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 IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Applicant

APPLICATION UNDER THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

MOTION RECORD
(Returnable on July 31, 2012)

Thursday, July 26, 2012

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Court File No. 09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Applicant

APPLICATION UNDER THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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TAB 1

Court File No. 09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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Applicant

APPLICATION UNDER THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

NOTICE OF MOTION
(Returnable July 31, 2012)

The Applicant will make a motion to the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) on Tuesday, July 31st, 2012 at 9:30 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING:

The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order, if necessary, abridging the time for service of the Notice of Motion and the Motion Record, that the Notice of Motion is properly returnable on July 31, 2012 and that further service of the Notice of Motion on any interest party, other than those served, may be dispensed with.

2. An Order sanctioning the Plan of Compromise and Arrangement of the Applicant (the "**Plan**").

3. An order declaring that the Southam LTD Trust (nor any of its beneficiaries) does not have any claim against HCPH.

4. An Order extending the Stay Period until December 31, 2012.

5. An Order that the Monitor's Thirteenth Report and all of the activities summarized therein are hereby approved in their entirety, and all of the activities of the Chief Restructuring Officer, described in the affidavit of Dennis M. Byrd, sworn July 26, 2012, are hereby approved in their entirety.

6. Such further and other Orders as counsel may request and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. On December 10, 2009, the Court granted the Initial Order wherein a stay of proceedings was granted in favour of the Applicant.

2. Subsequent extensions of that stay were ordered on January 6, 2010, April 15, 2010, July 27, 2010, October 14, 2010, January 6, 2011, April 11, 2011, July 28, 2011, November 28, 2011 and March 16, 2012, with the last of the orders (the "**March 2012 Order**") extending the stay period to and including July 31, 2012.

3. Since the granting of the Initial Order the Applicant, with the oversight of the Monitor, has:

(a) worked diligently to continue to administer its pension and other post-retirement plans in accordance with the Initial Order and subsequent Orders of this Court;

(b) implemented claims determination processes covering all known and potential creditors;

(c) successfully resolved certain outstanding claims to the benefit of the Applicant;

(d) continued a wind up and valuation process in relation to the Pension Plans;

(e) completed a valuation process in relation to the OPEB Plans; and

(f) developed the Plan with substantial input from Representative Counsel who represents the interests of members of the Pension Plans and the OPEB Plans, which collectively represent the vast majority of Affected Claims against the Applicant.

4. On June 8, 2012, the Court issued and entered an order approving the filing of the Plan and authorizing and directing the Applicant to convene a meeting of their creditors to consider and vote on the Plan (the "**Creditors' Meeting Order**"). Capitalized terms used herein but not otherwise defined have the meanings ascribed to them in the Plan and the Creditors' Meeting Order.

5. A meeting of the Affected Creditors was convened on July 20, 2012 to consider and if, deemed appropriate, approve the Plan. The Plan was overwhelmingly supported by both Classes of Affected Creditors.

6. The Plan is fair and reasonable. There has been compliance with all statutory requirements and adherence to previous orders of the Court. Nothing has been done or purported to be done that is not authorized by the CCAA.

7. The Applicant is proceeding in good faith and with due diligence.

8. The Monitor supports granting of the relief requested herein.

9. Section 6 of the CCAA.

10. Paragraphs 14 and 62 of the Initial Order.

11. Rules 3.02 and 37.02(1) of the *Rules of Civil Procedure*.

12. Such further and other grounds as counsel may advise and this Honourable Court may permit.

July 26th, 2012

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IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Court File No. 09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

NOTICE OF MOTION

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TAB 2

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	) TUESDAY, THE
JUSTICE CAMPBELL	) 31st DAY OF JULY, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

SANCTION ORDER

THIS MOTION, made by Hollinger Canadian Publishing Holdings Co. ("HCPH" or the "Applicant")[1] pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an order: (a) approving and sanctioning the Plan of Compromise and Arrangement of the Applicant, dated May 24, 2012, (the "Plan") concerning, affecting and involving the Applicant, as approved by the Affected Creditor Classes at the Creditors' Meetings held on July 20, 2012; (b) extending the Stay Period as defined in the Initial Order of the Honourable Mr. Justice Campbell, dated December 10, 2009 (the "Initial Order") to December 31, 2012 or such other date as to this Honourable Court appears just; and (c) for certain other relief, was heard this day at 330 University Avenue, in the City of Toronto, Ontario.

ON READING the Motion Record of the Applicant, dated July 26, 2012 the Affidavit of Dennis Byrd, sworn July 26, 2012, and the exhibits attached thereto (the "Byrd Affidavit"), the Twelfth Report and the Thirteenth Report (the "Thirteenth Report") of Ernst & Young Inc., in its capacity as court-appointed monitor of the Applicant (the "Monitor"), and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and the Representative Counsel, and no one appearing for any other party on the service list in these CCAA Proceedings

[1] Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Plan.

(the "Service List"), although the Motion Record was served on the Service List as appears from the affidavit of service of Karma P. Dolkar, sworn July 26, 2012, filed, and upon being advised that service of notice of this hearing (the "Sanction Hearing") was affected in accordance with paragraph 36 of the Creditors' Meeting Order, dated June 8, 2012 (the "Creditors' Meeting Order"):

DEFINITIONS

1. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Order shall have the meanings ascribed thereto in the Plan and/or the Creditors' Meeting Order, as the case may be. A copy of the Plan is attached as Exhibit "**A**" to the Byrd Affidavit. A copy of the Creditors' Meeting Order is attached as Exhibit "**B**" to the Byrd Affidavit.

SERVICE AND MEETING OF CREDITORS

2. **THIS COURT ORDERS** that the time for the service of the Notice of Motion, the Motion Record in support of this motion, and the Monitor's Thirteenth Report be and is hereby abridged and that this Motion is properly returnable today and service of the Notice of Motion, the Motion Record, and the Monitor's Thirteenth Report is hereby validated in all respects and no other or further service thereof is required.

3. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient notice, service and delivery of the Creditors' Meeting Order, the Meeting Materials (as defined in the Creditors' Meeting Order), including the Plan, regarding the Creditors' Meetings and the Sanction Hearing, to all Affected Creditors.

4. **THIS COURT ORDERS AND DECLARES** that the Creditors' Meetings were duly convened, held and conducted in conformity with the CCAA and the Orders of the Court in the CCAA Proceeding, including the Creditors' Meeting Order.

SANCTION OF THE PLAN

5. **THIS COURT ORDERS AND DECLARES** that:

(a) the Plan has been approved by the requisite majorities of the Affected Creditors Classes voting at the Creditors' Meetings in conformity with the CCAA and the Creditors' Meeting Order;

(b) the Applicant has complied with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceeding in all respects;

(c) the Applicant has acted and is acting in good faith and with due diligence, and has not done or purported to do (nor does the Plan do, or purport to do) anything that is not authorized by the CCAA; and

(d) the Plan and all terms and conditions of and matters and transactions contemplated thereby are fair and reasonable.

6. **THIS COURT ORDERS** that the Plan (including, without limitation, the compromises, arrangements and releases set out therein) is hereby sanctioned and approved pursuant to Section 6 of the CCAA and, on the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date), shall be effective and all associated steps, compromises, transactions, arrangements and releases effected thereby are hereby approved, binding and effective in accordance with the provisions of the Plan and shall enure to the benefit of and be binding upon the Applicant and the other Released Parties (as defined below), the Affected Creditors and all other Persons and parties named or referred to in, affected by, or subject to the Plan, including their respective heirs, administrators, executors, legal representatives, successors and assigns, as provided for in the Plan and this Sanction Order.

PLAN IMPLEMENTATION

7. **THIS COURT ORDERS** that the Applicant, the Chief Restructuring Officer (the "<u>CRO</u>"), the Monitor and the Disbursing Agent, as the case may be, are authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Plan in accordance with its terms and to enter into, execute, deliver, complete, implement and

consummate all of the transactions, distributions, deliveries, allocations and agreements contemplated pursuant to the Plan, and such steps and actions are hereby authorized, ratified and approved. Furthermore, none of these parties shall incur any liability as a result of acting in accordance with the terms of the Plan and the Sanction Order

8. **THIS COURT ORDERS** that upon the satisfaction or waiver, as applicable, of the conditions precedent set out in Section 9.01 of the Plan, as confirmed by the Applicant to the Monitor, the Monitor shall file with this Court a certificate in the form attached hereto as Schedule "A" (the "Monitor's Certificate"), signed by the Monitor, certifying that it has been advised by the Applicant that all conditions precedent set out in Section 9.01 of the Plan have been satisfied or waived, as applicable, and that, with the filing of the Monitor's Certificate, on the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date) the Plan shall have become effective in accordance with its terms.

9. **THIS COURT ORDERS** that, from and after the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date), all Creditors other than Unaffected Creditors solely with respect to and to the extent of their Unaffected Claims shall be deemed to have waived any and all defaults then existing or previously committed or caused by the Applicant, any of the provisions in the Plan or steps contemplated in the Plan, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, instrument, credit document, guarantee, agreement for sale, lease, or other agreement, written or oral, and any and all amendments or supplements thereto (each, an "Agreement"), existing between such Creditor and the Applicant, and any and all notices of default and demands for payment under an Agreement shall be deemed to be of no further force or effect; provided that nothing in this paragraph shall excuse or be deemed to excuse the Applicant or any of the Released Parties (as defined below) from performing any of its obligations under the Plan.

10. **THIS COURT ORDERS** that, on the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date), each Creditor other than Unaffected Creditors solely with respect to and to the extent of their Unaffected Claims shall be deemed to have

consented and agreed to all of the provisions of the Plan in their entirety and, in particular, each such Creditor shall be deemed:

(a) to have executed and delivered to the Monitor and to the Applicant all consents, releases, agreements, discharges or other instruments required to implement and carry out the Plan, in its entirety; and

(b) to have agreed that if there is any conflict on the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date) between the provisions, express or implied, of any Agreement or other arrangement, written or oral, existing between such Creditor and the Applicant, or any one of them, and the provisions of the Plan, the provisions of the Plan take precedence and priority and the provisions of such Agreement or other arrangement shall be deemed to be amended accordingly.

11. **THIS COURT ORDERS** that, on the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date), pursuant to and in accordance with the Plan, any and all Affected Claims of Affected Creditors of any nature against the Applicant shall be forever compromised, discharged and released, and the ability of any Affected Creditor to proceed against the Applicant in respect of or relating to any Affected Claim shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the rights of Affected Creditors to receive distributions and deliveries pursuant to the Plan and this Sanction Order in respect of their Affected Claims, in the manner and to the extent provided for in the Plan. All proceedings with respect to any Claims not finally resolved and determined pursuant to the Claims Procedure Orders shall remain stayed, and shall be resolved and determined in accordance with the Claims Procedure Orders and any further Order of this Court.

12. **THIS COURT ORDERS AND DIRECTS** the Applicant or the Monitor, as the case may be, serving as Disbursing Agent, to complete the distributions and deliveries contemplated under the Plan in accordance with its terms, and such distributions are hereby approved.

13. **THIS COURT ORDERS AND DECLARES** that, without limiting the provisions of the Initial Order, after the Plan Implementation Date HCPH shall remain in possession and control of the Property (as defined in the Initial Order) and the Monitor shall not be deemed to be in possession and/or control of any such Property.

14. **THIS COURT ORDERS AND DECLARES** that neither the Monitor nor the CRO shall constitute or be deemed to constitute a receiver, assignee, curator, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of HCPH within the meaning of any relevant tax legislation (including the Statutes (defined below)) by reason of any act or omission by the Monitor or the CRO pertaining to payments made pursuant to paragraph 12 hereof or the Remaining Matters (as defined in paragraph 23 below) including, without limitation, any dealings with the Available Cash Pool or payments made by, or with the consent of, the Monitor in accordance with the Plan or the Pension Plan Wind-up Direction.

15. **THIS COURT ORDERS AND DECLARES** that any payments and deliveries made by, or with the consent of, the Monitor or the CRO in accordance with the Plan (including without limitation payments made to or for the benefit of Affected Creditors), the Pension Plan Wind-up Direction and/or this Sanction Order shall not constitute a "distribution" for the purposes of Section 159 *Income Tax Act* (Canada), Section 270 of the *Excise Tax Act* (Canada), Section 46 of the *Employment Insurance Act* (Canada), Section 107 *Corporations Tax Act* (Ontario), Section 14 of the *Act Respecting the Ministére du Revenu* (Quebec), or any other similar federal, provincial or territorial tax legislation (collectively, the "Statutes"), and the Monitor, in making any such payments is merely a disbursing agent under the Plan and is not exercising any discretion in making payments from the Available Cash Pool and is not "distributing", nor shall it be considered to "distribute" nor to have "distributed", such funds for the purpose of the Statutes~~,~~ and neither the Monitor, nor the CRO shall incur any liability under the Statutes in respect of payments or deliveries made by it, or with its consent, and the Monitor and CRO are hereby forever released, remised and discharged from any claims against either of them under or pursuant to the Statutes or otherwise at law, arising in respect of or as a result of or payments made by, or with the consent of, the Monitor in accordance with the Plan and any claims of this nature are hereby forever barred.

RELEASES, DISCHARGES AND INJUNCTIONS

16. **THIS COURT ORDERS AND CONFIRMS** the releases contemplated by Section 11.01 of the Plan.

17. **THIS COURT ORDERS** that, without limiting the generality of any provision of this Sanction Order or the Plan, immediately upon the Plan Implementation Date (and at the earliest point in time on the Plan Implementation Date) having occurred, every Person, (regardless of whether or not such person is a Creditor), and save and except for Unaffected Creditors solely with respect to and the extent of their Unaffected Claims, on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and successors and assigns, as applicable hereby fully, finally, irrevocably and unconditionally releases and forever discharges the Applicant, the CRO, the Monitor, and the Representative Counsel, and all current, former, and future administrators of the Pension Plans or member of any Pension Plan committee, together with each of their and their affiliates' respective current and former legal representatives, agents, directors, officers, predecessors, heirs, spouses, dependants, administrators, executors, subsidiaries, affiliates, related companies, member companies, partners, shareholders, employees, legal counsel, auditors, contractors, actuaries, consultants, financial or other professional advisors, and successors and assigns (collectively, the "Released Parties" and each individually a "Released Party"), as applicable, of and from any and all claims, including, without limitation, all claims in respect of statutory liabilities of Directors and any alleged fiduciary (whether acting as a director, officer, member of a pension committee or acting in any other capacity in connection with the administration of the Pension Plans or any other pension or benefit plans or trusts of the Applicant) and any and all past, present and future claims, demands, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, damages, expenses, fees (including solicitors' fees and liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or

omission existing or taking place on or prior to the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date) relating to or otherwise in connection with the Applicant including, without limitation, the business and operations of the Applicant, the property of the Applicant, the CCAA Proceeding, any Pension Plan currently or formerly administered by the Applicant, or in respect of which the Released Parties had any role, whether in their capacity as director, officer, or agent of HCPH or in any other capacity, including as or on behalf of the administrators of the Pension Plans and any other employee benefit or retirement savings plan, including without limitation any post-employment benefits, (collectively, the "Released Claims"); provided, however, that nothing herein shall release or discharge (i) any Released Party from its obligations, if any, under the Plan; (ii) Unaffected Claims against HCPH; or (ii) Directors in respect of any claim referred to in Section 5.1(2) of the CCAA.

