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

TENTH REPORT OF THE MONITOR DATED NOVEMBER 25, 2011

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 Honourable 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 proceeding. The Initial Order also appointed Mr. Dennis Byrd as the Chief Restructuring Officer (the "**CRO**") of the Applicant and appointed the law firm of Koskie Minsky LLP as representative counsel (the "**Representative Counsel**") for all members and beneficiaries of the OPEBs (defined below) in respect of issues affecting such members and/or beneficiaries in the HCPH CCAA proceedings. By order dated July 27, 2010, Representative Counsel was also appointed as counsel for members and beneficiaries of the Pension Plans (defined below) for or in respect of any issues affecting such members and/or beneficiaries in respect of the Pension Plans in the HCPH CCAA proceedings.

2. The Initial Order provided for a stay of proceedings through to January 8, 2010 (the "**Stay Period**"). The Stay Period has been extended to November 30, 2011 pursuant to further Orders of this Honourable Court.

PURPOSE

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

   a. the Applicant's motion for an Order (the "**Southam LTD Plan and Trust Procedure Order**"):

      i. authorizing and approving the termination of the Southam LTD Plan (defined below) as of November 30, 2011;

      ii. authorizing the termination of all HCPH's obligations under the Southam LTD Plan and the Southam LTD Trust (defined below) as of November 30, 2011;

      iii. appointing replacement trustees for the Southam LTD Trust and authorizing and directing HCPH to execute the Southam LTD Trust Amending Agreement (defined below);

      iv. authorizing the Custodial Trustee (defined below) to continue paying certain disability benefit payments to the members of the Southam LTD Plan;

      v. approving the timeline for the submission of the Southam LTD Claims Report (defined below); and

      vi. approving the Notice of Southam LTD Claim (defined below) and the process for the delivery of the Notice of Southam LTD Claim;

   b. the Applicant's motion for an Order authorizing and approving the settlement agreement negotiated between HCPH and The Electronic-Rights Defence Committee ("**ERDC**") (the "**Settlement Agreement**");

   c. the Applicant's motion for an Order for certain relief with respect to the Pension

Plans (defined below):

i. authorizing that interest at the same rate as previously credited to employee contributions based on HCPH's past practice, be applied to previously missed pension payments for deferred vested members of the Pension Plans on wind up for purposes of calculating wind up liabilities of the Pension Plans;

ii. authorizing HCPH to direct Standard Life to make payment in respect of entitlements of any annuitant who is an HCPH retiree under the Standard Life Group Annuity Policy Number 11686 (the "**Standard Life Policy**") directly to the annuitant commencing January 1, 2012, or, if applicable, as directed by Metroland Media Group Ltd. ("**Metroland**") in respect of any annuitant who is an employee or retiree of Metroland (and not HCPH);

iii. authorizing HCPH to direct the trustee of the Hollinger Canadian Publishing Holdings Co. Retirement Plan (the "**HCPH Plan**") to refund to Standard Life Assurance Company ("**Standard Life**") certain monies received by the HCPH Plan in respect of one annuitant under the Standard Life Policy in error; and

iv. authorizing that the members and beneficiaries of the HCPH Plan and the Hollinger Canadian Publishing Holdings Co. Windsor Star Employees' Pension Plan (the "**Windsor Star Plan**") are entitled to the distribution of surplus, if any on the wind up of the HCPH Plan and Windsor Star Plan, respectively;

d. the motion by the Applicant to extend the deadline for HCPH's actuary, Mercer (Canada) Ltd. ("**Mercer**") to provide the OPEB Claims Report (defined below);

e. actual receipts and disbursements of the Applicant from July 11, 2011 to November 13, 2011 as well as the Applicant's cash flow projection from November 14, 2011 to April 8, 2012;

f. the motion by the Applicant to extend the Stay Period to March 30, 2012; and

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

TERMS OF REFERENCE

4. In preparing this Tenth Report and in making the comments herein relied upon, EYI has been provided with unaudited financial information, the Applicant's books and records, financial information prepared by the Applicant, and has had discussions with management of the Applicant and the chief restructuring officer. EYI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, EYI expresses no opinion or other form of assurance in respect of such information contained in this Tenth Report. Some of the information referred to in this Tenth 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 Tenth Report are defined in the Initial Order or previous reports of the Monitor.

BACKGROUND

7. HCPH is a wholly owned direct and indirect subsidiary of Sun-Times Media Group Inc. ("**STMG**"). Further to Chapter 11 proceedings, 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.

8. Several years ago, HCPH sold its various newspaper businesses and, for some period of

time, it has had no ongoing business activity. The ongoing operation of HCPH consists primarily of the administration of two unfunded retirement plans and certain other post-employment benefits plans (collectively with the unfunded retirement plans, the "**OPEBs**") and six registered pension plans (the "**Pension Plans**") for in excess of 3,000 former employees (the OPEB members and the Pension Plan members are collectively referred to as the "**Plan Members**"). Further details with respect to the OPEBs and Pension Plans are described in the Affidavit of Thomas L. Kram dated December 8, 2009 (the "**Kram Affidavit**").

