014
(In Thousands of Canadian Dollars)

	Actual	Projection	Variance	Note
OPENING BANK BALANCE (In $CDN)	**7,429**	**7,429**	**(0)**	
RECEIPTS				
Interest Income	31	32	(1)	
Other	33	155	(122)	1
Total Receipts	63	187	(124)	
DISBURSEMENTS				
Payroll	(45)	(44)	(1)	
Consultants	(105)	(266)	162	2
Registered Pension Plan Contributions	-	-	-	
Unfunded Pension Plan Payments	-	-	-	
Interim Distribution	(2,798)	-	(2,798)	3
General & Administrative Costs	(46)	(61)	15	
Restructuring Costs	(837)	(1,116)	278	4
Total Disbursements	(3,830)	(1,488)	(2,343)	
NET CASH INFLOW/(OUTFLOW)	(3,767)	(1,301)	(2,466)	
CLOSING BANK BALANCE	**3,662**	**6,128**	**(2,466)**	

Hollinger Canadian Publishing Holding Co. (“Applicant”)
Combined Actual Receipts and Disbursements
For the Period February 3, 2014 to July 20, 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$1.06.

The cash flow forecast appended to the Nineteenth Report of the Monitor (the “**Cash Flow Forecast**”) ended at June 29, 2014. For the purpose of presenting the variance analysis, the actual cash flow results for the period from June 30, 2014 to July 20, 2014 were added to the Cash Flow Forecast.

1. **Other receipts** – Other receipts include primarily HST refunds, which are lower expected due to both a timing difference and lower than projected disbursements as further discussed below.

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

3. **Interim Distribution** – As described in the Twentieth Report of the Monitor dated May 9, 2014 (the “**Monitor**’s **Report**”), the Applicant made an interim distribution of approximately $3 million on June 20, 2014, which distribution represents approximately 7 cents on the dollar based on the current values of the OPEB Claims and General Claims (as defined in the Monitor’s Report). The interim distribution was not reflected in the Cash Flow Forecast.

4. **Restructuring Costs** –The favourable variance is primarily due to lower than expected restructuring costs as well as a timing difference. The timing related difference is expected to reverse in the future.

APPENDIX “B”

Hollinger Canadian Publishing Holdings Co. ("Applicant") Cash Flow Projection
For The Period From July 21, 2014 to February 1, 2015
(In Thousands of Canadian Dollars)

		Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Monthly	Monthly	Monthly	Monthly	Monthly	
Week Ending	Notes	27-Jul	3-Aug	10-Aug	17-Aug	24-Aug	31-Aug	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Total
Opening Bank Balance	1	3,662	3,614	3,369	3,332	3,313	3,198	3,260	3,122	2,963	2,801	2,622	3,662
Receipts													
Interest Income	2	3	-	-	-	3	-	3	3	2	2	4	20
Other	3	-	-	-	-	-	83	45	39	17	19	53	254
Total Receipts		3	-	-	-	3	83	47	41	20	21	57	274
Disbursements													
Payroll	4	-	(4)	-	(4)	-	(4)	(3)	(9)	(3)	(9)	(6)	(42)
Consultants	5	(2)	(26)	(20)	(2)	-	(1)	(18)	(14)	(14)	(14)	(25)	(137)
Registered Pension Plan Contributions	6	-	-	-	-	-	-	-	-	-	-	-	-
Unfunded Pension Plan Payments	7	-	-	-	-	-	-	-	-	-	-	-	-
Post Employment and Post Retirement Benefits	8	-	-	-	-	-	-	-	-	-	-	-	-
Interim Distribution	9	-	(40)	-	-	-	-	-	-	-	-	-	(40)
General & Administrative Costs	10	(1)	(3)	(5)	(1)	(1)	(4)	(11)	(12)	(11)	(12)	(11)	(72)
Restructuring Costs	11	(48)	(171)	(12)	(12)	(117)	(12)	(153)	(165)	(153)	(165)	(153)	(1,161)
Total Disbursements		(51)	(245)	(37)	(19)	(118)	(21)	(185)	(200)	(181)	(200)	(195)	(1,453)
Net Weekly Cash Flows		(48)	(245)	(37)	(19)	(115)	61	(138)	(159)	(162)	(179)	(139)	(1,179)
Closing Bank Balance		3,614	3,369	3,332	3,313	3,198	3,260	3,122	2,963	2,801	2,622	2,483	2,483

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 have relied upon unaudited financial information and the Applicant have not attempted to further verify the accuracy or completeness of such information. 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. 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$1.0636 exchange rate.

2) **Interest Income:**
   Interest income on available cash is earned at a projected rate of 1.10% 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 related 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 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 has 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 unfunded pension plans.

9) **Interim Distribution:**
The projected $40,000 disbursement represents the remainder of a $3 million interim distribution made by the Applicants in respect of OPEB and General Claims pursuant to the Order of May 12, 2014 (as described in the Twenty-First Report of the Monitor).

10) **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.

11) **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.

APPENDIX “C”

NOTICE RE: HOLLINGER CANADIAN PUBLISHING HOLDINGS CO. UPCOMING MOTION DISTRIBUTION OF THE PACIFIC PRESS TRUST FUNDS

Dear Sir/Madam,

BACKGROUND

On December 10, 2009, Hollinger Canadian Publishing Holdings Co. ("HCPH") commenced court-supervised restructuring proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA"). Ernst & Young Inc. has been appointed by the court as monitor in HCPH's CCAA proceedings ("Monitor") pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on December 10, 2009 (the "Initial Order"). The Court has also appointed the firm of Koskie Minsky LLP as Representative Counsel for all members and beneficiaries of HCPH's pension plans and OPEB Plans as defined in the Initial Order.

UPCOMING MOTION

Please take notice that HCPH is bringing a motion before the Court (the "Motion") on August 19, 2014 at 10:00 a.m. that seeks to wind up the Pacific Press Trust and distribute the remaining trust funds to members and beneficiaries who are holders of OPEB Claims and Non-Pension Affected Claims (as such terms are defined in the HCPH's Plan of Compromise and Arrangement dated May 24, 2012).The Motion will take place at 330 University Avenue, Toronto, Ontario.

THIS NOTICE IS BEING SENT TO YOU pursuant to an order granted by the Court on May 12, 2014 and because the records of HCPH indicate that you were a former beneficiary of the Pacific Press Trust.

DOCUMENTS

The following relevant documents regarding the Motion are available on the Monitor's website at http://documentcentre.eycan.com/Pages/Main.aspx?SID=131:

1. The Order of the Court dated May 12, 2014;
2. The affidavit of Michael Krupa the chief restructuring officer of HCPH sworn May 6, 2014;
3. The draft Order for the Motion; and
4. The Monitor's Twentieth Report.

All public information concerning these CCAA proceedings can be found on the Monitor's website at http://www.ey.com/ca/hcph and on the website of Representative Counsel at www.kmlaw.ca.

If you have any questions or concerns in respect of the Motion, please contact the Monitor at 1-888-274-4344 or Representative Counsel at 1-866-545-9917.

Yours very truly,

ERNST & YOUNG INC .
In its capacity as Court-appointed Monitor of
Hollinger Canadian Publishing Holding Co.