18. **THIS COURT ORDERS** that, from and after the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date), no Person shall make or continue any claims or proceedings whatsoever based on, in connection with, arising out of or in any way related to, in whole or in part, directly or indirectly, the substance of the facts giving rise to any matter herein released (including, without limitation, any action, cross-claim, counter-claim, third party action or application) against any Person who claims or might reasonably be expected to claim in any manner or forum against one or more of the Released Parties, including, without limitation, by way of contribution or indemnity, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, and that in the event that any of the Released Parties are added to such claim or proceeding, such Person will immediately discontinue any such claim or proceeding against the Released Parties. Notwithstanding the foregoing, nothing herein shall release or discharge a Released Party from its obligations, if any, under the Plan and shall not discharge or release: (i) any Unaffected Claims; or (ii) any claim referred to in Section 5.1(2) of the CCAA.

19. **THIS COURT ORDERS** that, without limiting the generality of any provision of this Order or the Plan, immediately upon the Plan Implementation Date having occurred (effective at the earliest point in time on the Plan Implementation Date), all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities,

agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date), with respect to the Released Claims, from (i) commencing; conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or (v) taking any actions to interfere with the implementation or consummation of the Plan; provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Plan or in respect of (i) any Unaffected Claims or (ii) any claim against a Director referred to in subsection 5.1(2) of the CCAA.

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

ORDERS IN THE CCAA PROCEEDINGS

21. **THIS COURT ORDERS** that:

(a) except to the extent that the Initial Order has been varied by or is inconsistent with this Sanction Order or any further Order of this Court, the provisions of the Initial Order shall remain in full force and effect and the stay of proceedings granted *thereby* be and is hereby extended until the CCAA Termination Date (as defined in paragraph 29 below);

(b) the Claims Bar Date, the Restructuring Claims Bar Date and the releases, injunctions and prohibitions provided for in the Claims Procedure Orders, be and are hereby confirmed and shall operate in addition to the provisions of this Sanction Order and the Plan, including, without limitation, the releases, injunctions and prohibitions provided for hereunder and thereunder, respectively; and

(c) all other Orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by this Sanction Order or any further Order of this Court in the CCAA Proceeding.

THE MONITOR

22. **THIS COURT ORDERS AND DECLARES** that the actions and conduct of the Monitor in the CCAA Proceedings, as disclosed in its reports to the Court from time to time, including, without limitation, the Thirteenth Report, are hereby approved and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order, and that in addition to the protections in favour of the Monitor as set out in the Initial Order and the CCAA, the Monitor shall not be liable for any act or omission on the part of the Monitor, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of its duties under the Plan or with respect to any other duties or obligations with respect to the implementation of the Plan, save and except for any claim or liability arising out of any gross negligence or willful misconduct on the part of the Monitor.

23. **THIS COURT ORDERS** that, until its discharge as provided for in this Sanction Order, the appointment of E&Y as Monitor pursuant to the Initial Order shall not expire or terminate on the Plan Implementation Date and shall continue for the purposes of allowing, and shall be effective until, the completion by the Monitor of all its duties in relation to the following matters (collectively, the "Remaining Matters"):

(a) the claims procedure and all matters relating thereto as set out in the Claims Procedure Orders;

(b) the administration of the Plan;

(c) the Pension Plan Wind-ups and the HCPH Wind-up Matters (as defined in paragraph 26 below);

(d) realization on any Remaining Assets; and

(e) the administration of HCPH.

24. **THIS COURT ORDERS** all fees and disbursements of the Monitor (including, without limitation, the fees and disbursements of legal counsel, actuaries, accountants and other advisers) in connection with the Remaining Matters will be paid by HCPH and will constitute Administration Claims for the purposes of the Plan.

25. **THIS COURT ORDERS** HCPH to execute and deliver the Pension Plan Wind-up Direction in substantially the form attached as a schedule to the Plan (and as may be amended by agreement of the Monitor and HCPH or Order of this Court) to the Monitor on the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date);

26. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to take the actions and steps set out in the Pension Plan Wind-up Direction for and on behalf of HCPH, in its capacity as administrator of the Pension Plans ("Administrator") or as sponsor and employer in respect of the Pension Plans, as the case may be (collectively, together with the Pension Plan Wind-up Steps, the "HCPH Wind-up Matters").

27. **THIS COURT ORDERS** that in connection with the HCPH Wind-up Matters:

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

(b) Unless and until replaced with a successor Administrator appointed pursuant to applicable pension legislation, HCPH is and will at all times remain as the Administrator of each of the Pension Plans;

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

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

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

(f) the Monitor, at any time, may apply to this Court for directions with respect to the HCPH Wind-up Matters or for any other relief;

(g) the Monitor may discuss from time to time all matters relating to the Pension Plan Wind-ups and the Pension Plans with the Superintendent of the Financial Services Commission of Ontario or the Superintendent of Pensions of the Financial Institutions Commission of British Columbia, as applicable, and Representative Counsel;

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

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

28. **THIS COURT ORDERS** that the rights, powers, protections and benefits given to the Monitor and E&Y in this Order are in addition to, and shall not limit, the rights, powers, protections and benefits given to the Monitor and E&Y in the Initial Order, all other orders in the CCAA Proceedings and the Plan.

29. **THIS COURT ORDERS** that the Monitor shall be discharged of its duties and obligations pursuant to the Plan and all Orders made in the CCAA Proceedings, and the CCAA Proceeding shall terminate, upon the filing by the Monitor with this Court of a certificate in the form attached hereto as Schedule "B" (the "Certificate of Discharge and Plan Termination") signed by the Monitor, certifying that (i) the Remaining Matters have been completed to the best of the Monitor's knowledge and (ii) the Monitor has been advised by the Representative Counsel that all matters relating to the Pension Plan Wind-ups have been completed or discontinued (the date of filing such certificate, the "CCAA Termination Date").

30. **THIS COURT ORDERS** that, effective upon the filing of the Certificate of Discharge and Plan Termination in accordance with paragraph 29 above, all claims of any Person, whether such claims are direct, indirect, derivative or otherwise, against the Monitor, E&Y or any of their respective officers, employees, advisers and agents (the "Monitor Parties") arising from or relating to their capacity, conduct, activities or services rendered in the CCAA Proceedings or in connection with the Plan, HCPH or the Remaining Matters shall be and are hereby stayed, extinguished and forever barred from enforcement and the Monitor Parties shall have no liability in respect thereof.

31. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against any of the Monitor, Parties in connection with the CCAA Proceedings, the Plan, HCPH or the Remaining Matters except with prior leave of this Court and on at least seven days prior written notice to the Monitor, and upon further order securing, as security for costs, the solicitor and his own client costs of the Monitor Parties in connection with any proposed action or proceeding.

32. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein and under the Orders of this Court, shall be and is hereby authorized and empowered to perform its functions and fulfill its obligations in respect of the Remaining Matters, including its role as Disbursing

Agent pursuant to the Plan, and to complete all matters incidental to the termination of the CCAA Proceedings.

REPRESENTATIVE COUNSEL

33. **THIS COURT ORDERS** that, effective on the CCAA Termination Date, the Representative Counsel shall be and is hereby discharged from its duties as Representative Counsel in the CCAA Proceedings.

CHIEF RESTRUCTURING OFFICER

34. **THIS COURT ORDERS** that, in consideration for Dennis Byrd continuing as CRO of the Applicant from and after Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date) to the CCAA Termination Date (the "Post Implementation Period") to facilitate the outstanding issues in the restructuring for the benefit of all Affected Creditors, he shall be entitled to all protections and releases afforded under the Plan, as at the Plan Implementation Date (effective at the earliest point in time on the Plan Implementation Date) and all be entitled to the continuing protections and indemnification set out in the Initial Order during the Post-Implementation Period and in addition to the protections in favour of the CRO as set out in the Orders of this Court, upon the CCAA Termination Date, any claims against the CRO in connection with the performance of its duties as CRO are hereby released, stayed, extinguished and forever barred and the CRO shall have no liability in respect thereof.

SOUTHAM LTD PLAN

35. **THIS COURT ORDERS AND DECLARES** that, based upon the claims determination procedures set out in the Order of this Court made on November 28, 2011 (the "Southam LTD Plan and Trust Procedure Order") attached as Exhibit "**F**" to the Byrd Affdavit, there was no deficiency in the Southam LTD Trust's ability to satisfy Southam LTD Claims as at the Southam LTD Termination Date (as such terms are defined in the Southam LTD Plan and Trust Procedure Order) and that, accordingly, the Southam LTD Trust (nor any of its beneficiaries) does not have any claim against HCPH.

EFFECT, RECOGNITION AND ASSISTANCE

36. **THIS COURT ORDERS** that, notwithstanding any other provision of this Sanction Order, the Applicant, and the Monitor shall remain entitled to seek directions from the Court in respect of the interpretation and implementation of this Sanction Order and the performance by the Applicant and the Monitor of their respective obligations under the Plan, the Sanction Order and any other matters that pertain to the completion of the administration of the CCAA Proceeding prior to the CCAA Termination Date.

37. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Sanction Order prior to the commencement of any appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

38. **THIS COURT ORDERS** that this Sanction Order shall have full force and effect in all provinces and territories in Canada and against all Persons against whom it may otherwise be enforceable.

39. **THIS COURT REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to Section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America, and of or any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Sanction Order. Each of the Applicants and the Monitor shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial, regulatory and. administrative bodies, and take such other steps, in Canada, in the United States of America or elsewhere, as may be necessary or advisable to give effect to this Sanction Order and any other Order granted by this Court.

40. **THIS COURT ORDERS** that this Sanction Order shall be posted on the Monitor's website at http://www.ey.com/ca/hcph and only be required to be served upon the parties on the Service List and those parties who appeared at the hearing of the motion for this Sanction Order.

TAB A

Schedule "A"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	) __________, THE
JUSTICE CAMPBELL	) __th DAY OF_____, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

MONITOR'S CERTIFICATE
(Plan Implementation)

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan of Compromise and Arrangement concerning, affecting, and involving Hollinger Canadian Publishing Co. ("**HCPH**" or the "**Applicant**") dated May 24, 2012 (the "**Plan**"), as such Plan may be further amended, varied or supplemented by the Applicant from time to time in accordance with the terms thereof.

PURSUANT TO AN ORDER of the Honourable Justice Campbell of the Ontario Superior Court of Justice (the "Court") dated December 10, 2009, Ernst & Young Inc. ("**EYI**"), was appointed the monitor (the "**Monitor**") of the Applicant.

PURSUANT TO PARAGRAPH 8 OF THE ORDER of the Court made in these proceedings on the 31st day of July, 2012 (the "**Order**"), the Monitor hereby certifies as follows:

1. The Monitor has been advised by the Applicant that all conditions precedent set out in Section 9.01 of the Plan have been satisfied or waived, as applicable in accordance with the Plan.

DATED at the City of Toronto, in the Province of Ontario, this [•] day of [•], 2012.

ERNST & YOUNG INC. in its capacity as court- appointed Monitor of the Applicant and not in its personal capacity

By: ______________________

Name

____

Title

TAB B

Schedule "B"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	) __________, THE
JUSTICE CAMPBELL	) __th DAY OF_____, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

MONITOR'S CERTIFICATE
(Plan Termination)

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan of Compromise and Arrangement concerning, affecting, and involving Hollinger Canadian Publishing Co. ("**HCPH**" or the "**Applicant**") dated May 24, 2012 (the "**Plan**"), as such Plan may be further amended, varied or supplemented by the Applicant from time to time in accordance with the terms thereof.

PURSUANT TO AN ORDER of the Honourable Justice Campbell of the Ontario Superior Court of Justice (the "Court") dated December 10, 2009, Ernst & Young Inc. ("**EYI**"), was appointed the monitor (the "**Monitor**") of the Applicant.

PURSUANT TO PARAGRAPH 29 OF THE ORDER of the Court made in these proceedings on the 31st day of July, 2012 (the "**Order**"), the Monitor hereby certifies as follows:

1. To the best of the Monitor's knowledge, the Remaining Matters (as defined in the Order) have been completed;

2. The Monitor has been advised by Representative Counsel that all matters relating to the Pension Plan Wind-ups have been completed or discontinued; and

3. Effective upon the filing of this certificate with the Court, the CCAA Proceedings are hereby terminated.

DATED at the City of Toronto, in the Province of Ontario, this [•] day of [•], 2012.

ERNST & YOUNG INC. in its capacity as court- appointed Monitor of the Applicant and not in its personal capacity.

By: ______________________
Name

____
Title

TAB 3

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 IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Applicant

APPLICATION UNDER THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AFFIDAVIT OF DENNIS M. BYRD
(Sworn July 26, 2012)

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 IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Applicant

APPLICATION UNDER THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AFFIDAVIT OF DENNIS M. BYRD
(Sworn July 26, 2012)

I, Dennis M. Byrd of the City of Chicago, in the State of Illinois in the United States of America, **MAKE OATH AND SAY**:

1. I am the court-appointed Chief Restructuring Officer ("**CRO**") of Hollinger Canadian Publishing Holdings Co. ("**HCPH**" or the "**Applicant**"). As such, I have personal knowledge of the matters to which I herein depose. To the extent that I do not have such personal knowledge and am advised by others who are identified in this affidavit, I believe such information to be true.

OVERVIEW

2. This affidavit is in support of an application for an order (i) sanctioning the plan of compromise and arrangement (the "**Plan**"), presented to and approved by the Affected Creditors

of HCPH at Creditors' Meetings held on July 20, 2012 (the "**Creditors' Meetings**") pursuant to the Creditors' Meeting Order granted by this Court on June 8, 2012 ("**Creditors' Meeting Order**") and (ii) extending the stay of proceedings until December 31, 2012. A copy of the Plan is attached hereto as Exhibit "**A**". Capitalized terms used herein and not otherwise defined are as defined in the Plan. A copy of the Creditors' Meeting Order is attached hereto as Exhibit "**B**".

BACKGROUND

3. On December 10, 2009, HCPH applied for and was granted an initial order under the *Companies' Creditors Arrangement Act* (the "**CCAA**") by this Honourable Court. A copy of the Initial Order is attached hereto as Exhibit "**C**".

4. Pursuant to the Initial Order, inter alia:

(a) Ernst & Young Inc. was appointed Monitor;

(b) Koskie Minsky LLP was appointed as representative counsel for all members and beneficiaries of the two unfunded retirement plans and certain other post-employment benefit plans (collectively referred to as "**OPEB Plans**") of HCPH in respect of issues affecting those persons in the HPCH CCAA proceedings ("**Representative Counsel**"); and

(c) my appointment as CRO was authorized and approved.

5. By Order of this Court dated July 27, 2011, Representative Counsel was also appointed as counsel for members and beneficiaries of the six registered pension plans of HCPH (the "**Pension Plans**") in respect of issues affecting those persons in the HPCH CCAA proceedings.

6. The stay period provided in the Initial Order (the "**Stay Period**") has subsequently been extended by this Honourable Court by subsequent Orders through to July 31, 2012.

CCAA PLAN

7. The key terms and conditions of the Plan are summarized in the Monitor's Twelfth Report dated June 8, 2012, a copy of which is attached as Exhibit "**D**" hereto.

8. The Plan was developed and reflects the extensive discussions with and substantial input from Representative Counsel, representing the interests of members of the Pension Plans and the OPEB Plans, the Monitor and other stakeholders.