SOUTHAM LTD PLAN AND SOUTHAM LTD TRUST

9. The Southam Inc. Long Term Disability Plan (the "**Southam LTD Plan**") is an employee benefit plan administered by HCPH. As of November 2011, the Southam LTD Plan has 27 members. The Southam LTD Plan was not terminated along with HCPH's other OPEBs, which were terminated pursuant to an Order of this Honourable Court on July 28, 2011 (the **OPEB Claims Procedure Order**"), as additional time was required to arrange for the continuation of long term disability benefits for the members of the Southam LTD Plan.

10. As described in the affidavit of Dennis Byrd sworn November 18, 2011 (the "**Byrd Affidavit**"), the Southam LTD Plan was established for the benefit of the employees of Southam Inc. on long term disability. The Southam LTD Plan was initially funded through an insurance policy; however, amendments to the Southam LTD Plan resulted in the establishment of a trust to fund the liabilities of the Southam LTD Plan (the "**Southam LTD Trust**"). Three persons were elected as trustees of the Southam LTD Trust pursuant the Southam LTD Trust agreement made as of August 26, 1991 (the "**Trust Agreement**"), and Royal Trust Corporation of Canada ("**Royal Trust**") was selected to be the custodian of the funds related to the trust. Copies of the Southam LTD Plan, the Trust Agreement and the custodial agreement between HCPH and Royal Trust are attached as Exhibits 'C', 'D' and 'E' respectively, to the Byrd Affidavit.

11. The Monitor understands that Mr. John Craig and Mr. Bill Mann, two of the trustees of the Southam LTD Trust resigned as trustees after their retirement from Southam Inc. in

accordance with the Southam LTD Trust agreement and ceased to carry on the responsibilities of the trustees of Southam LTD Trust. The third trustee, Mr. John Walker ceased to be active in conducting the affairs of the Southam LTD Trust. Replacement trustees to manage the affairs of the Southam LTD Trust were not appointed. In the absence of replacement trustees, in order to continue with the administration of the Southam LTD Plan, HCPH commenced making payments to persons entitled to receive long term disability payments from the Southam LTD Plan, and sought and received reimbursement of such payments from the Southam LTD Trust. HCPH continued making such payments and receiving such reimbursements during the course of these CCAA proceedings and continues to incur administrative expenses with respect to the Southam LTD Plan and the Southam LTD Trust.

12. As described in the Byrd affidavit, as HCPH continues to work towards the development of its CCAA Plan, it is necessary to terminate the Southam LTD Plan and HCPH's obligations with respect to the Southam LTD Trust, in order to accurately value the claims of the Southam LTD Plan members and determine their entitlement, if any, to any distribution under a CCAA plan. Accordingly, HCPH is proposing to terminate the Southam LTD Plan and its obligations with respect to the Southam LTD Trust as at November 30, 2011 (the "**Southam LTD Termination Date**"). The Southam LTD Plan and Trust Procedure Order contemplates that the Southam LTD Trust will continue until it is terminated by the Trustees (defined below) and any payments to the beneficiaries of the Southam LTD Trust, from the Southam LTD Trust made after November 30, 2011 will be made by the Southam LTD Trust through its Trustees and the Custodial Trustee (defined below) and not by HCPH or the Monitor.

13. The Southam LTD Termination Date was determined by HCPH in consultation with Representative Counsel and the Monitor. In selecting the Southam LTD Termination Date, consideration was given to allowing for the additional time needed to arrange for the continuation of long term disability benefits to the members of the Southam LTD Plan, in a manner acceptable to the majority of the members of the Southam LTD Plan, based on discussions and communications between Representative Counsel and the members of the Southam LTD Plan.

14. As described further in this Tenth Report, after the Southam LTD Termination Date, Mercer will calculate the obligations of the Southam LTD Plan to its members as at the Southam LTD Termination Date (the "**Southam LTD Claims**") to determine whether the assets of the Southam LTD Trust are sufficient to meet these obligations. As described in the Byrd Affidavit, it appears, based on preliminary investigations that the Southam LTD Trust is in a surplus position. Accordingly, it is expected that the Southam LTD Claims will be satisfied from the funds in the Southam LTD Trust. However, in the event the funds in the Southam LTD Trust are in a deficit position, such deficit (as proven in accordance with the Southam LTD Plan and Trust Procedure Order) will be an unsecured claim against HCPH in these CCAA Proceedings.

NOTICE OF SOUTHAM LTD TERMINATION DATE

15. As described above, the proposed Southam LTD Termination Date, subject to the approval of this Honourable Court, is November 30, 2011.

16. As described in the Byrd Affidavit, in order to provide the Southam LTD Plan members with adequate notice of the Southam LTD Termination Date, Representative Counsel has provided notice to the Southam LTD Plan members of the proposed procedure of the termination of the Southam LTD Plan. Representative Counsel has provided evidence of these communications to this Honourable Court in separate materials.