9. The Plan provides for an orderly and organized wind-up of HCPH's Pension Plans and termination of its OPEB Plans. Each of Pension Plan deficits is expected be funded in full and the Plan also expects a distribution to the OPEBs in the 20 cents range, the latter of which is dependent on the final actual deficits identified in the Pension Plan Claims Class.

10. I note that the Monitor, in its Twelfth Report, confirmed its support for the Plan stating that it was fair and reasonable. Similarly, the Representative Counsel, in its communications with members of the Plans, recommended that Affected Creditors vote in favour of the Plan.

CREDITORS' MEETINGS

11. On June 8, 2012, this Court approved the Creditors' Meeting Order, which *inter alia* established the procedure to call, hold and conduct Creditors' Meetings and as well as a procedure for voting on the Plan. It also authorized the Applicant to file the Plan.

12. For the purposes of voting and distribution, the Plan consisted of two classes of Affected

Creditors: a) Pension Plan Claims Class (consisting of all Affected Creditors with Pension Plan Claims (deficiency claims upon wind-up of the Pension Plans as determined by Mercer, the actuary in respect of the Pension Plans)); and b) Non-Pension Affected Claims Class (Affected Claims other than Pension Plan Claims).

13. The Monitor filed its Thirteenth Report dated July 25, 2012 (the "**Thirteenth Report**"), a copy of which is attached hereto as Exhibit "**E**", in which it provided an overview of the Creditors' Meetings and the voting results on the Plan's approval by the requisite majorities of Affected Creditors, as required by the CCAA. Accordingly, rather than repeating that detailed information here, I have provided a brief summary of the results of the Creditors' Meetings at which the creditors voted to accept the Plan.

14. The Creditors' Meetings were convened on July 20, 2012 at the offices of the Monitor for the purposes of considering and voting on the Plan in accordance with the Creditors' Meeting Order. Several creditors were present in person at each of the Creditors' meetings in addition to the creditors present by proxy.

15. The Monitor has advised that the Creditors' Meeting resulted in an approval of the Plan, as follows:

Class of Creditor	**# Creditors Accepting**	**# Creditors Rejecting**	**$ Value of Accepting Votes**	**$ Value of Rejecting Votes**
Pension Plan Claims Class	6	0	$915,002.00	$0.00
Non-Pension Affected Claims Class	1,777	1	$39,514,722.99	$9,584.00

16. The Applicant has satisfied the conditions precedent set out in the Plan and the Monitor has confirmed this in the Monitor's Certificate (“**Monitor's Certificate - Plan Implementation**”), a copy of which is attached to the Notice of Motion as Schedule “**A**”.

17. The approval by the Affected Creditors of the Plan validates that the Plan is fair and reasonable in accordance with the requirements under the CCAA.

18. The Plan is not otherwise illegal, improper or unfair in any way.

PLAN DISTRIBUTION

19. Upon the sanction and approval of the Plan by this Honourable Court, subject to the availability of sufficient funds as at the Plan Implementation Date, the distributions contemplated in the Plan will occur. As such the Plan will result in a full, final and absolute settlement of all rights of the holders of all Affected Claims and an absolute release and discharge of all indebtedness, liabilities and obligations of the Applicant of or in respect of the Affected Claims.

SOUTHAM LTD TRUST

20. On November 28, 2011, this court ordered and declared that the Southam Long Term Disability Plan (the "**Southam LTD Plan**") be terminated as at November 30, 2011 (the "**Southam LTD Termination Date**") and that HCPH have no further obligations of any kind or nature under the Southam LTD Plan, the Southam LTD Trust Agreement or Southam LTD Trust after the Southam LTD Termination Date except in respect of any deficiency claim. A copy of that order is attached hereto as Exhibit "**F**".

21. In paragraph 8 of the November 28, 2011 order, this court ordered Mercer to prepare an

actuarial valuation report indicating the value of all Southam LTD Claims as at the Southam LTD Termination Date. Attached as Exhibit "**G**" hereto is a copy of that report which shows liabilities of $958,706 as at the Southam LTD Termination Date. HCPH has also obtained a statement of the total assets of Southam LTD Trust from RBC Dexia which shows assets of $1,547,668 as at the Southam LTD Termination Date. Attached as part of Exhibit "**G**" herto.

22. Accordingly, based on these documents, HCPH is seeking a declaration from this court confirming that since the assets of the Southam LTD Trust exceeded its liabilities as at the Southam LTD Termination Date, no deficiencies existed as at the Southam LTD Termination Date, and the Southam LTD Trust does not have any claim against HCPH.

CONCLUSION

23. This CCAA proceeding has been ongoing since December 2009. Given the multitude of HCPH's Pension and OPEB Plans with more than 3200 members and more than $33 million of other claims that had been asserted against HCPH as part of the claims process approved by the Court, it has taken HCPH, the Monitor and Representative Counsel extensive work to resolve outstanding issues and to establish a Plan that permits the orderly resolution of these CCAA proceedings and any matters related thereto. As such, I believe it is appropriate for this court to grant an Order to sanction the Plan and to extend that stay of proceedings until December 31, 2012.

24. I swear this affidavit in support of the within motion and for no other or improper purpose.

SWORN BEFORE ME at the City of Chicago, in the State of Illinois this 26th day of July, 2012.)

Paul Barry Jr

A commissioner of Oaths, etc.

Dennis M. Byrd

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

TAB A

EXHIBIT "A"

Plan of Compromise and Arrangement
Dated May 24, 2012

Paul Barry Jr.

A Commissioner of Oaths, etc.

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT IN THE MATTER OF
HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

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

MAY 24, 2012

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

INTRODUCTION[1]

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

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

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

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

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

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

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.01 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the General Claims Procedure Order;

(ii) the Restructuring Claims Bar Date Order;

(iii) the Claims Disallowance Procedure Order; and

(iv) the OPEB Claims Procedure Order;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Proven Amount**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.02 Certain Rules of Interpretation

In the CCAA Plan:

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

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

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

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

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

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

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

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

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

(j) unless otherwise specified, the time periods within or following which any act is to be done shall be calculated by excluding the day on which the period

commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

1.03 Interest

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

1.04 Schedules

The following are the Schedules to the CCAA Plan:

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

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

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

1.05 Currency Conversion

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

ARTICLE II
AFFECTED AND UNAFFECTED CLAIMS

2.01 Affected Claims

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

2.02 Unaffected Claims

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

(a) Administration Claims;

(b) Government and Other Priority Claims;

(c) Secured Claims;

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

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

4.02 Inter-Company Claims

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

4.03 Equity Claims and Equity Interests

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

ARTICLE V
PROVISIONS GOVERNING AVAILABLE CASH POOL AND DISTRIBUTIONS

5.01 Available Cash Pool

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

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

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

(d) Post-Filing Claims; and

(e) Post-Implementation Claims.

ARTICLE III
CLASSIFICATION OF CREDITORS AND PROCEDURAL MATTERS

3.01 Two Classes of Affected Creditors

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

(i) the Pension Plan Claims Class; and

(ii) the Non-Pension Affected Claims Class.

3.02 No Vote or Distribution in Respect of Unaffected Claims

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

3.03 Claims Bar Date and Restructuring Claims Bar Date

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

3.04 Approval by Creditors

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

3.05 Meetings of Creditors

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

ARTICLE IV
TREATMENT OF AFFECTED CREDITORS

4.01 Affected Creditors Classes

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

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

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

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

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

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

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

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

5.02 Reserves

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

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

5.03 Monitor to Serve as Disbursing Agent

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

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

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

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

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

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

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

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

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

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

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

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

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

5.04 Timing of Distributions from the Available Cash Pool

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

5.05 Disbursing Agent Shall Not Distribute Cash Below $10

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

5.06 Remaining Assets

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

5.07 Delivery of Distributions

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

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

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

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

5.08 Unclaimed Distributions

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

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

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

5.09 Income Tax Withholding Requirements

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

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

ARTICLE VI
<u>DISPUTED CLAIMS</u>

6.01 No Distributions

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

6.02 Disputed Claim Reserve

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

6.03 Distributions from Disputed Claim Reserve

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

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

ARTICLE VII
PENSION PLAN WIND-UPS

7.01 Pension Plan Wind-up Process

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

7.02 Monitor's Assistance

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

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

ARTICLE VIII
SANCTION ORDER

8.01 Application for Sanction Order

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

8.02 Effect of Sanction Order

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

(a) declare that (i) the CCAA Plan has been approved by the requisite majorities of the Affected Creditors Classes in conformity with the CCAA; (ii) HCPH has complied with the provisions of the CCAA and the orders made in the Applicant's CCAA Proceeding in all respects; (iii) the Court is satisfied that HCPH has not

done nor purported to do anything that is not authorized by the CCAA; and (iv) the CCAA Plan and the transactions contemplated thereby are fair and reasonable;

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

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

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

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

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

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

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

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

(j) effective on the Plan Implementation Date, permanently enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedy or

recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the CCAA Plan; and

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

ARTICLE IX
CONDITIONS PRECEDENT

9.01 Conditions Precedent to Implementation of CCAA Plan

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

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

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

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

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

9.02 Waiver

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

9.03 Monitor's Certificate

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

ARTICLE X
EFFECT OF CCAA PLAN

10.01 Effect of CCAA Plan Generally

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

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

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

10.02 Consents, Waivers and Agreements

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

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

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

ARTICLE XI
RELEASES AND INJUNCTIONS

11.01 Releases

For good and valuable consideration, including the compromises and distributions to be made pursuant to the CCAA Plan, every Person (including, for greater certainty, each and every member or beneficiary of each and every Pension Plan and OPEB Plan), regardless of whether or not such Person is an Affected Creditor, and save and except for Unaffected Creditors solely with respect to their Unaffected Claims, on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, actuaries, beneficiaries, financial advisors, legal counsel, other

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

11.02 Injunction

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

(a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever

(including any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;

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

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

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

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

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

ARTICLE XII
PLAN AMENDMENTS OR TERMINATION

12.01 Plan Amendment

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

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

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

12.02 Termination of the CCAA Plan prior to Implementation

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

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

ARTICLE XIII
GENERAL PROVISIONS

13.01 Severability of CCAA Plan Provisions

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

13.02 Advice and Directions

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

13.03 Paramountcy

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

13.04 Deeming Provisions

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

13.05 Notices

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

(a) if to the Applicant:

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

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

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

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

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

(b) if to the Monitor:

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

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

with a copy to:

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

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

(c) if to the Representative Counsel:

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

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

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

13.06 Successors and Assigns

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

13.07 Further Assurances

Notwithstanding that the transactions and events set out in the CCAA Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such

further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by HCPH or the Monitor in order to implement and give effect to the CCAA Plan.

13.08 Governing Law

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

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

Schedule "A"

OPEB Plans

Hollinger Canadian Publishing Holdings Co.

List of OPEB Plans As ofAugust 31, 2011

(based on HCPH's records)

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

Schedule "B"

Pension Plan Wind-up Steps

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

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

<u>Steps</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule "C"

[DRAFT]

Direction and Agreement
HCPH Co Pension Plan Wind-up

TO: Ernst & Young Inc.

Recitals

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

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

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

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

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

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

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

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

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

Directions from HCPH

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Agreements of HCPH</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DATED as of •, 2012.

Hollinger Canadian Publishing Holdings Co.

Per:

____

Name:
Title:

TAB B

EXHIBIT "B"

Creditor's Meeting Order
Dated June 8, 2012

A Commissioner of Oaths, etc.

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	) FRIDAY, THE
JUSTICE CAMPBELL	) 8th DAY OF JUNE, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

CREDITORS' MEETING ORDER

THIS MOTION, made by Hollinger Canadian Publishing Holdings Co. ("HCPH" or the "Applicant"), for an order (the "Order"), among other things, scheduling two meetings of creditors and establishing related procedures in connection with the Applicant's plan of compromise and arrangement dated [May 24], 2012 (the "CCAA Plan"), as may be amended, attached hereto at Schedule "A", pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "*CCAA*"), was heard this day at 330 University Avenue, Toronto, Ontario.

UPON READING the Applicant's Notice of Motion dated May 25, 2012, the twelfth Report of the Monitor dated June 7, 2012 (the "Twelfth Report"), and the affidavit of Dennis M. Byrd, the Court-appointed chief restructuring officer of the Applicant, sworn May 24, 2012, and on hearing the submissions of counsel for the Applicant, the Monitor, and the Representative Counsel, and no one else appearing, and on being advised that the Notice of Motion and Motion Record was served upon the service list established in this proceeding, as evidenced by the affidavit of service of Kelly Penman, sworn June 7, 2012:

I. SERVICE

1. **THIS COURT ORDERS** that the time for service of the Applicant's Notice of Motion and the Motion Record is hereby abridged so that the motion is properly returnable today and hereby dispenses with further service thereof.

II. DEFINITIONS

2. **THIS COURT ORDERS** that all capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the CCAA Plan.

III. PENSION PLANS

3. **THIS COURT ORDERS** that HCPH shall not file any further annual valuation reports in respect of any of the Pension Plans.

4. **THIS COURT ORDERS** that the individual allocation of any surplus assets (if any) remaining on the wind up of the HCPH Retirement Plan, Reg. No. 0526947 (the "HCPH Plan") of any member (save and except for any member excluded by agreement of the Monitor, Representative Counsel and HCPH) who previously received an overpayment in error of benefits payable under the HCPH Plan which has not been repaid shall have his or her individual surplus share (if any) reduced by the amount of such overpayment up to the full amount of such individual surplus allocation (if any), and that such set offs of individual surplus allocations (if any) shall form part of the surplus assets (if any) distributed to all remaining HCPH Plan members.

5. **THIS COURT ORDERS** that any member who previously received an overpayment in error of benefits payable under the HCPH Plan which has not been repaid is hereby released (other than in respect of the set-off against the member's individual surplus allocation (if any) pursuant to paragraph 4 above) of any claims in respect of such overpayment by HCPH, any of its agents or any successor administrator of the HCPH Plan.

IV. CREDITORS' MEETINGS AND CCAA PLAN PROCEDURES

A. CCAA Plan Filing and Amendment

6. **THIS COURT ORDERS** that the Applicant is authorized to contemporaneously file the CCAA Plan with this Order, provided that (i) the Applicant may at any time, and from time to time, prior to or during the Creditors' Meetings (as defined below) amend, restate, modify and/or supplement the CCAA Plan, provided that any such amendment, restatement, modification and/or supplement shall be contained in a written document filed with this Court on notice to creditors present at the Creditors' Meetings, with a posting of such written document on the Monitor's Website (the "Website"); and, (ii) any amendment, restatement, modification and/or supplement to the CCAA Plan after the Creditors' Meetings, if the CCAA Plan is approved by the Required Majorities (as defined below), shall be governed by the CCAA Plan and/or further order of this Court.

B. Two Classes of Affected Creditors

7. **THIS COURT ORDERS** that pursuant to section 22 of the *CCAA*, the following two classes of Affected Creditors (collectively, the "Affected Creditors Classes") in respect of the CCAA Plan are hereby approved: (i) a class constituting the holders of all Pension Plan Claims (the "Pension Plan Claims Class"); and (ii) a class constituting the holders of all Affected Claims against HCPH other than Pension Plan Claims (the "Non-Pension Affected Claims Class").

C. One Creditors' Meeting Per Affected Creditors Class

8. **THIS COURT ORDERS** that the Applicant is hereby authorized to call, hold and conduct separate meetings for each of the Affected Creditors Classes (collectively, the "Creditors' Meetings" and each such meeting, a "Creditors' Meeting") on July 20, 2012 at Toronto, Ontario, at the time and place set out in the Notice to Non-Pension Affected Claims Class Regarding Creditors' Meetings and the Notice to Pension Plan Claims Class Regarding Creditors' Meetings (each as defined below), for the purpose of considering, and if deemed advisable by each of the Affected Creditors Classes, voting in favour of, with or without variation, the resolution to approve the CCAA Plan.

D. Approval of Certain Meeting Materials

9. **THIS COURT ORDERS** that (i) the notice to Pension Plan Claims Class regarding the Creditors' Meetings, substantially in the form attached hereto as Schedule "B" (the "Notice to Pension Plan Claims Class Regarding Creditors' Meetings"); (ii) notice to Non-Pension Affected Claims Class regarding the Creditors' Meetings, substantially in the form attached hereto as Schedule "C" (the "Notice to Non-Pension Affected Claims Class Regarding Creditors' Meetings"); and (iii) the proxy, substantially in the form attached hereto as Schedule "D" (the "Proxy") are each hereby approved, and the Applicant is authorized to make such changes as it considers necessary or desirable to conform the content thereof to the terms and descriptions in the CCAA Plan or this Order.

E. Notice and Service of Order and Meeting Materials

10. **THIS COURT ORDERS** that the Monitor shall prepare and send by regular pre-paid mail, courier, fax, or e-mail, a copy of this Order to all parties listed on the service list established in the Applicant's *CCAA* proceeding and shall post an electronic copy of this order on the Website as soon as practicable after the date of this Order.

11. **THIS COURT ORDERS** that the Applicant, having previously prepared and provided to the Monitor a list of the names and addresses of the Affected Creditors (the "Mailing List") based upon (i) for holders of OPEB Claims and members of Pension Plans, the names and addresses provided on the lists of OPEB Plan and Pension Plan members developed from the Personal Information Statements (as defined in this Court's order dated April 15, 2010), and (ii) for any other holder of any other Affected Claims in the Non-Pension Affected Claims Class, the name and address provided by such Affected Creditor on such Affected Creditor's Proof of Claim (as defined in the General Claims Procedure Order), and having updated such mailing list from time to time, shall advise the Monitor of any further updates thereto and confirm the final form thereof as soon as practicable after the date of this Order.

12. **THIS COURT ORDERS** that the Monitor shall send by regular pre-paid mail, courier, fax, or e-mail, a copy of the Notice to Pension Plan Claims Class Regarding Creditors' Meetings and/or the Notice to Non-Pension Affected Claims Class Regarding Creditors' Meetings, as applicable, together with the Proxy and the Twelfth Report, which attaches a copy of the CCAA

Plan (collectively, the "Meeting Materials") to the Representative Counsel, each person on the Mailing List and any holder of a Claim that is subject to a dispute between the Monitor or Applicant and such holder pursuant to the Claims Disallowance Procedure Order of this Court, dated June 8, 2012 (a "Disputed Claim") at the address provided on such creditor's Notice of Dispute, as soon as practicable after the date of this Order.

13. **THIS COURT ORDERS** that the Monitor shall as soon as reasonably practicable after the date of this Order: (i) cause the Meeting Materials, the CCAA Plan and the Twelfth Report to be posted on the Website; (ii) send by regular pre-paid mail, courier, fax, or e-mail, a copy of this Order, the Meeting Materials, the CCAA Plan and the Twelfth Report to be sent to any person who requests such materials from the Monitor prior to the date set for the Creditors Meetings; and (iii) cause notice of the Creditors' Meetings in substantially the form attached as Schedule "E", to be published for a period of two (2) Business Days in the *The Globe & Mail* (National Edition).

14. **THIS COURT ORDERS** that the herein referenced service and/or publication of this Order and the Meeting Materials shall constitute good and sufficient service and notice of this Order, the Creditors' Meetings, and the CCAA Plan, on all persons who may be entitled to receive notice thereof or of this proceeding or who may wish to be present in person or by proxy at a Creditors' Meeting or who may wish to appear in this proceeding, and no other form or manner of notice or service need be made on such persons, and no other document or material need be served on such persons in respect of this proceeding.

15. **THIS COURT ORDERS** that the record date for the purposes of determining Affected Claims in respect of which Affected Creditors are entitled to receive the Meeting Materials and vote at the Creditors' Meetings (the "Record Date") shall be:

(i) in respect of all OPEB Claims, August 31, 2011;

(ii) in respect of all Pension Plan Claims, December 31, 2010;

(iii) in respect of any other Affected Claim, December 10, 2009; and

(iv) in respect of any Restructuring Claim, the applicable date upon which the Applicant terminated, disclaimed, ore repudiated its obligations giving rise to the Restructuring Claim.

F. Receipt of Proxies by the Monitor

16. **THIS COURT ORDERS** that any Proxy in respect of the Non-Pension Affected Claims Class Creditors' Meeting (or any adjournment thereof) must be received by the Monitor by no later than 5:00 p.m. (Toronto time) on July 18, 2012, or two Business Days prior to any adjournment of the Non-Pension Affected Claims Class Creditors' Meeting.

17. **THIS COURT ORDERS** that the Monitor may in its discretion waive the time limits imposed on the Affected Creditors as set out in this Order and the Instructions for the deposit of Proxies and all other procedural matters if the Monitor deems it advisable to do so.

G. Conduct at the Creditors' Meetings

18. **THIS COURT ORDERS** that the Creditors' Meetings shall be called, held and conducted, and the CCAA Plan shall be voted upon and, if approved by the Required Majorities, ratified and given full force and effect, in accordance with the provisions of this Order, the Claims Procedure Orders, the *CCAA*, and any further order of this Court.

19. **THIS COURT ORDERS** that a representative of the Monitor, designated by the Monitor, shall preside as the chair (the "Chair") of each Creditors' Meeting and, subject to this Order and any further order of this Court, shall decide all matters relating to the conduct of each Creditors' Meeting.

20. **THIS COURT ORDERS** that the Chair is hereby authorized to accept and rely upon Proxies substantially in the form attached hereto as Schedule "D", or such other form as is acceptable to the Chair.

21. **THIS COURT ORDERS** that the quorum required at each of the Creditors' Meeting shall be as follows: (a) for the Pension Plan Claims Class Creditors' Meeting, the presence at such Creditors' Meeting in person or by proxy of the Representative Counsel; and (b) for the

Non-Pension Affected Claims Class Creditors' Meeting, the presence at such Creditors' Meeting in person or by proxy of one (1) Affected Creditor with a Non-Pension Affected Claim.

22. **THIS COURT ORDERS** that the Monitor may appoint scrutineers (the "Scrutineers") for the supervision and tabulation of the attendance, quorum and votes cast at each Creditors' Meeting. A Person designated by the Monitor shall act as secretary at each Creditors' Meeting.

23. **THIS COURT ORDERS** that if (a) the requisite quorum is not present at a Creditors' Meeting, or (b) a Creditors' Meeting is postponed by, in the case of the Pension Plan Claims Class Creditors' Meeting, the vote of the Representative Counsel; and in the case of the Non-Pension Affected Claims Class Creditor' Meeting, the vote of the majority in value of Voting Claims (as defined below) of the Affected Creditors present in person or by proxy of the Non-Pension Affected Claims Class, then the applicable Creditors' Meeting shall be adjourned by the Chair to a date thereafter and to such time and place as may be appointed by the Chair.

24. **THIS COURT ORDERS** that a Creditors' Meeting need not be convened in order to be adjourned and that the Chair shall be entitled to adjourn and further adjourn a Creditors' Meeting at a Creditors' Meeting or any adjourned Creditors' Meeting provided that any such adjournment or adjournments shall be for a period of not more than thirty (30) days in total and, in the event of any such adjournment, the Applicant and Monitor shall not be required to deliver any notice of adjournment of a Creditors' Meeting or adjourned Creditors' Meeting other than announcing the adjournment at the applicable Creditors' Meeting or posting notice at the originally designated time and location of the Creditors' Meeting or adjourned Creditors' Meeting and on the Website.

25. **THIS COURT ORDERS** that the only Persons entitled to notice of or to attend the Creditors' Meetings are the Monitor and its counsel; those Persons, including the holders of proxies, entitled to vote at a Creditors' Meeting and their legal counsel and advisors; the Applicant's respective legal counsel and advisors; the Chief Restructuring Officer; the Representative Counsel and its advisors; and the Scrutineers. Any other Person may be admitted to a Creditors' Meeting on invitation of the Chair.

H. Voting Procedure

26. **THIS COURT ORDERS** that at each Creditors' Meeting, the Chair shall direct a vote on a resolution to approve the CCAA Plan and any amendments thereto as the Applicant may consider appropriate.

27. **THIS COURT ORDERS** that, further to the powers granted to the Representative Counsel pursuant to the Initial Order and other Orders of this Court to represent the interests of the members of the Pension Plans and the OPEB Plans in these proceedings:

(a) in respect of the Pension Plan Claims Class Creditors' Meeting, the Representative Counsel is hereby appointed as proxy for HCPH, in its capacity as administrator of each Pension Plan, with full power of substitution, to attend on behalf of and act for HCPH in its capacity as administrator of each Pension Plan at the Pension Plan Claims Class Creditors' Meeting and at any and all adjournments thereof, and to vote the amount of the Pension Plan Claims, in its discretion, and members, beneficiaries, and administrators of the HCPH Pension Plans shall not be required to issue any proxy or any other document to effect same; and

(b) in respect of the Non-Pension Affected Claims Class Creditors' Meeting, the Representative Counsel is (i) hereby appointed as proxy for all Affected Creditors in respect of OPEB Claims other than Affected Creditors who have previously opted out of such representation pursuant to the Initial Order or the Order of this Court made on December 10, 2009 ("**Opt-Outs**") or those Affected Creditors who appoint an alternative proxy and submit their Proxy to the Monitor in accordance with this Order or attend the Non-Pension Affected Claims Class Creditors' Meeting in person to vote on the Plan in respect of their OPEB Claims; and (ii) hereby authorized to vote all OPEB Claims in respect of which it acts as proxy holder in favour of the CCAA Plan unless the applicable Affected Creditor has indicated in its Proxy that it wishes to vote against the CCAA Plan.

28. **THIS COURT ORDERS** that in respect of the Non-Pension Affected Claims Class Creditors' Meeting, only Affected Creditors holding Non-Pension Affected Claims or their proxies shall be entitled to vote at such Creditors' Meeting.

29. **THIS COURT ORDERS** that voting entitlement on the CCAA Plan shall be calculated as follows:

(a) for the Pension Plan Claims Class, Pension Plan Claims shall have a voting claim (to be voted by the Representative Counsel pursuant to paragraph 27 of this Order) equal to (i) in respect of any Pension Plan with a deficiency, the amount of such deficiency as indicated in the applicable wind up report, being the final wind-up or termination report prepared by Mercer and approved by the applicable pension regulator having jurisdiction in respect of each Pension Plan or submitted to Canada Revenue Agency, where applicable (the "Wind Up Report"); and (ii) in respect of any Pension Plan with a surplus, as indicated in the applicable Wind Up Report, a deemed Proven Amount ("Proven Amount") of $1.00;

(b) for the Non-Pension Affected Claims Class:

(i) Affected Creditors with Proven Amounts (other than Pension Plan Claims constituting part of the Pension Plan Claims Class or Affected Claims addressed in (ii) and (iii) below) shall have a voting claim equal to the value of such Affected Creditors' Proven Amount;

(ii) Affected Creditors holding OPEB Claims shall, have a voting claim equal to the value of such Affected Creditor's OPEB Claim as indicated on such Affected Creditor's OPEB Claim Notice (as defined in the OPEB Claims Procedure Order); and

(iii) Affected Creditors holding Disputed Claims shall, have a voting claim equal to the Monitor's accepted value, if any, of such Claim;

(collectively, the "Voting Claims").

30. **THIS COURT ORDERS** that the vote on the resolution to approve the CCAA Plan shall be decided by: (i) in respect of the Pension Plan Claims Class, approval of the CCAA Plan by the Representative Counsel representing the Pension Plan Claims; and (ii) in respect of the Non-Pension Affected Claims Class, approval of the CCAA Plan by a majority in number of the Affected Creditors of such class holding Voting Claims representing a two-thirds majority in value of such class that is present and voting at the Creditors' Meeting in person or by proxy ((i) and (ii), together, the "Required Majorities").

31. **THIS COURT ORDERS** that Affected Creditors with Disputed Claims shall have their voting intentions with respect to the Disputed Claims recorded by the Monitor and reported to this Court. If approval or non-approval of the CCAA Plan by any of the Affected Creditors Classes shall prove to be determined by the votes cast in respect of Disputed Claims, the Applicant and the Monitor, on notice to the service list, shall request this Court's directions and, if necessary, appropriate deferral of the Sanction Hearing (as defined below) and any other applicable dates.

32. **THIS COURT ORDERS** that following the vote at each Creditors' Meeting, the Monitor shall tally the votes and determine whether the CCAA Plan has been accepted by the Required Majorities.

33. **THIS COURT ORDERS** that the result of any vote at the Creditors' Meetings shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present at the Creditors' Meeting or voted on the resolution to approve the CCAA Plan.

I. Sanction Hearing

34. **THIS COURT ORDERS** that the Monitor shall provide a report to this Court no later than three (3) Business Days following the Creditors' Meetings (the "Monitor's Report Regarding the Creditors' Meetings") with respect to:

(a) the results of the voting at each Creditors' Meeting on the resolution to approve the CCAA Plan;

(b) whether the Required Majorities have approved the CCAA Plan;

(c) the effect on the results of the voting had all of the Affected Creditors with Disputed Claims also voted the full amount of their Disputed Claims and

(d) any other matter which the Monitor considers relevant in view of the Sanction Hearing (as defined below).

35. **THIS COURT ORDERS** that in the event that the CCAA Plan has been approved by the Required Majorities, the Applicant may bring a motion before this Court on 31 July, 2012, or such later date as is set by this Court upon motion by the Applicant (the "Sanction Hearing") at which the Applicant will seek an order sanctioning the CCAA Plan (the "Sanction Order").

36. **THIS COURT ORDERS** that service of this Order by the Monitor to the parties on the service list, the service of the Meeting Materials on Affected Creditors, and the posting of the Meeting Materials on the Website, in accordance with the requirements of this Order, shall constitute good and sufficient service of notice of the Sanction Hearing on all Persons entitled to receive such service and no other form of notice or service need be made and no other materials need be served in respect of the Sanction Hearing, except that the Applicant shall serve the service list with the motion materials relating to the Sanction Hearing and any additional materials to be used in support thereof and, with the consent of the Monitor, such service on the service list of additional materials to be used in support of the Applicant's request for the Sanction Order may be made on less than four (4) Business Days' notice.

37. **THIS COURT ORDERS** that any party who wishes to oppose the entry of the Sanction Order shall serve on the service list a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the granting of the Sanction Order at least two (2) Business Days before the date set for the Sanction Hearing, or such shorter time as this Court, by order, may allow.

38. **THIS COURT ORDERS** that in the event that the Sanction Hearing is adjourned, only those Persons who have filed and served a Notice of Appearance in the Applicant's *CCAA* proceeding shall be served with notice of the adjourned date.