APPOINTMENT OF TRUSTEES OF THE SOUTHAM LTD TRUST

17. As described earlier in this Tenth Report, two of the former trustees of the Southam LTD Trust, Mr. John Craig and Mr. Bill Mann resigned as trustees of the Southam LTD Trust after their retirement. Further, the third trustee Mr. John Walker ceased to be active in conducting the affairs of the Southam LTD Trust. Replacement trustees for these three trustees were not appointed.

18. As described in the Byrd Affidavit, HCPH has no full-time active employees capable of assuming the role of trustee of the Southam LTD Trust, accordingly, HPCH, in consultation with Representative Counsel is seeking the Southam LTD Plan and Trust Procedure Order from this Honourable Court to re-appoint two former trustees, Mr. John

Craig and Mr. Bill Mann as trustees (the "**Trustees**") of the Southam LTD Trust as of the date of the Southam LTD Plan and Trust Procedure Order, and vest in the Trustees all powers, rights and obligations pursuant the Trust Agreement. As indicated earlier in this Tenth Report, a copy of the Trust Agreement is attached as Exhibit 'D' to the Byrd Affidavit.

19. The Monitor understands that each of the Trustees have agreed to take on the role of trustee of the Southam LTD Trust to conduct the affairs of the Southam LTD Trust and eventually terminate the Southam LTD Trust and distribute its assets to the members of the Southam LTD Plan.

20. Further to the appointment of the Trustees by this Honourable Court, HCPH and the Trustees propose to enter into an agreement to amend the Trust Agreement (the "**Amended Trust Agreement**") to be consistent with the Southam LTD Plan and Trust Procedure Order, particularly with respect to:

   a. appointing Trustees for purposes of administering the wind up of the Southam LTD Trust;

   b. terminating the obligations of HCPH with respect to the Southam LTD Plan and Southam LTD Trust, subject to the establishment of any proven claims in these CCAA proceedings; and

   c. reflecting the Southam LTD Plan and Trust Procedure Order and permiting the Trustees to continue to administer the Southan LTD Trust funds in order to facilitate the orderly wind up of the Southam LTD Trust funds by the Trustees.

21. HCPH is seeking the approval of this Honourable Court to authorize and direct HCPH to execute the Amended Trust Agreement.

DISTRIBUTION OF THE ASSETS IN THE SOUTHAM LTD TRUST TO THE MEMBERS OF THE SOUTHAM LTD PLAN

22. Representative Counsel has advised that it would be helpful to the beneficiaries of the Southam LTD Trust to obtain an advance tax ruling from Canada Revenue Agency (the

"**CRA**"), ruling that distributions from the Southam LTD Trust to the beneficiaries of the Southam LTD Trust in respect of claims of such beneficiaries for future long term disability benefits from the Southam LTD Trust are not taxable income to the beneficiaries of the Southam LTD Trust (the "**Advance Tax Ruling**"). Representative Counsel advised HCPH that obtaining an Advance Tax Ruling could take several months; however, if successfully obtained, the Advance Tax Ruling would be beneficial to the beneficiaries of the Southam LTD Trust.

23. Accordingly, the Southam LTD Plan and Trust Order contemplates that Representative Counsel, in consultation with the Trustees, may proceed with seeking an Advance Tax Ruling from the CRA prior to making distributions from the Southam LTD Trust.

24. Due to the additional time required to obtain an Advance Tax Ruling, in order to lessen the impact on the Southam LTD Plan members from the loss of benefit coverage due to the termination of the Southam LTD Plan, HCPH is seeking the Southam LTD Plan and Trust Procedure Order from this Honourable Court to direct RBC Dexia Investor Services (formerly Royal Trust) (the "**Custodial Trustee**") to continue paying the disability benefit payments as set out in the benefit payment schedule attached as Appendix '2' to the Southam LTD Plan and Trust Procedure Order, until the Custodial Trustee is instructed by the Trustees to cease or modify such payments. The Southam LTD Plan and Trust Order requires the Custodial Trustee to provide the Trustees with a monthly report detailing all payments made from the Southam LTD Trust within 15 days of the end of each month.

25. The Southam LTD Plan and Trust Order contemplates that following the resolution of the Advance Tax Ruling, the Trustees shall:

   a. determine a date to terminate the Southam LTD Trust (the "**Southam LTD Trust Termination Date**");

   b. direct the Custodial Trustee to conduct a final reconciliation of the assets of the Southam LTD Trust as at the Southam LTD Trust Temination Date;

   c. direct the Custodial Trustee to pay any outstanding benefits or administrative expenses from the Southam LTD Trust as at the Southam LTD Trust Termination Date as provided for in the Southam LTD Trust; and

d. distribute the remaining assets of the Southam LTD Trust to the beneficiaries of the Southam LTD Trust in accordance with the Southam LTD Trust and applicable law or a further order of this Honourable Court.

SOUTHAM LTD CLAIMS REPORT AND NOTICE OF SOUTHAM LTD CLAIM NOTICE

26. As described in the Byrd Affidavit, Mercer will conduct a valuation of the Southam LTD Claims as at the Southam LTD Termination Date to determine the obligations of the Southam LTD Plan as against the funds in the Southam LTD Trust as at the Southam LTD Termination Date and identify a claim, if any, against HCPH to the extent of a deficit in the funds in the Southam LTD Trust. The Southam LTD Plan and Trust Procedure Order requires that Mercer provide its valuation of the Southam LTD Claims (the "**Southam LTD Claims Report**") to HCPH, Representative Counsel and the Monitor by the date set out in the Southam LTD Plan and Trust Procedure Order (the "**Southam LTD Claims Report Deadline**").

27. Given the extensive audit process previously conducted and described in previous Reports of the Monitor, all OPEB claimants, including the Southam LTD Plan members have already had an opportunity to confirm or correct the accuracy of the information that Mercer will use to value their Southam LTD Claims. However, for additional comfort, the Southam LTD Plan and Trust Procedure Order provides a process for Representative Counsel to identify, and for the parties to resolve, any discrepancies noted in the Southam LTD Claims Report as described below:

a. Representative Counsel has five business days from the receipt of the Southam LTD Claims Report to review the Southam LTD Claims Report and notify HCPH and the Monitor of any discrepancies noted in the Southam LTD Claims Report.

b. Mercer, HCPH, the Monitor and Representative Counsel, along with its actuary, will then work as expeditiously as possible to resolve any discrepancy identified by Representative Counsel.

28. The Southam LTD Plan and Trust Procedure Order provides for notice to be given setting out the Southam LTD Claims, within 15 business days following the later of a) December 30, 2011 or b) the resolution of any discrepancies noted in the Southam LTD Claims Report pursuant to the resolution process described above, as follows:

   a. the Monitor shall, in consultation with Representative Counsel, prepare and send to the Trustees, a notice of the Southam LTD Claim substantially in the form set out in Schedule 'A' to the Southam LTD Plan and Trust Procedure Order (the "**Southam LTD Claim Notice**"), which Southam LTD Claim Notice shall attach Mercer's calculation of the Southam LTD Claims;

   b. the Monitor shall provide a copy of the Southam LTD Claim Notice along with a copy of the Southam LTD Claims Report to Representative Counsel, HCPH and the Custodial Trustee; and

   c. no further or other notices shall be required in respect of any Southam LTD Claim.

29. To address any disputes after the Southam LTD Claim Notice is delivered to the Trustees, the Southam LTD Plan and Trust Procedure Order provides as follows:

   a. If the Trustees wish to dispute the Southam LTD Claim or other information on the Southam LTD Claim Notice, the Trustee shall provide notice of such dispute (the "**Disputed Southam LTD Claim**") in writing to Representative Counsel within 10 business days of the date the Monitor sends the applicable Southam LTD Claim Notice. Southam LTD Claims that are not disputed by the Trustees within the required time are binding on the Trustees, the Southam LTD Trust and Southam LTD Plan members.

   b. Representative Counsel is required to advise HCPH and the Monitor of any Disputed Southam LTD Claim forthwith on receipt of such Disputed Southam LTD Claim.

c. If any Disputed Southam LTD Claim cannot be resolved by Representative Counsel, HCPH and the Monitor within 10 days of the receipt of the Disputed Southam LTD Claim by Representative Counsel, such Disputed Southam LTD Claim may be referred to this Honourable Court for resolution.

d. If an amendment to a Disputed Southam LTD Claim is agreed upon by Representative Counsel, HCPH and the Monitor, or ordered by the Court (the "**Southam LTD Claim Amendment**"), such Southam LTD Claim Amendment shall be provided to Mercer to amend the Southam LTD Claims Report.

30. The Monitor is of the view that the termination of Southam LTD Plan and HCPH's obligations under the Southam LTD Plan and Southam LTD Trust is necessary for Mercer to value the Southam LTD Claim and the process described earlier in this Tenth Report provides Southam LTD Plan members (via their Representative Counsel) and Trustees with adequate notice with respect to the termination of Southam LTD benefits and review of the Southam LTD Claims. The Monitor shall report to this Honourable Court with respect to the outcome of the Southam LTD Claims process and work with HCPH and Representative Counsel to complete the Southam LTD Claims process in a fair and efficient manner.

ERDC SETTLEMENT

31. On April 15, 2010, this Honourable Court granted the Claims Procedure Order to identify any creditor claims other than claims in respect of OPEB and Pension Plans, and claims secured by charges in the Initial Order or any further charge ordered by this Honourable Court.

32. As described in the Ninth Report of the Monitor dated July 27, 2011 (the "**Ninth Report**"), HCPH received certain claims including a claim from ERDC for approximately $33.4 million.

33. Pursuant to an Order made on June 8, 2011 by this Honourable Court (the "**Claims Disallowance Procedure Order**"), on August 10, 2011, the Monitor, in consultation with HCPH, sent a notice of revision and disallowance to ERDC. Pursuant to the sending

of the notice of revision and disallowance, the Monitor, in consultation with HCPH had discussions with ERDC resulting in a settlement between HCPH and ERDC. A copy of the Settlement Agreement is attached as Exhibit 'F' to the Byrd Affidavit.