39. **THIS COURT ORDERS** that subject to any further order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the CCAA Plan

and this Order, the terms, conditions and provisions of the CCAA Plan shall govern and be paramount, and any such provision of this Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

J. Approval of Activities

40. **THIS COURT ORDERS** that the Monitor's Twelfth Report and Supplement to the Twelfth Report of the Monitor and all of the activities described therein are hereby approved in their entirety and all of the activities of the Chief Restructuring Officer, described in the affidavit of Dennis M. Byrd, sworn May 24, 2012, are hereby approved in their entirety.

K. Assistance of Other Courts

41. **THIS COURT ORDERS AND REQUESTS** the aid and recognition (including assistance pursuant to section 17 of the *CCAA*) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory or any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 12 2012

SCHEDULE A

CCAA PLAN OF COMPROMISE AND ARRANGEMENT

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT IN THE MATTER OF
HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

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

MAY 24, 2012

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PLAN OF COMPROMISE AND ARRANGEMENT of hollinger canadian publishing holdings co. PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

INTRODUCTION[1]

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

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

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

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

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

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

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.01 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the General Claims Procedure Order;

(ii) the Restructuring Claims Bar Date Order;

(iii) the Claims Disallowance Procedure Order; and

(iv) the OPEB Claims Procedure Order;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"HCPH" means Hollinger Canadian Publishing Holdings Co.;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Proven Amount**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.02 Certain Rules of Interpretation

In the CCAA Plan:

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

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

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

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

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

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

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

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

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

(j) unless otherwise specified, the time periods within or following which any act is to be done shall be calculated by excluding the day on which the period

commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

1.03 Interest

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

1.04 Schedules

The following are the Schedules to the CCAA Plan:

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

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

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

1.05 Currency Conversion

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

ARTICLE II
AFFECTED AND UNAFFECTED CLAIMS

2.01 Affected Claims

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

2.02 Unaffected Claims

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

(a) Administration Claims;

(b) Government and Other Priority Claims;

(c) Secured Claims;

(d) Post-Filing Claims; and

(e) Post-Implementation Claims.

ARTICLE III
CLASSIFICATION OF CREDITORS AND PROCEDURAL MATTERS

3.01 Two Classes of Affected Creditors

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

(i) the Pension Plan Claims Class; and

(ii) the Non-Pension Affected Claims Class.

3.02 No Vote or Distribution in Respect of Unaffected Claims

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

3.03 Claims Bar Date and Restructuring Claims Bar Date

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

3.04 Approval by Creditors

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

3.05 Meetings of Creditors

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

ARTICLE IV
TREATMENT OF AFFECTED CREDITORS

4.01 Affected Creditors Classes

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

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

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

4.02 Inter-Company Claims

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

4.03 Equity Claims and Equity Interests

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

ARTICLE V
PROVISIONS GOVERNING AVAILABLE CASH POOL AND DISTRIBUTIONS

5.01 Available Cash Pool

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

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

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

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

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

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

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

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

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

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

5.02 Reserves

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

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

5.03 Monitor to Serve as Disbursing Agent

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

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

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

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

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

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

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

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

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

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

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

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

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

5.04 Timing of Distributions from the Available Cash Pool

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

5.05 Disbursing Agent Shall Not Distribute Cash Below $10

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

5.06 Remaining Assets

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

5.07 Delivery of Distributions

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

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

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

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

5.08 Unclaimed Distributions

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

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

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

5.09 Income Tax Withholding Requirements

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

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

ARTICLE VI
DISPUTED CLAIMS

6.01 No Distributions

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

6.02 Disputed Claim Reserve

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

6.03 Distributions from Disputed Claim Reserve

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

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

ARTICLE VII
PENSION PLAN WIND-UPS

7.01 Pension Plan Wind-up Process

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

7.02 Monitor's Assistance

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

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

ARTICLE VIII
SANCTION ORDER

8.01 Application for Sanction Order

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

8.02 Effect of Sanction Order

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

(a) declare that (i) the CCAA Plan has been approved by the requisite majorities of the Affected Creditors Classes in conformity with the CCAA; (ii) HCPH has complied with the provisions of the CCAA and the orders made in the Applicant's CCAA Proceeding in all respects; (iii) the Court is satisfied that HCPH has not

done nor purported to do anything that is not authorized by the CCAA; and (iv) the CCAA Plan and the transactions contemplated thereby are fair and reasonable;

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

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

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

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

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

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

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

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

(j) effective on the Plan Implementation Date, permanently enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedy or

recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the CCAA Plan; and

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

ARTICLE IX
CONDITIONS PRECEDENT

9.01 Conditions Precedent to Implementation of CCAA Plan

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

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

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

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

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

9.02 Waiver

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

9.03 Monitor's Certificate

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

ARTICLE X
EFFECT OF CCAA PLAN

10.01 Effect of CCAA Plan Generally

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

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

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

10.02 Consents, Waivers and Agreements

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

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

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

ARTICLE XI
RELEASES AND INJUNCTIONS

11.01 Releases

For good and valuable consideration, including the compromises and distributions to be made pursuant to the CCAA Plan, every Person (including, for greater certainty, each and every member or beneficiary of each and every Pension Plan and OPEB Plan), regardless of whether or not such Person is an Affected Creditor, and save and except for Unaffected Creditors solely with respect to their Unaffected Claims, on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, actuaries, beneficiaries, financial advisors, legal counsel, other

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

11.02 Injunction

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

(a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever

(including any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;

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

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

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

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

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

ARTICLE XII
PLAN AMENDMENTS OR TERMINATION

12.01 Plan Amendment

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

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

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

12.02 Termination of the CCAA Plan prior to Implementation

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

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

ARTICLE XIII
GENERAL PROVISIONS

13.01 Severability of CCAA Plan Provisions

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

13.02 Advice and Directions

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

13.03 Paramountcy

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

13.04 Deeming Provisions

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

13.05 Notices

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

(a) if to the Applicant:

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

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

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

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

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

(b) if to the Monitor:

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

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

with a copy to:

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

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

(c) if to the Representative Counsel:

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

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

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

13.06 Successors and Assigns

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

13.07 Further Assurances

Notwithstanding that the transactions and events set out in the CCAA Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such

further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by HCPH or the Monitor in order to implement and give effect to the CCAA Plan.

13.08 Governing Law

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

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

Schedule "A"

OPEB Plans

Hollinger Canadian Publishing Holdings Co.

List of OPEB Plans As of August 31, 2011
(based on HCPH's records)

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

Schedule "B"

Pension Plan Wind-up Steps

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

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

<u>Steps</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule "C"

[DRAFT]

Direction and Agreement
HCPH Co Pension Plan Wind-up

TO: Ernst & Young Inc.

Recitals

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

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

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

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

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

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

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

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

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

Directions from HCPH

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Agreements of HCPH

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DATED as of •, 2012.

Hollinger Canadian Publishing Holdings Co.

Per:

____

Name:
Title:

SCHEDULE B

NOTICE TO PENSION PLAN CLAIMS CLASS REGARDING CREDITORS' MEETING

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 CCAA PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

NOTICE TO PENSION PLAN CLAIMS CLASS REGARDING CREDITORS' MEETINGS

On June ___, 2012, HCPH filed a plan of arrangement (the "CCAA Plan") with the Court in its CCAA proceedings.

NOTICE IS HEREBY GIVEN AS FOLLOWS:

1. The CCAA Plan contemplates the compromise of rights and claims of certain creditors of HCPH (collectively, and as more fully defined in the CCAA Plan, the "Affected Creditors").

2. Claims of Affected Creditors are separated into two (2) classes under the CCAA Plan (the "Affected Creditors Classes"): (i) the Pension Plan Claims Class; and (ii) the Non-Pension Affected Claims Class (each as defined in the Order).

3. You are receiving this notice because you have been identified as a member of the **Pension Plan Claims Class.** You may also be a member of the Non-Pension Affected Claims Class, in which case you will receive a separate notice with instructions relating to that claim.

4. Enclosed with this notice you will find a copy of the Twelfth Report of the Monitor, relating to the CCAA Plan, which has been filed with the Court.

5. The purpose of these materials is to provide you with the documents required to enable you to consider the CCAA Plan and to provide you with notice of the Creditors' Meeting in respect of the Pension Plan Claims Class that will be held at the offices of the Monitor located at **Ernst & Young Tower, 222 Bay Street, 31st Floor, Toronto Ontario, on July 20, 2012 at 11:00 a.m. (Eastern Time).**

6. In addition to this Notice and the documents enclosed, the Creditors' Meeting Order (the "Order") should be reviewed and can be accessed through the website maintained by the Monitor, Ernst & Young Inc., at: http://www.ey.com/ca/hcph.

7. You are not required to attend the Creditors' Meeting or to complete or file any forms as Koskie Minsky LLP (the "Representative Counsel") is deemed the authorized proxy who will vote in respect of any and all Pension Plan Claims in favour of the CCAA Plan.

8. The quorum for the Pension Plan Claims Class Creditors' Meeting has been set by the Order as the presence at such Creditors' Meeting in person or by proxy of the Representative Counsel.

9. To become effective in respect of the Affected Creditors Classes, the CCAA Plan must be approved by the Representative Counsel at the Pension Plan Claims Class Creditors' Meeting, and by a majority in number of Affected Creditors of the Non-Pension Affected Claims Class who represent at least two-thirds in value of the voting Affected Claims of such class who actually vote on the resolution approving the CCAA Plan (in person or by proxy) at the Non-Pension Affected Claims Class Creditors' Meeting. The CCAA Plan must also be sanctioned by a final order of the Court, pursuant to the CCAA.

10. If you have any questions regarding the process discussed above, please contact the Monitor at your earliest convenience using the following contact information:

> Ernst & Young Inc.
> Court-appointed Monitor of HCPH
> Ernst & Young Tower
> 222 Bay Street
> Toronto, Ontario M5K 1J7
> Email: hcph.monitor@ca.ey.com
> Fax: (416) 943-3300
> Attention: Alex Morrison and Simone Carvalho

DATED this • day of • , 2012.

SCHEDULE C

NOTICE TO NON-PENSION AFFECTED CLAIMS CLASS REGARDING CREDITORS' MEETINGS

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 CCAA PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

NOTICE TO NON-PENSION AFFECTED CLAIMS CLASS REGARDING CREDITORS' MEETINGS

On June ___, 2012, HCPH filed a plan of arrangement (the "CCAA Plan") with the Court in its CCAA proceedings.

NOTICE IS HEREBY GIVEN AS FOLLOWS:

1. The CCAA Plan contemplates the compromise of rights and claims of certain creditors of HCPH (collectively, and as more fully defined in the CCAA Plan, the "Affected Creditors").

2. Claims of Affected Creditors are separated into two (2) classes under the CCAA Plan (the "Affected Creditors Classes"): (i) the Pension Plan Claims Class; and (ii) the Non-Pension Affected Claims Class (each as defined in the Order).

3. You are receiving this notice because you have been identified as a member of the **Non-Pension Affected Claims Class.** You may also be a member of the Pension Plan Claims Class, in which case you will receive a separate notice with instructions relating to that claim.

4. Enclosed with this notice you will find a copy of (a) the Twelfth Report of the Monitor, relating to the CCAA Plan, which has been filed with the Court; and (b) a Proxy.

5. The purpose of these materials is to provide you with the documents required to enable you to consider the CCAA Plan and vote to accept or reject the CCAA Plan, and to provide you with notice of the Creditors' Meeting in respect of the Non-Pension Affected Claims Class that will be held at the offices of the Monitor located at **Ernst & Young Tower, 222 Bay Street, 31st Floor, Toronto Ontario, on July 20, 2012 at 10:00 a.m. (Eastern Time).**

6. If you have an OPEB Claim, you are not required to attend the Creditor's Meeting or to complete or file any forms, as Koskie Minsky LLP ("Representative Counsel") has been authorized to vote in respect of any and all OPEB Claims in favour of the CCAA Plan, except in respect of OPEB Claims for which the Affected Creditor has previously opted out of representation by the Representative Counsel, appointed an alternative proxy or registers a negative vote in person or by proxy at the Creditors' Meeting. If you wish to vote against the Plan or appoint an alternative proxy, see paragraph 7 below.

7. **Voting in Person or by Proxy:** You may attend the Creditors' Meeting in respect of the Non-Pension Affected Claims Class at the time and location set out above to cast your vote in person. If you wish to vote at the Creditors' Meeting but (a) if you will not be attending the Creditors' Meeting in person, or (b) if the Affected Creditor is not an individual, you are required to complete the enclosed Proxy and provide it to the Monitor by courier, e-mail or fax so that it is received by the Monitor **PRIOR to 5:00 p.m. (Eastern Time) on July 18, 2012 or 5:00 p.m. on two Business Days in advance of any adjournment of the Creditors' Meeting.**

8. Your failure to file a Proxy will not affect your right to any distribution under the CCAA Plan.

9. In addition to this Notice and the enclosed documents, the Creditors' Meeting Order (the "Order") should be reviewed and can be accessed through the website maintained by the Monitor, Ernst & Young Inc., at: http://www.ey.com/ca/hcph.

10. The quorum for the Non-Pension Affected Claims Class Creditors' Meeting has been set by the Order as the presence at such Creditors' Meeting in person or by proxy of one (1) Affected Creditor holding a Non-Pension Affected Claim.

11. To become effective in respect of the Affected Creditors Classes, the CCAA Plan must be approved by the Representative Counsel at the Pension Plan Claims Class Creditors' Meeting, and by a majority in number of Affected Creditors of the Non-Pension Affected Claims Class who represent at least two-thirds in value of the voting Affected Claims of such class who actually vote on the resolution approving the CCAA Plan (in person or by proxy) at the Non-Pension Affected Claims Class Creditors' Meeting. The CCAA Plan must also be sanctioned by a final order of the Court, pursuant to the CCAA.

12. If you have any questions regarding the process discussed above or the enclosed Proxy, please contact the Monitor at your earliest convenience. The Monitor's address for the purpose of filing the Proxy is as follows:

Ernst & Young Inc.
Court-appointed Monitor of HCPH
Ernst & Young Tower
222 Bay Street
Toronto, Ontario M5K 1J7
Email: hcph.monitor@ca.ey.com

Fax: (416) 943-3300
Attention: Alex Morrison and Simone Carvalho

DATED this • day of • , 2012.

SCHEDULE D

FORM OF PROXY

PROXY

MEETING OF AFFECTED CREDITORS OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO. ("HCPH") COMPRISING PART OF THE NON-PENSION AFFECTED CLAIMS CLASS[1]

to be held pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) in connection with the HCPH's plan of compromise and arrangement under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA Plan")

on [•__, 2012] at 10:00 a.m. at:
[LOCATION]

and at any adjournment thereof.

THIS PROXY MUST BE COMPLETED AND SIGNED BY THE AFFECTED CREDITOR AND RECEIVED BY THE MONITOR, ERNST & YOUNG INC., BY 5:00 P.M. (TORONTO TIME) ON JULY 18, 2012 OR TWO BUSINESS DAYS PRIOR TO ANY ADJOURNMENT THERETO, IF THE AFFECTED CREDITOR IS UNABLE TO ATTEND THE MEETING AND VOTE ON THE CCAA PLAN IN PERSON OR IF SUCH AFFECTED CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS SUCH AFFECTED CREDITOR'S PROXY.