34. The significant provisions of the ERDC Settlement Agreement are described below:

a. The Settlement Agreement is subject to the approval of this Honourable Court and the Superior Court of Quebec in ERDC's class action proceeding. The Settlement Agreement shall not be binding on HCPH or ERDC if either Court does not approve the Settlement Agreement, and ERDC shall have a reasonable delay to file a contestation to the disallowance of its proof of claim;

b. Each of HCPH and ERDC will bear its own costs associated with the Settlement Agreement and the class action proceedings and in seeking and obtaining the approvals of the appropriate Courts;

c. The ERDC proof of claim is fully and finally settled on the basis that the ERDC claim is valued at nil;

d. ERDC releases and discharges HCPH, its parents and other related parties from all claims related to the ERDC class action, and ERDC's claim in these CCAA proceedings shall be valued at nil;

e. ERDC agrees not to take steps nor initiate any proceedings against any person with respect to the matters released by ERDC in the ERDC Settlement Agreement except for steps against existing defendants in the class action proceedings;

f. ERDC represents and warrants that it has not assigned its claim against HCPH; and

g. ERDC agrees to a settlement of the class action proceedings as against HCPH at its own cost and will present a motion to request the Quebec Superior Court to issue an order affecting the settlement as soon as possible and no later than February 29, 2012.

35. HCPH is seeking the approval of this Honourable Court with respect to the Settlement Agreement.

THE PENSION PLANS

36. Further to the Order of this Honourable Court made on October 14, 2010 (the "**October 14 Order**"), HCPH, in consultation with Representative Counsel and the Monitor, commenced the process to wind up five of the Pension Plans as of December 31, 2010 (the "**Wind Up Date**"). The Pension Plans being wound up (the "**Winding Up Plans**") include one British Columbia registered Pension Plan (the "**B.C. Registered Pension Plan**") and four Ontario registered Pension Plans (the "**Ontario Registered Pension Plans**").

37. Wind up reports with respect to the Winding Up Plans (the "**Wind Up Reports**") have been filed by HCPH with the applicable pension regulators in Ontario and British Columbia (the "**Pension Regulators**").

38. The Journal Publishing Company Limited Pension Plan (the "**Journal Plan**") was not part of the initial wind up process as HCPH was in discussions with the CRA with respect to the status of the Journal Plan. Pursuant to a confirmation from CRA that the Journal Plan is a registered pension plan, HCPH wound up the Journal Plan at the Wind Up Date and a wind up report has been filed with CRA.

INTEREST ON MISSED PENSION PAYMENTS IN WIND UP REPORTS

39. During its review of the Wind Up Report, Financial Services Commission of Ontario ("**FSCO**") indicated to Mercer that it noted that interest was not included on certain previously missed pension payments in the determination of the wind up liability of a deferred vested member of the Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers (the "**Sterling Plan**"). FSCO advised that while there is no explicit provision in the Pension Benefits Act with respect to such interest payments, it is FSCO's long standing policy that in circumstances where pension payments are missed or late, the pension plan must pay the outstanding payment amount including a reasonable interest on such missed pension

payments. Mercer advised HCPH that such interest payment is minimal.

40. Subsequent to the above request from FSCO, Mercer identified an additional 14 individuals in the HCPH Plan for whom interest was not calculated on missed pension payments in the Wind Up Reports.

41. In an Order of this Honourable Court of April 15, 2010, HCPH was authorized and directed to pay retroactive missed pension payments, without interest to any member of the pension plan entitled to receive such missed pension payment. Further to the request from FSCO described above and further to discussions between HCPH and Representative Counsel, in order to expedite FSCO's approval of the Wind Up Report, HCPH is now seeking the approval of this Honourable Court to include interest at the same rate as previously credited to employee contributions based on HCPH's past practice, to previously missed pension payments for deferred vested members of the Pension Plans on wind up for purposes of calculating wind up liabilities of the Pension Plans.

TERMINATION OF AGREEMENT WITH STANDARD LIFE

42. As described in the Byrd Affidavit, HCPH is the policyholder of the Standard Life Policy originally issued by Standard Life to the Kitchener-Waterloo Record Limited (the "**Record**"), under which a number of members under the HCPH Plan are entitled to monthly pension payments. HCPH advised that it recently became aware that an agreement entered into between the Record and Standard Life (the "**Standard Life Agreement**") required Standard Life to pay monthly pension payments due to members of the HCPH Plan to the trustee of the HCPH Plan and the HCPH Plan would pay this pension amount along with the pension amount due to the member from the HCPH Plan.

43. As described above, HCPH is in the process of winding up its Pension Plans and once the Pension Plans are terminated, HCPH will no longer be making payments under its Pension Plans. Accordingly, HCPH is seeking the approval of this Honourable Court to terminate the Standard Life Agreement as of December 31, 2011, in order that Standard Life will make monthly annuity payments directly to the appropriate pensioners

commencing January 1, 2012, instead of routing such payments through the trustee of the HCPH Plan.

44. As described in the Byrd Affidavit, during its review of the annuitants of the Standard Life Policy, HCPH identified 16 annuitants of the Standard Life Policy who are not entitled to a pension under the HCPH Plan and in respect of whom the HCPH Plan has not received annuity payments from Standard Life. In addition, a further individual is identified who is not entitled to a pension under the HCPH Plan, but for whom HCPH has received monthly annuity payments from Standard Life since February 2008. The aggregate amount of such annuity payments in respect of this one individual is roughly estimated by HCPH to be approximately $30,000. HCPH has been advised by Metroland that these 16 annuitants and the additional person for whom HCPH received pension payments in error are retirees of Metroland and such payments received in error by HCPH from Standard Life should be paid to a pension plan of Metroland under which these individuals are entitled to benefits.

45. Accordingly, HCPH is seeking an order of this Honourable Court to direct Standard Life to make payment in respect of entitlements of any annuitant who is an HCPH retiree under the Standard Life Policy directly to the annuitant commencing January 1, 2012, or, if applicable, as directed by Metroland in respect of any non-HCPH retiree who is an employee or retiree of Metroland. In addition, HCPH is seeking the approval of this Honourable Court to direct the trustee of the HCPH Plan to refund to Standard Life the monies received by the HCPH Plan in respect of the one annuitant under the Standard Life Policy in error.

ENTITLEMENT TO SURPLUS IN THE HCPH PLAN AND WINDSOR STAR PLAN

46. As described earlier in this Tenth Report, HCPH's Pension Plans are being wound up and the Wind Up Reports are being reviewed by the applicable Pension Regulators. The Wind Up Reports reflect that two of the Pension Plans, the HCPH Plan and the Windsor Star Plan are in a wind up surplus position. The Monitor understands that, based on its review of the plan documents related to the HCPH Plan and the Windsor Star Plan, Representative Counsel and HCPH has determined that they do not wish to pursue a

sharing of any surplus on the wind up of the HCPH Plan and Windsor Star Plan, as permitted under the Pension Benefits Act, between HCPH and the members of the HCPH Plan and the Windsor Star Plan. As such, the entitlement to any surplus on the wind up of the HCPH Plan and Windsor Star Plan will be to the members of the HCPH Plan and Windsor Star Plan respectively.

47. At this point in time, a specific amount of wind up surplus, if any, cannot be determined with respect to the HCPH Plan and Windsor Star Plan, given that the Wind Up Reports are in the process of being reviewed by the applicable Pension Regulators and are subject to their approval. Further, the cost to purchase annuities with respect to the Pension Plans has not been determined. In addition, the wind up surplus, if any, is subject to the payment of any relevant and applicable fees and/or costs and any applicable taxes, and the distribution of benefits on the wind up of the Pension Plans in an equitable manner as will be determined in the approved Wind Up Report and the purchase of annuities related to the Wind Up Report.

48. After the above wind up process is complete and the relevant fees, taxes and costs are paid, HCPH, based on discussions with Representative Counsel has determined that any remaining surplus with respect to HCPH Plan and Windsor Star Plan will be distributed to the members of the HCPH Plan and Windsor Star Plan respectively. Accordingly, HCPH is seeking an Order from this Honourable Court declaring that members of the HCPH Plan and the Windsor Star Plan are entitled to the distribution of surplus if any on the wind up of the HCPH Plan and Windsor Star Plan subject to fees, taxes and costs as described above.

EXTENSION OF THE DEADLINE OF THE OPEB CLAIMS REPORT

49. As described in the Ninth Report, Mercer is conducting a valuation of the OPEB claims. The OPEB Claims Procedure Order required that Mercer provide its valuation of the OPEB claims (the "**OPEB Claims Report**") to HCPH, Representative Counsel and the Monitor by no later than November 30, 2011 (the "**OPEB Claims Report Deadline**").

50. The OPEB Claims Report is a valuation of the claims of each of the OPEB plan members

or beneficiaries entitled to an OPEB claim. The OPEB Claims Report will provide details of each OPEB claim by individual OPEB plan member based on certain categories of OPEB plans, such as health and dental, life insurance and others.

51. Mercer has advised the Monitor that the primary actuary working on the OPEB Claims report has recently resigned from Mercer, and this actuary has been replaced by a different actuary from Mercer. Due to this change in the primary actuary working on the HCPH file at Mercer, and the additional time needed by the new actuary to become familiar with the HCPH file and the details of the required calculations and analysis related to the OPEB Claims Report, Mercer needs an additional two weeks to complete the OPEB Claims Report. Mercer has advised that it will be able to provide the OPEB Claims Report by December 15, 2011. Accordingly, HCPH is seeking the approval of this Honourable Court to extend the OPEB Claims Report Deadline from November 30, 2011 to December 15, 2011.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS

52. A summary of the actual receipts and disbursements of the Applicant as compared to the projection set out in the Ninth Report is attached as Appendix A to this Tenth Report.