THE UNDERSIGNED AFFECTED CREDITOR, hereby revokes all proxies previously given and nominates, constitutes, and appoints ______________________ or, if no person is named, Alex Morrison of Ernst & Young Inc., in its capacity as Monitor of the HCPH, or such representative of the Monitor as the Monitor may designate, as nominee of the undersigned Affected Creditor, with full power of substitution, to attend on behalf of and act for the undersigned Affected Creditor at the meeting of Affected Creditors of HCPH to be held in connection with the CCAA Plan and at any and all adjournments thereof, and to vote the amount of the Affected Creditor's claim for voting purposes as determined pursuant to applicable orders of the Court, as follows (mark only one):

☐ **VOTE FOR** approval of the CCAA Plan; or

☐ **VOTE AGAINST** approval of the CCAA Plan

---

[1] Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Creditors' Meeting Order, dated [DATE], of the Ontario Superior Court of Justice, entered in HCPH's *CCAA* proceeding.

Dated at ______________________ this ________ day of __________________, 2012.

____
(Print Legal Name of Affected Creditor)

____
(Signature of Affected Creditor or Authorized Signing Officer of Affected Creditor)

____
(Print Name and Title of Authorized Signing Officer of the Affected Creditor, if applicable)

____
(Mailing Address of Affected Creditor)

____
(Phone Number of Affected Creditor)

SCHEDULE E

NOTICE OF THE CREDITORS' MEETING

NOTICE OF THE CREDITORS' MEETING OF

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

(hereinafter referred to as the "**Applicant**")

This notice is being published pursuant to the order of the Ontario Superior Court of Justice (the "**Court**") dated June 8, 2012 (the "**Creditors' Meeting Order**"), which established the procedures for the Applicant to call, hold and conduct meetings of its creditors (the "**Creditors' Meetings**") to consider and vote on a resolution for the approval of the Plan of Compromise and Arrangement of the Applicant dated ___________ ___, 2012 (as may be amended from time to time, the "**Plan**") and to transact such other business as may be properly brought before the Creditors' Meetings. Capitalized terms in this Notice that are not otherwise defined have the meanings ascribed in the Plan. The Creditors' Meetings will be held at the following times and location:

Date: July 20, 2012

Non-Pension Plan Claim Class: 10:00 a.m. (Eastern Daylight Time)

Pension Plan Claim Class: 11:00 a.m. (Eastern Daylight Time)

Location: Ernst & Young Tower, 222 Bay Street, 31st Floor, Toronto, Ontario, M5K 1J7

Creditors with claims in respect of or relating to the Applicant's Pension Plans are not required to attend the Creditors' Meeting as Koskie Minsky LLP (the "**Representative Counsel**") is deemed the authorized proxy for the Applicant in its capacity as administrator of each Pension Plan and will vote in respect of the Pension Plan Claims. In addition, creditors with claims in respect of or relating to the Applicant's OPEBs are not required to submit a proxy or attend the Creditors' Meeting unless they intend to vote against the Plan since Representative Counsel is deemed to be the authorized proxy for those creditors in respect of their OPEB Claims and will vote such claims in favour of the Plan (unless such creditors have previously opted out of representation by the Representative Counsel or if they submit a proxy appointing another proxy holder, attend the meeting in person or submit a proxy voting against the Plan).

THE FOLLOWING CREDITORS ARE ENTITLED TO VOTE AT THE NON-PENSION PLAN CLAIM CLASS CREDITORS' MEETING AND MAY VOTE BY ATTENDING THE MEETING IN PERSON AT THE TIME AND ADDRESS LISTED ABOVE OR BY SUBMITTING A PROXY PRIOR TO 5:00 P.M. (EASTERN TIME) ON JULY 18, 2012:

- **CREDITORS WITH OPEB CLAIMS (WHICH RELATE TO CLAIMS UNDER THE UNFUNDED RETIREMENT ARRANGEMENTS AND CERTAIN POST-EMPLOYMENT BENEFIT PLANS OF THE APPLICANT); AND**
- **CREDITORS WHO HAVE PROVEN THEIR CLAIM OR ARE IN THE PROCESS OF DISPUTING THEIR CLAIM IN ACCORDANCE WITH THE CLAIMS PROCESS ORDER.**

Creditors may obtain a Proxy, a copy of the Plan and more information about the Plan, any amendments that may be made to the Plan and the Creditors' Meetings on the Monitor's website (www.ey.com/ca/hcph) or by contacting the Monitor by telephone at 1-888-274-4344 or by email at hcph.monitor@ca.ey.com.

If the Plan is approved by the required majority of the Applicant's creditors voting in person or by proxy at the Creditors' Meetings in accordance with the *Companies' Creditors Arrangement Act*, the Applicant intends to bring a motion to the Court on _____________ ____, 2012 for approval of an Order sanctioning the Plan.

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Court File No. 09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

CREDITORS' MEETING ORDER

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Raj Sahni (LSUC#42942U)
Mark Smyth (LSUC #47278L)
Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

CITATION: HOLLINGER CANADIAN PUBLISHING (Re), 2012 ONSC 3457
COURT FILE NO.: CV-09-8503-000CL
DATE: 20120614

SUPERIOR COURT OF JUSTICE – ONTARIO
(COMMERCIAL LIST)

RE: HOLLINGER CANADIAN PUBLISHING HOLDINGS CO., Applicant

BEFORE: C. CAMPBELL J.

COUNSEL: *Raj Sahni* and *Mark Smyth*, for the Applicant

Deborah McPhail for Superintendent of Financial Services

Andrew Hatnay and *Anthony Guindon*, for Retirees

Heather Meredith, for the Monitor

HEARD: June 8, 2012

ENDORSEMENT

[1] The Applicant seeks an Order among other things scheduling two meetings of Creditors and establishing related procedures in connection with the Applicant's Plan of Arrangement and Compromise dated May 24, 2012.

[2] As outlined in the 12th Report of the Monitor dated June 7, 2012 this CCAA proceeding is both unusual and made complicated by the fact that in essence the creditors who will be effected by and vote on the Plan comprise 2 major groups. One group includes former employees of a member of former newspaper business of the Applicant who are members of 6 registered pension plans and the other being former employees who are members of unfunded and other past employment benefit plans.

[3] The process that has led to the development of an overall Plan of Arrangement with respect to both groups has been completed and time consuming.

[4] The Court is grateful for the efforts of the Applicant, the Monitor and their counsel and Advisors together with Representative Counsel and their advisors for the development of the material will go forward to those who will be affected by the relief sought.

[5] The Court recognizes that in this unique and complicated circumstance the importance of the role and participation of Representative Counsel.

[6] In recognition of the unique circumstances of this case (with retirees and former employees representing the vast majority of the value of claims in respect of liabilities relating to Pension Plan deficiencies and OPEB Plans), and in recognition of the fact that the Representative Counsel was appointed pursuant to the Initial Order and other Orders of this Court to represent the interests of the more than 3,000 members of the Pension and OPEB Plans in relation to these proceedings, the Creditors Meetings' Order appoints the Representative Counsel as the proxy holder for the Pension Claims and OPEB Claims (where the Affected Creditors have not appointed an alternative proxy or do not attend the Creditors Meeting to vote in person) and authorize the Representative Counsel to vote those Pension Claims and OPEB Claims in respect of the CCAA Plan.

[7] Based on the material filed, including the 12^{th} report of the Monitor dated June 7, 2012 and the Supplement dated June 8, 2012 and having heard the submissions of Counsel I hereby approve the Creditors Meeting Order as revised in the form I have signed.

C. CAMPBELL J.

Date: June 14, 2012

TAB C

EXHIBIT "C"

Initial Order
Dated December 10, 2009

Paul Barry

A Commissioner of Oaths, etc.

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

Court File No. 09-8503-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MR.	) THURSDAY, THE
JUSTICE CAMPBELL	)
	) 10th DAY OF DECEMBER, 2009

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

INITIAL ORDER

THIS APPLICATION, made by Hollinger Canadian Publishing Holdings Co. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Thomas L. Kram, sworn December 8, 2009 (the "**Kram Affidavit**"), and the Exhibits thereto, the consent of Ernst & Young Inc. to act as the Monitor (the "**Monitor**"), the consent of Dennis Byrd to act as chief restructuring officer, the consent of Koskie Minsky LLP to act as representative counsel and on hearing the submissions of counsel for the Applicant,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**") in accordance with the CCAA.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the engagement of Marianne Desaulniers, Fey Kakaroukas and Bina Benoit by the Applicant as Assistants in accordance with the retention agreements entered into between such persons and the Applicant, as may be modified or amended between the Applicant and such Assistants in consultation with the Monitor (as defined below), is hereby authorized and approved.

6. **THIS COURT ORDERS** that, subject to paragraphs 46 and 47, the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee and retiree medical, dental, disability, life insurance and similar benefit plans or arrangements, employee assistance programs, other retirement benefits and employee and employer current service, special and other contributions and payments in respect of pensions), vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances

upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding $250,000 in any one transaction or $1,000,000 in the aggregate;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and

(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the

CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including January 8, 2010, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of

the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) exempt the Applicant from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence, sub-licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

18. **THIS COURT ORDERS** that as and from the date of this Order, neither Chicago Newspaper Liquidation Corp. (formerly Sun-Times Media Group, Inc.) ("**STMG**") nor any of

the other shareholders of the Applicant, nor any of the officers, directors or employees of STMG or of any such other shareholders shall have any authority or responsibility for any action or decision taken by or in respect of the Applicant, its Business or its Property.

19. **THIS COURT ORDERS** that the Applicant is hereby authorized and directed to enter into a transition services agreement substantially in the form attached as Exhibit P to the Kram Affidavit (the "**TSA**") and that the TSA and the actions required of the Applicant thereunder are hereby authorized and approved.

NON-DEROGATION OF RIGHTS

20. **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant, including any person who manages or supervises the management of the business or affairs of the Applicant or is deemed by law to be a director or officer of the Applicant (referred to collectively as the "**directors and/or officers**") with respect to any claim against the directors and/or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors and/or officers are alleged under any law to be liable in their capacity as directors and/or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicant's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicant, to the extent required by the Applicant, in connection with the Pension and Benefits Plans (as defined below) and the Pension and Benefits Payments and Contributions (as defined below);

(d) advise the Applicant in its development of the Plan and any amendments to the Plan;

(e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

(g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(h) assist the Applicant in pursuing offers for material parts of the Business or Property, in whole or in part, as contemplated in paragraph 11 of this Order; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall cause the Monitor to be deemed to be an employer of any of the Applicant's employees or an employer in respect of any of the Pension and Benefit Plans.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a weekly (or such other interval as may be mutually agreed) basis and, in addition, the Applicant is hereby authorized to pay retainers to the Monitor, counsel to the Monitor, and counsel to the Applicant, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel may, and at the request of the Applicant shall, pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the Applicant's counsel and Representative Counsel (as defined below) shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $750,000, as security for their professional fees and

disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof. The priority of the Administration Charge and the provisions of this Order relating thereto shall survive any bankruptcy of the Applicant and shall be binding upon any trustee in bankruptcy, receiver or like person appointed in respect of any of the Applicant or the Property.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

31. **THIS COURT ORDERS** that the agreement (the "**CRO Agreement**"), substantially in the form attached as Exhibit "O" to the Kram Affidavit, to engage Dennis Byrd ("**Byrd**") as the chief restructuring officer ("**CRO**") of the Applicant and the engagement of Byrd as the CRO in accordance with the CRO Agreement are hereby authorized and approved, effective immediately upon the making of this Order.

32. **THIS COURT ORDERS** that, in addition to the powers, duties and responsibilities set out in the CRO Agreement, the CRO shall, subject in all cases to prior approval of the Monitor or order of this Court, have and exercise the following powers, duties and responsibilities, together with such additional or other powers, responsibilities and duties as hereafter may be approved by the Monitor, or as may be ordered by this Court:

(a) to assist the Monitor as requested from time to time in connection with its duties and responsibilities, including without limitation, (i) in securing the books and records of the Applicant, (ii) by providing to the Monitor information and copies of documents (if in the possession or control of the Applicant) relating to the Applicant, including without limitation, relating to its operations, its former employees, its retirees, its pension and benefit plans, and its assets and liabilities, and (iii) in responding to enquiries from creditors, former employees, retirees and other persons in relation to the Applicant;

(b) to, on behalf of the Applicant, retain and terminate such Assistants as it considers necessary and appropriate to assist the Applicant or the CRO in the performance of its duties, on such terms as may be approved by the Monitor or this Court, and may provide instructions and directions to any and all Assistants, counsel and advisors retained by the Applicant;

(c) to provide such assistance to the Applicant in the administration of the Pension and Benefits Payments and Contributions (as defined below) as is consistent with the manner in which such Pension and Benefits Payments and Contributions were administered prior to the date of this Order, but as modified or amended pursuant to this Order or as may be may be modified by further Order of this Court;

(d) to assist the Applicant in the administration of the Applicant's Business, including causing the Applicant to pay accounts for goods or services rendered to the Applicant from and after the date of this Order and approved by the Monitor or this Court;

(e) to approve and execute any and all agreements, documents, instruments, cheques, wire payments and transactions and to take such actions and steps on behalf of the Applicant to cause the Applicant to do all things authorized and directed by this Order or as may be approved by the Monitor or further Order of this Court;

(f) to file, on behalf of the Applicant, one or more Plans, for approval by one or more classes of the Applicant's creditors; and

(g) to seek the direction of this Court at any time and from time to time with respect to any matter relating to its duties and responsibilities and the exercise of its powers or otherwise in relation to the Applicant.

33. **THIS COURT ORDERS** that the CRO shall be paid by the Applicant for all services rendered pursuant to the CRO Agreement and this Order in accordance with the terms of the CRO Agreement.

CRO INDEMNITY AND CHARGE

34. **THIS COURT ORDERS AND DIRECTS** that the CRO shall not incur any liability or obligation as a result of the performance of his duties or his engagement as contemplated hereunder, save and except for any liability or obligation found by this Court to have arisen

from gross negligence or wilful misconduct on his part, and that no action or proceedings may be commenced against the CRO, except with the prior leave of this Court obtained on at least twenty-one (21) days' notice to the Applicant, the CRO and the Monitor.

35. **THIS COURT ORDERS** that, without diminishing any rights of the CRO to indemnification or insurance under any insurance policy, by-law, resolution, agreement or otherwise at law, the Applicant shall indemnify the CRO from any and all claims, losses, damages, costs, charges and expenses which the CRO sustains or incurs by reason of or relating to the exercise of any power or authority or in the performance of any responsibility, duty or obligation in his capacity as CRO, save and except to the extent of any loss found by the Court to have been caused by any gross negligence or wilful misconduct on his part (the "**CRO Indemnity**").

36. **THIS COURT ORDERS** that the CRO shall be entitled to the benefit of and is hereby granted a charge (the "**CRO Charge**") on the Property as security for (i) the CRO's fees and disbursements incurred in accordance with the terms of the CRO Agreement and (ii) the CRO Indemnity. The CRO Charge shall have the priority set out in paragraphs 39 and 41 of this Order. The CRO Indemnity and CRO Charge shall be in addition to any coverage available to the CRO and the Applicant under any insurance policy and nothing in this Order shall absolve, reduce or diminish the obligation of any insurer to provide any payment or coverage under any insurance policy.

37. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, no insurer shall be entitled to be subrogated to or claim the benefit of the CRO Charge.