53. The Applicant's actual consolidated net cash outflow for the period from July 11, 2011 to November 13, 2011 was $2.3 million. A detailed variance analysis is set out in Appendix 'A' to this Tenth Report.

UPDATED CASH FLOW PROJECTION

54. HCPH, with the assistance of the Monitor, has prepared a cash flow projection (the "**Cash Flow Forecast**") for the period from November 14, 2011 to April 8, 2012 (the "**Projection Period**"), a copy of which is attached as Appendix 'B' to this Tenth Report. The Cash Flow Forecast has been prepared by management of HCPH, using probable and hypothetical assumptions set out in notes 1 to 10 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the Projection Period in Canadian dollars.

55. The Applicant is projecting a net cash outflow of approximately $1.8 million during the Projection Period. The Cash Flow Forecast projects that the Applicants will have sufficient liquidity to operate during the proposed Stay Period.

56. 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.

STAY EXTENSION

57. The current Stay Period under the Initial Order expires on November 30, 2011. The Applicant is seeking an extension of the Stay Period to March 30, 2012 in order to permit HCPH the time to complete the wind up of the Pension Plans, complete the process for the determination of its OPEB and other liabilities and develop a CCAA plan.

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

RECOMMENDATIONS

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

    a. authorizing and approving the termination of the Southam LTD Plan as of November 30, 2011;

    b. authorizing the termination of all HCPH's obligations under the Southam LTD Plan and the Southam LTD Trust as of November 30, 2011;

    c. appointing replacement trustees for the Southam LTD Trust and authorizing and directing HCPH to execute the Southam LTD Trust Amending Agreement;

    d. authorizing the Custodial Trustee to continue paying certain disability benefit payments to the members of the Southam LTD Plan;

e. approving the timeline for the submission of the Southam LTD Claims Report;

f. approving the Notice of Southam LTD Claim and the process for the delivery of the Notice of Southam LTD Claim;

g. authorizing and approving the Settlement Agreement negotiated between HCPH and ERDC;

h. authorizing that interest at the same rate as previously credited to employee contributions based on HCPH's past practice, be applied to previously missed pension payments for deferred vested members of the Pension Plans on wind up for purposes of calculating wind up liabilities of the Pension Plans;

i. authorizing HCPH to direct Standard Life to make payment in respect of entitlements of any annuitant who is an HCPH retiree under the Standard Life Policy directly to the annuitant commencing January 1, 2012, or, if applicable, as directed by Metroland in respect of any annuitant who is an employee or retiree of Metroland (and not HCPH);

j. authorizing HCPH to direct the trustee of the HCPH Plan to refund to Standard Life certain monies received by the HCPH Plan in respect of one annuitant under the Standard Life Policy in error;

k. authorizing that the members and beneficiaries of the HCPH Plan and the Windsor Star Plan are entitled to the distribution of surplus, if any on the wind up of the HCPH Plan and Windsor Star Plan respectively;

l. extending the deadline for Mercer to provide the OPEB Claims Report;

m. extending the Stay Period to March 30, 2012; and

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

All of which is respectfully submitted this 25th day of November, 2011.

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 July 11, 2011 to November 13, 2011
(In Thousands of Canadian Dollars)

	Actual	Projection	Variance	Note
OPENING BANK BALANCE (In $CDN)	**18,557**	**18,557**	**-**	
RECEIPTS				
MAV II ABCP Note Payments Received	-	-	-	
Interest Income	62	58	5	
Other	-	-	-	
Total Receipts	62	58	5	
DISBURSEMENTS				
Payroll	(88)	(102)	14	
Consultants	(194)	(244)	50	1
Registered Pension Plan Contributions	(3)	(5)	2	
Unfunded Pension Plan Payments	(142)	(156)	14	
Post Employment and Post Retirement Benefits	(590)	(513)	(77)	2
General & Administrative Costs	(58)	(71)	13	
Restructuring Costs	(1,295)	(1,338)	43	3
Total Disbursements	(2,371)	(2,429)	58	
NET CASH INFLOW/(OUTFLOW)	(2,309)	(2,371)	63	
CLOSING BANK BALANCE	**16,248**	**16,186**	**62**	
Indemnity Trust (Not available to HCPH)	7,208	7,760	(552)	4

Hollinger Canadian Publishing Holding Co. ("Applicant")
Combined Actual Receipts and Disbursements
For the Period July 11, 2011 to November 13, 2011
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 are converted to Canadian dollars at the exchange rate of US$1.00=CDN$0.9645.

1. **Consultants** – The favourable variance is primarily due to a timing difference, which is expected to reverse in the future.

2. **Post Employment and Post Retirement Benefits** – This unfavourable variance is primarily due to higher than anticipated payments for certain self-insured plans due to the termination of these OPEB Plans pursuant to the Court Order of July 28, 2011.

3. **Restructuring Costs** – The favourable variance is primarily due to a timing difference, which will likely reverse in the future.

4. **Indemnity Trust** – Withdrawals of approximately $550,000 for professional fees were made during this period from the indemnity truste for certain defamation actions not related to these CCAA proceedings. The indemnity trust (the "**Trust**") is described in the affidavit of Thomas Kram dated December 8, 2009 (the "**Kram Affidavit**"). As described in the Kram Affidavit, this Trust is irrevocable and the assets within the Trust can not be used for the benefit of HCPH until the termination of the Trust.

APPENDIX “B”

Hollinger Canadian Publishing Holdings Co. ("Applicant") Cash Flow Projection
For The Period From November 14, 2011 to April 8, 2012
(In Thousands of Canadian Dollars)

Week Ending	Notes	20-Nov	27-Nov	4-Dec	11-Dec	18-Dec	25-Dec	1-Jan	8-Jan	15-Jan	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	4-Mar	11-Mar	18-Mar	25-Mar	1-Apr	8-Apr	Total
Opening Bank Balance	1	16,248	16,150	15,948	15,763	15,697	15,670	15,653	15,460	15,437	15,372	15,345	15,158	15,129	15,064	15,037	15,020	14,820	14,755	14,728	14,711	14,517	16,248
Receipts																							
Interest Income	2	-	7	-	6	-	7	-	6	-	7	-	5	-	7	-	5	-	6	-	5	-	61
Total Receipts		-	7	-	6	-	7	-	6	-	7	-	5	-	7	-	5	-	6	-	5	-	61
Disbursements																							
Payroll	3	(16)	-	(6)	(11)	(6)	-	(6)	-	(11)	(6)	-	(6)	(11)	(6)	-	(6)	(11)	(6)	-	(6)	(11)	(121)
Consultants	4	(37)	(7)	-	(44)	-	(7)	-	(7)	(37)	(7)	-	(7)	(37)	(7)	-	(7)	(37)	(7)	-	(7)	(37)	(294)
Registered Pension Plan Contributions	5	-	-	(1)	-	-	-	-	(1)	-	-	-	(1)	-	-	-	(1)	-	-	-	-	(1)	(7)
Unfunded Pension Plan Payments	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post Employment and Post Retirement Benefits	7	0	-	(122)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(122)
General & Administrative Costs	8	(8)	(2)	(6)	(2)	(6)	(2)	(2)	(6)	(2)	(6)	(2)	(6)	(2)	(6)	(2)	(6)	(2)	(6)	(2)	(2)	(6)	(81)
Restructuring Costs	9	(36)	(200)	(50)	(15)	(15)	(15)	(185)	(15)	(15)	(15)	(185)	(15)	(15)	(15)	(15)	(185)	(15)	(15)	(15)	(185)	(15)	(1,236)
Total Disbursements		(98)	(209)	(185)	(72)	(26)	(24)	(193)	(29)	(65)	(33)	(187)	(35)	(65)	(33)	(17)	(205)	(65)	(33)	(17)	(200)	(70)	(1,862)
Net Weekly Cash Flows		(98)	(202)	(185)	(66)	(26)	(17)	(193)	(23)	(65)	(27)	(187)	(29)	(65)	(27)	(17)	(199)	(65)	(27)	(17)	(194)	(70)	(1,802)
Closing Bank Balance		16,150	15,948	15,763	15,697	15,670	15,653	15,460	15,437	15,372	15,345	15,158	15,129	15,064	15,037	15,020	14,820	14,755	14,728	14,711	14,517	14,446	14,446

Indemnity Trust (not available to HCPH)	10	7,208

Note: This trust is irrevocable and the assets within the trust cannot be used for the benefit of HCPH until the termination of the trust.

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

Disclaimer:

In preparing this cash flow projection (the "**Cash Flow Forecast**"), the Applicant has 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 at the commencement of the CCAA proceedings and includes funds held in Canadian dollars and U.S. dollars that were converted into Canadian dollars at US$ 1 = CDN$0.9967 exchange rate.

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

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

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

5) **Registered Pension Plan Contributions:**
As discussed in the previous Monitor's report, contributions to registered pension plans (except the Journal Publishing plan) ceased pursuant to the Order of April 20,

2011, and are no longer reflected in this Cash Flow Forecast. HCPH forecasts contributions to the Journal Publishing plan based on historical run rates.

6) **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.

7) **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, with the exception of the Southam LTD plan, HCPH terminated its OPEB plans as of August 31, 2011, and discontinued monthly payment thereafter. The Cash Flow Forecast reflects payments for benefit claims that arose prior to August 31, 2011 and payments to members of the Southam LTD plan until November 30, 2011.

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

9) **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.

10) **Restricted Cash:**
The Indemnity Trust balance represents cash held in a trust indenture (the "**Trust**") for certain indemnities and trust payments. As described in the Kram Affidavit, this Trust is irrevocable and the assets within the Trust can not be used for the benefit of HCPH until the termination of the Trust. Upon the termination of the Trust, any residual amount returns to HCPH. The restricted cash is reduced on a monthly basis for withdrawals related to professional fees for certain defamation actions not related to these CCAA proceedings as described in the Kram Affidavit. The amount of the cash that will remain in the Trust at the end of the Cash Flow Forecast period can not be determined.