38. **THIS COURT ORDERS** that the CRO Indemnity and CRO Charge and the provisions of this Order relating thereto shall survive any bankruptcy of the Applicant and shall be binding upon any trustee in bankruptcy, receiver or like person appointed in respect of any of the Applicant or the Property.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Administration Charge and the CRO Charge (collectively, the "**Charges**") as among them, shall be as follows:

First, the Administration Charge, to the maximum amount of $750,000; and

Second, the CRO Charge.

40. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, either of the Charges, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or

(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by the creation of the Charges; and

(c) the payments made by the Applicant pursuant to this Order and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable, voidable or reviewable transactions under any applicable law.

44. **THIS COURT ORDERS** that any Charge created by this Order over leases or real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

INTERIM ADMINISTRATION OF THE PENSION AND BENEFIT PLANS

45. **THIS COURT ORDERS** that the Applicant shall continue to act as the administrator of all of its pension and benefits plans (the "**Pension and Benefits Plans**"), subject to the supervision and overview of the CRO and the Monitor and subject to this and any further Orders of this Court from and after the date hereof.

46. **THIS COURT ORDERS** that any persons or entities performing administrative or payment functions in respect of the Pension and Benefits Plans ("**Administrative Entities**") are authorized and directed to continue acting in their current capacity and to continue performing such administrative and payment functions, provided that from and after the date of this Order (i) reports of all contributions and payments made in respect of each of the Pension and Benefits Plans shall be provided to the Applicant and the Monitor on the same

periodic basis as such reports are currently generated; (ii) all contributions and payments in respect of the Applicant's non-registered Pension and Benefits Plans shall require the prior approval of the Monitor; (iii) all contributions by the Applicant in respect of the Thomson Plan, the Sterling Plan, the Hollinger Sterling Plan and the Journal Plan (all as defined in the Kram Affidavit) shall require the prior approval of the Monitor.

47. **THIS COURT ORDERS** that until further order of this Court, the Applicant, together with any Administrative Entities on the Applicant's behalf, shall continue to make payments to the members or beneficiaries of the Pension and Benefits Plans and contributions to the Pension and Benefits Plans, as the case may be, as prescribed by the terms of the Pension and Benefits Plans, applicable legislation and as amended or modified by this Order or any subsequent orders of this Court (the "**Pension and Benefits Payments and Contributions**").

48. **THIS COURT ORDERS AND DECLARES** that any and all Pension and Benefits Payments and Contributions made from and after the date of this Order in respect of any non-registered Pension and Benefits Plans shall (unless otherwise provided for in the Plan or further Order of this Court) be credited against the ultimate entitlements of each member or beneficiary under such Pension and Benefits Plans pursuant to any final resolution or restructuring approved by this Court or in any bankruptcy of the Applicant.

49. **THIS COURT ORDERS AND DECLARES** that any and all Pension and Benefits Payments and Contributions made by the Applicant or an Administrative Entity in accordance with this Order do not and will not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable, voidable or reviewable transactions under any applicable law.

PENSION AND BENEFIT PLANS - REPRESENTATIVE COUNSEL

50. **THIS COURT ORDERS** that Koskie Minsky LLP ("**Representative Counsel**") is hereby appointed as counsel for all members and beneficiaries of the OPEB Plans (as defined in the Kram Affidavit) in these proceedings for or in respect of any issues affecting the members and/or beneficiaries of the OPEB Plans in these proceedings.

51. **THIS COURT ORDERS** that the Applicant shall provide to Representative Counsel, without charge:

(a) the names, last known addresses and last known e-mail addresses (if any) of all of the members of the OPEB Plans, as well as applicable data regarding their entitlements, only to be used for the purposes of these proceedings and subject to confidentiality arrangements satisfactory to the Applicant and Monitor and applicable privacy laws; and

(b) upon request of Representative Counsel, such documents and data as may be relevant to matters relating to the issues in these proceedings including documents and data pertaining to the OPEB Plans, including available financial and actuarial information regarding the funding and investments of the OPEB Plans.

52. **THIS COURT ORDERS** that Representative Counsel may, with prior approval of the Monitor and the Applicant or further order of this Court, retain such actuarial and other advisors and assistants as may be necessary in connection with its duties as Representative Counsel.

53. **THIS COURT ORDERS** that all reasonable professional fees and disbursements that may be incurred by Representative Counsel and in respect of its advisors and assistants retained pursuant to paragraph 52 above shall be paid by the Applicant on a monthly basis, forthwith upon the rendering of accounts to the Applicant. In the event of any disagreement regarding such fees and disbursements, such disagreement may be remitted to this Court for determination.

54. **THIS COURT ORDERS** that Representative Counsel is authorized to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including dealing with any Court, regulatory body and other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.

55. **THIS COURT ORDERS** that any individual member of the OPEB Plans who does not wish to be represented by Representative Counsel in these proceedings shall, within 30 days of publication of notice of the appointment of Representative Counsel pursuant to

paragraph 59(b) below, notify the Monitor and Representative Counsel, in writing, by delivering an executed copy of the opt-out form attached to the Plan Members Notice (as defined below) by facsimile or registered mail (the "**Opt-Out Notice**"), and shall thereafter not be bound by the actions of Representative Counsel and shall represent themselves or be represented by any counsel that they may retain exclusively at their own expense.

56. **THIS COURT ORDERS** that, with the exception of persons who have delivered the Opt-Out Notice to the Monitor and Representative Counsel in accordance with paragraph 55 above, Representative Counsel shall represent and act for all individual members and beneficiaries of the OPEB Plans in these proceedings and such individual members and beneficiaries and any person who may be entitled to claim payments, benefits or reimbursements under any OPEB Plans through such individual members or beneficiaries or because such individuals are members or beneficiaries of any OPEB Plan shall be bound by the actions of Representative Counsel in these proceedings.

57. **THIS COURT ORDERS** that Representative Counsel shall have no liability as a result of their appointment or the fulfilment of their duties in carrying out the provisions of this Order and any subsequent Orders in these proceedings, save and except for any gross negligence or wilful misconduct on their part and that no action or proceedings may be commenced against the Representative Counsel, except with the prior leave of this Court obtained on at least twenty-one (21) days' notice to the Applicant, the Representative Counsel the CRO and the Monitor.

58. **THIS COURT ORDERS** that Representative Counsel shall be at liberty and are authorized at any time to apply to this Court, on proper notice to the Monitor and the Applicant, for advice and directions in the performance or variation of their powers and duties.

SERVICE AND NOTICE

59. **THIS COURT ORDERS** that the Monitor shall:

(a) without delay, publish in the national edition of The Globe and Mail a notice:

(i) containing the information prescribed under the CCAA; and

(ii) of the appointment of Representative Counsel pursuant to this Order, in a form to be agreed upon by Representative Counsel, the Applicant and the Monitor or, failing such agreement, approved by further order of this Court;

(b) within ten days after the date of this Order:

(i) send notice of the making of this Order and the appointment of Representative Counsel pursuant to this Order, substantially in the form attached as Schedule "A" to this Order, to the members of the Pension and Benefits Plans (the "**Plan Members**") by ordinary mail at the address of each such Plan Member as shown on the books and records of the Applicant (the "**Plan Member Notice**");

(ii) post this Order and the Plan Member Notice on the Website (as defined below); and

(iii) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than $1000, other than the Plan Members, and prepare a list showing the names and addresses of such creditors (which, for greater certainty, shall not include the Plan Members) and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

60. **THIS COURT ORDERS** that the Applicant and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

61. **THIS COURT ORDERS** that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website (http://documentcentre.eycan.com) (the "**Website**").

GENERAL

62. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

63. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

64. **THIS COURT ORDERS** that this Order and any other Order in these proceedings shall have full force and effect in all provinces and territories in Canada, in the same manner in all respects as if the Order had been made by the court enforcing it, and shall have full force and effect outside Canada.

65. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

66. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or

administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

67. **THIS COURT ORDERS** that any interested party (including the Applicant, the Monitor and the Representative Counsel) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

68. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

Pepall J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

DEC 10 2009

PER / PAR: TV

SCHEDULE "A"

December •, 2009

VIA FIRST CLASS MAIL

Dear Sir/Madam:

Re: Hollinger Canadian Publishing Holdings Co. – CCAA Proceedings and Appointment of Representative Counsel

On December •, 2009, Hollinger Canadian Publishing Holdings Co. (formerly •) ("**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 pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made on December •, 2009 (the "**Initial Order**").

Several years ago, HCPH sold its various newspaper businesses and, for some period of time, it has had no ongoing business activity. However, it continues to administer post-employment benefits, post-retirement benefits and pension plans for in excess of 3,000 former employees of what once was the Southam newspaper chain. HCPH has commenced CCAA proceedings with a view to implementing arrangements to deal with its remaining assets and liabilities in a fair and orderly manner that takes into account the best interests of all stakeholders.

In its CCAA proceedings, HCPH has sought and obtained permission from the court to continue to provide, on an interim basis, all existing benefits to beneficiaries of its pension and benefit plans (the "**Plan Members**"), thereby avoiding any sudden interruption in benefits that could otherwise potentially affect former employees, retirees and others receiving them.

In addition, as part of the Initial Order HCPH has sought and obtained an order of the court (the "**Representation Order**"), appointing the law firm Koskie Minsky LLP as representative counsel ("**Representative Counsel**") to act on behalf of all Plan Members in respect of issues arising from HCPH's CCAA proceedings that affect the post-employment and post-retirement benefits, other than registered pension plan benefits, of Plan Members ("**OPEB Benefits**"). Under the terms of Initial Order, Koskie Minsky LLP is not appointed to represent individuals with respect to any registered pension plan matters at this time.

As the Representation Order requires HCPH to pay all reasonable professional fees and expenses of Representative Counsel you will not be required to pay legal fees for Koskie Minsky LLP's role as your Representative Counsel in HCPH's CCAA proceedings.

HCPH will be providing Representative Counsel with individual contact information for all Plan Members. Individuals that have received this letter directly from the Monitor do not need to forward their contact information to Koskie Minsky LLP. If you need to for any reason, you can contact Representative Counsel at:

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

Email: hcph@kmlaw.ca
Tel: •
Website: www.kmlaw.ca

If you do not wish to be bound by the Representation Order, you must submit an opt-out letter to the Monitor and the Representative Counsel on or before •, 2009. A form of opt-out letter is attached to this letter for your convenience. Individuals who opt-out and wish to appear in HCPH's CCAA proceedings must obtain independent legal representation or represent themselves before the court, all at their own expense.

For the time-being, your payments under HCPH's pension and benefits plans will continue and **you are not required to take any action.** However, OPEB Benefits are not insured or pre-funded. They are paid from the available assets of HCPH, which may not be sufficient to fully fund all OPEB Benefits over the long-term. As a result, it is possible that your OPEB Benefits may be altered in the future. For this reason, Representative Counsel has been appointed to represent the interests of Plan Members who do not opt-out, in respect of issues arising from HCPH's CCAA proceedings that affect OPEB Benefits.

At this time, Plan Members are not required to file a proof of claim in respect of their OPEB Benefits (or any pension or other claims). A special process may be established for claims, and Plan Members will be notified of such a process if and when it occurs.

Individuals can obtain more information about HCPH's ongoing CCAA proceedings and can view the Initial Order and other public court documents at the Monitor's website. In that regard, as required by the CCAA, the Monitor has prepared and filed with the Court a report on the cash-flow statement filed by HCPH in connection with the Initial Order. That report is available on the Monitor's website. Contact information for the Monitor is as follows:

Ernst & Young Inc.
Court-appointed Monitor of Hollinger Canadian Publishing Holdings Co.
222 Bay Street
P.O. Box 251
Toronto, ON M5K 1J7

Tel: 1-888-274-4344
Website: www.ey.com/ca/HCPH

Court File No.

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

OPT-OUT NOTICE

Ernst & Young Inc.
Court-appointed Monitor of Hollinger Canadian Publishing Holdings Co.
Ernst & Young Tower
222 Bay Street
P.O. Box 251
Toronto, Ontario M5K 1J7
Attention: •
Tel: •
Fax: •

I, ____________________, am a former employee of Hollinger Canadian Publishing Holdings Co. ("**HCPH**"), and am a member or beneficiary of one or more OPEB Plans (as defined in the Order of Justice • dated •, 2009) (the "**Initial Order**").
Under Paragraph **[55]** of that Order, former employees who do not wish Koskie Minsky LLP (the "**Representative Counsel**") to act as their representative counsel may opt out.
I hereby notify the Monitor that I do not wish to be represented by or bound by the actions of Representative Counsel in these proceedings and will be represented as an independent individual party to the extent I wish to appear in these proceedings. This Notice shall be binding upon me and any person to whom I am related or who may otherwise be entitled to claim payments, benefits or reimbursement under an OPEB Plan under or through me or because I am a member or beneficiary under such OPEB Plan.

Date ____________________ Signature ____________________

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Court File No. 09-8503-00LL

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

INITIAL ORDER

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Derek Bell (LSUC #43420J)
Raj Sahni (LSUC #42942U)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

DEC. 10/09.

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

APPLICATION RECORD

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Derek Bell (LSUC #43420J)
Raj Sahni (LSUC #42942U)
Mark Smyth (LSUC #47278L)
Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

This is an Application for an Initial Order under the CCAA in somewhat unusual circumstances. At one level the situation of the Applicant is complicated being a part of the former Hollinger empire. At the most basic level however matters are much simpler. The assets essentially represent cash or cash equivalents ~~of two~~ of approximately $33 million. The creditors are members of ~~a~~ funded & ~~un~~ unfunded pension plans of the Applicant the beneficiaries being former retired employees. In addition some employees are entitled to benefits for health & other benefits. The applicant is a subsidiary of the former Sun Times media in Chapt. 11 in the US & now in liquidation & had been managed by Sun Times which is no longer in a position to do so. (over)

I am satisfied that in the circumstances that this is an appropriate application of the CCAA powers. The company is insolvent with debts in excess of $5 million. I am satisfied that the aims of the restructuring which is essentially to preserve pension & other retirement benefits for former employees. All of the proposals are consistent with that goal & the scheme of administration is intended to provide secure low cost reliable continuance of services & benefit.

I am satisfied that the proposed plan including the financial arrangements are appropriate in the circumstance. The proposed representative counsel & monitors appointment will assure governance. The draft initial order filed which I have signed will I am satisfied provide the necessary protection to all parties including potential claimants

C.L. Campbell J.

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

APPLICATION RECORD

BENNETT JONES LLP
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DEC. 10/09.

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C.L. Campbell J.

COURT FILE NO.: 09-8503-00CL
DATE: 20091210

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER of a Plan of Compromise or Arrangement in the matter of Hollinger Canadian Publishing Holdings Co.

Applicant

APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Derek J. Bell and Raj S. Sahni, for the applicant
Heather Meredith, for Ernst & Young Inc.
Andrew Hatnay and Andrew McKinnon, proposed representative counsel

HEARD: December 10, 2009

<u>Campbell J.</u>

[1] This is an Application for an initial order under the CCAA in somewhat unusual circumstances.

[2] At one level the situation of the Applicant is complicated being one part of the former Hollinger empire. At the most basic level however matters are much simpler.

[3] The assets essentially represent cash or cash equivalents of approximately $33 million. The creditors are members of funded and unfunded pension plans of the Applicant, the beneficiaries being former retired employees. In addition, some employees are entitled to benefits for health and other benefits. The Applicant is a subsidiary of the former Sun-Times Media Group, in Chapter 11 proceedings in the U.S. and now in liquidation and had been managed by Sun-Times, which is no longer in a position to do so.

[4] I am satisfied that in the circumstances that this is an appropriate application of the CCAA powers. The company is insolvent with debts in excess of $5 million. I am satisfied that the aim of the restructuring is essentially to preserve pension and other retirement benefits for former employees.

[5] All of the proposals are consistent with that goal and the scheme of administration is intended to provide seamless, low cost, reliable continuance of services and benefits.

[6] I am satisfied that the proposed plan including the financial arrangements are appropriate in the circumstances.

[7] The proposed representative counsel and monitors appointment will assure governance. The draft initial order filed which I have signed will, I am satisfied, provide the necessary protection to all parties including potential claimants.

Campbell J.

Released: December 10, 2009

COURT FILE NO.: 09-8503-00CL
DATE: 20091210

ONTARIO

SUPERIOR COURT OF JUSTICE

B E T W E E N:

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER of a Plan of Compromise or Arrangement in the matter of Hollinger Canadian Publishing Holdings Co

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REASONS FOR JUDGMENT

Campbell J.

Released: December 10, 2009

TAB D

EXHIBIT "D"

Monitor's Twelfth Report
Dated June 8, 2012

Paul Barry Jr.

A Commissioner of Oaths, etc.

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

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

TWELFTH REPORT OF THE MONITOR DATED JUNE 7, 2012

INTRODUCTION

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

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

PURPOSE

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

(a) the state of HCPH's business and affairs;

(b) the status of the claims with respect to the OPEBs (defined below), the claims with respect to the Pension Plans (defined below) and other general unsecured claims;

(c) providing an overview of the plan of arrangement prepared by HCPH, substantially in the form attached as Appendix 'A' to this Twelfth Report (the "**CCAA Plan**");

(d) the Applicant's motion for an Order (the "**Creditors' Meeting Order**"):

i. authorizing the Applicant to not file further annual valuation reports with the pension regulators with respect to any of the Pension Plans (defined below);

ii. authorizing the Applicant to file the CCAA Plan with the Court;

iii. authorizing and establishing the procedure for HCPH to call and conduct meetings of its creditors (the "**Creditors' Meetings**") to consider and vote on the CCAA Plan, as may be amended pursuant to its terms;

iv. approving the form of materials to be distributed to creditors in respect of the Creditors' Meetings;

v. setting the date for the hearing of the Applicant's motion seeking an order sanctioning the CCAA Plan;

vi. authorizing that the individual allocation of any surplus assets (if any) remaining on the wind up of the HCPH Retirement Plan (defined below) for any Plan Member who previously received an overpayment in error of benefits payable under the HCPH Retirement Plan, which has not been repaid, shall be reduced by the amount of such overpayment up to the full amount of such individual surplus allocation;

vii. authorizing that any Plan Member who previously received an overpayment in error of benefits payable under the HCPH Retirement Plan which has not been repaid will be released, subject to certain exceptions, of any claims in respect of such overpayment by HCPH, any of its agents or any successor administrator of the HCPH Retirement Plan; and

viii. approving this Twelfth Report and the conduct and activities of the Monitor as set forth herein;

(e) providing an illustrative estimated recovery analysis for creditors based on the CCAA Plan; and

(f) providing the Monitor's recommendation and the Monitor's view of the reasonableness and fairness of the CCAA Plan.

TERMS OF REFERENCE

4. In preparing this Twelfth 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 Twelfth Report. Some of the information referred to in this Twelfth 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 Twelfth Report are defined in the Initial Order, previous reports of the Monitor and the CCAA Plan.

BACKGROUND AND STATE OF BUSINESS AND FINANCIAL AFFAIRS

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

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

9. On December 10, 2009, HCPH was granted an Initial Order pursuant to the CCAA. Since

that time, and as reported in previous reports of the Monitor, HCPH has worked on determining liabilities (including an extensive Court ordered audit process to compile and verify Plan Members' information) in relation to its more than 3,000 Plan Members and in formulating a restructuring plan in consultation with the Monitor and Representative Counsel for the Plan Members and other creditors.

10. As discussed above, HCPH sold its newspapers and has no ongoing business activity. Accordingly, at this point, HCPH's restructuring is focused on an orderly wind up of its Pension Plans and OPEBs and the completion of these CCAA proceedings. HCPH maintains daily cash statements in which it records its daily cash activity and tracks its performance against its cash forecast. A copy of HCPH's cash forecast for the period from February 27, 2012 to August 5, 2012 is attached as Appendix 'B' to the Eleventh Report of the Monitor dated March 14, 2012 (the "**Eleventh Report**"). HCPH provides its cash report to the Monitor weekly along with a variance analysis of its actual cash position as compared to its forecast cash position. As of May 25, 2012, HCPH had cash of approximately $14.1 million.

UPDATE ON CLAIMS

11. Claims against HCPH include claims with respect to the Pension Plans (the "**Pension Plan Claims**"), claims with respect to the OPEBs (the "**OPEB Claims**") and claims of other general creditors as described below.

The Retiree Audit Survey Process

12. As described in the Sixth Report of the Monitor dated December 31, 2010 (the "**Sixth Report**"), on April 15, 2010, this Court granted an order (the "**April 15, 2010 Order**") establishing a process to enable HCPH to update its records of Plan Members and their entitlements such that its actuary, Mercer (Canada) Ltd. ("**Mercer**"), would have more accurate information to complete its valuation analysis of the liabilities in respect of the OPEBs and Pension Plans (the "**Retiree Audit Survey Process**").

13. As summarized in the Fifth Report of the Monitor dated November 5, 2010 (the "**Fifth Report**"), the Monitor complied with the process set out in the April 15, 2010 Order,

including sending a survey questionnaire (the "**Personal Information Statement**") to 3,271 Plan Members identified on a list provided by HCPH based on information from HCPH's records, posting a notice in the requisite form on the Monitor's website, and publishing notices in the National Post and Globe and Mail newspapers. Further details with respect to the Retiree Audit Survey Process are described in the Fourth Report of the Monitor dated October 13, 2010 (the "**Fourth Report**") and the Fifth Report.

14. The Monitor received over 2,200 responses to the Personal Information Statements sent. Information received through the Retiree Audit Survey Process was verified and provided to HCPH to update its records. The Retiree Audit Survey Process was extensive and conducted in consultation with Representative Counsel. The Retiree Audit Survey Process took several months including calls with retirees and follow up required for supporting information.

15. HCPH updated its records and compiled the information received through the Retiree Audit Survey Process into a master database (the "**Plan Member Information**"). The Plan Member Information was provided to Mercer for its analysis and for its preparation of wind up reports for the Pension Plans (as discussed in more detail below) and the valuation of the OPEB Claims.

Pension Plan Claims

16. Further to the Order of this Honourable Court made on October 14, 2010 (the "**October 14, 2010 Order**"), HCPH, in consultation with Representative Counsel and the Monitor, commenced the process to wind up its six Pension Plans as of December 31, 2010 (the "**Wind Up Date**").

17. The six Pension Plan are:

Ontario Registered Pension Plans

i. Hollinger Canadian Publishing Holdings Co. Retirement Plan – Ontario and Canada Revenue Agency Registration Number 0526967 (the "**HCPH Retirement Plan**");

ii. Sterling Newspaper Company Pension Plan for Employees of Newspapers Formerly Owned By Thomson Newspapers – Ontario and Canada Revenue Agency Registration Number 1024744 (the "**Sterling Thomson Plan**");

iii. Hollinger Canadian Publishing Holdings Co. Pension Plan for the Employees of Newspapers Formerly Owned By Thomson Newspapers – Ontario and Canada Revenue Agency Registration Number 1033786 (the "**Hollinger Thomson Plan**");

iv. Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan – Ontario and Canada Revenue Agency Registration Number 0208355 (the "**Windsor Star Plan**");

British Columbia Registered Pension Plan

v. Hollinger Canadian Publishing Holdings Co. Plan for the Employees of Newspapers Formerly Owned By Sterling Newspapers – British Columbia Registration Number P085060, Canada Revenue Agency Registration Number 399444 (the "**Sterling Newspapers Plan**"); and,

Journal Publishing Company Limited Pension Plan

vi. Journal Publishing Company Limited Pension Plan which relates to former employees in Prince Edward Island (the "**Journal Plan**").

18. Because there is provincial legislation that governs pensions in Ontario and British Columbia but none in Prince Edward Island at the relevant time, the wind up of the Journal Plan has proceeded differently than the wind up process for the other five Pension Plans.

19. As described in the Sixth Report, on December 21, 2010 HCPH, with the assistance of the Monitor, sent notices to Pension Plan Members of all of the Pension Plans, other than the Journal Plan, whose addresses were known to HCPH, advising of the wind up of such Pension Plans (the "**Wind up Notices**") as required under the *Pension Benefits Act* (Ontario) and the *Pension Benefits Standards Act* (British Columbia).

20. As described in the Ninth Report of the Monitor dated July 27, 2011 (the "**Ninth Report**"), on February 11, 2011, HCPH, with the assistance of the Monitor published a notice of the wind up of the Pension Plans, other than the Journal Plan, in the national edition of the Globe and Mail in order to attempt to give notice to those Pension Plan Members whose addresses were not known to HCPH.

21. Wind up reports with respect to the Pension Plans other than the Journal Plan were filed by HCPH with the applicable pension regulators in Ontario and British Columbia (the "**Pension Regulators**"), and HCPH has received approvals of its Wind Up Reports (or the distribution of basic benefits) from the Pension Regulators.

22. Since there was no provincial legislation that governed pensions in Prince Edward Island, HCPH discussed the status of the Journal Plan with the CRA. Pursuant to a confirmation from CRA that the Journal Plan is a registered pension plan, HCPH also wound up the Journal Plan at the Wind Up Date. Based on discussions with CRA, HCPH filed a wind up report for the winding up of the Journal Plan with CRA.

23. Based on the wind up reports filed with the Pension Regulators in relation to the Pension Plans other than the Journal Plan and the wind up report for the Journal Plan filed with CRA (collectively, the "**Wind Up Reports**"), two of the Pension Plans are in a surplus position and four of the Pension Plans, including the Journal Plan, are in a deficit position. The amount of surplus or deficit by Pension Plan along with the number of members in each of the Pension Plans is set out in the table below:

Pension Plan Wind-up Summary - Preliminary Estimates of Surplus/(Deficit) Wind-up date: December 31, 2010 ($000's)				
Pension Plans	**Registration #**		**Preliminary Wind-up Surplus/(Deficit)**	**Total Members**
Ontario Registered Pension Plans				
HCPH Retirement Plan	526947	$	5,450	2,491
Windsor Star Plan	208355		2,342	89
Sterling Thomson Plan	1024744		(52)	34
Hollinger Thomson Plan	1033786		(114)	42
			7,626	2,656
B.C Registered Pension Plan				
Sterling Newspapers Plan	PO85060		(508)	10
Journal Plan	No Registration #		(242)	2
Total Pension Plans		$	6,876	2,668
Total Plans in Surplus (2 Plans)		$	7,792	
Total Plans in Deficit (4 Plans)		$	(916)	

24. The above surplus and deficit amounts are based on preliminary estimates as described in the Wind Up Reports and are subject to change until the wind up process is completed. A detailed description of the remaining steps in the wind up process of the Pension Plans is more fully described in Schedule 'B' to the CCAA Plan which is attached as Appendix 'A' to this Twelfth Report.

25. Accordingly, as reflected in the table above, based on the above preliminary estimates of surpluses and deficits with respect to the Pension Plans, as of the date of this Twelfth Report the total deficit for the four Pension Plans in a deficit position is approximately $916,000.

OPEB Claims

26. HCPH's OPEBs include its unfunded retirement plans, which include the Southam Executive Retirement Agreement (the "**SERA**") and the Divisional Allowance Top-Up (the "**DA**"), as well as its post-employment and post-retirement benefit plans, which include retiree medical coverage, dental coverage, life insurance, accidental death and

dismemberment insurance and long-term disability income benefits. A list of HCPH's OPEBs are set out in Schedule 'A' to the CCAA Plan.

27. Pursuant to the Order of this Court of July 28, 2011 (the "**OPEB Claims Procedure Order**"), HCPH's OPEBs were terminated as of August 31, 2011 (the "**OPEB Termination Date**"). On August 3, 2011, the Monitor sent a notice of the OPEB Termination Date (the "**OPEB Termination Date Notice**") to Representative Counsel and each OPEB Plan Member as indicated on the list of OPEB Plan Members provided by HCPH to the Monitor.

28. As described above, HCPH, with the assistance of the Monitor, conducted an extensive Retiree Audit Survey Process to update its records with respect to the Plan Members. The Plan Member Information was provided to Mercer for the calculation of the OPEB Claims. The assumptions used by Mercer in the calculation of the OPEB Claims were reviewed and agreed to by Representative Counsel's actuary.

29. 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. The OPEB Claims Report is a valuation of the claims of each of the individual 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 OPEBs, such as health and dental, life insurance and other benefits. Mercer has conducted its valuation of the OPEB Claims and provided the OPEB Claims Report on June 6, 2012.

30. The Monitor will prepare and send to each holder of an OPEB Claim, at the address provided on HCPH's master database, a notice of the OPEB Claim substantially in the form set out in Schedule 'C' to the OPEB Claims Procedure Order (the "**OPEB Claim Notice**"). The OPEB Claim Notice will attach Mercer's calculation of the individual's OPEB Claim (the "**OPEB Claim Statement**"). The Monitor intends to send such OPEB Claim Notice and OPEB Claim Statement to the OPEB Plan Members together with the Notice to the Non-Pension Affected Claims Class (defined below) as described further in this Twelfth Report.

31. In addition, the Monitor will provide to Representative Counsel a copy of each individual's OPEB Claim Statement at the same time as it is sent to the individual.

32. Any OPEB Plan Member who wishes to dispute the accuracy of the OPEB Claim or other information on the OPEB Claim Statement must provide notice of such dispute (the "**Disputed OPEB Claim**") in writing to Representative Counsel within 20 days of the date the Monitor sends the applicable OPEB Claim Notice and OPEB Claim Statement. OPEB Claims that are not disputed by the OPEB Plan Members within the required time are binding on the OPEB Plan Members and beneficiaries.

33. The following is a summary of OPEB Claims calculated by Mercer as reflected in the OPEB Claims Report, which does not include any tax-related gross up that may be made on such OPEB Claims pursuant to the CCAA Plan:

Summary of OPEB Claims
OPEB Termination Date: August 31, 2011
($000's)

OPEB Plan		**Claim Amount**
Unfunded Pension Plan - SERA	$	12,863
Unfunded Pension Plan - Divisional Allowance		6,606
Retiree - Life Insurance		7,065
Retiree - Health and Dental		8,104
Retiree - British Columbia Medical		1,046
Disabled employee - Life Insurance		134
Disabled employee - Health		3,698
Disabled employee - British Columbia Medical		38
Total OPEB Claims	$	39,554

34. The above estimate of OPEB Claims may change and are subject to the resolution of any dispute by the OPEB Plan Members.

General Claims

35. On April 15, 2010, this Court granted an Order (the "**Claims Procedure Order**") to commence a claims process to identify any creditor claims other than claims in respect of the OPEBs and Pension Plans, or claims secured by charges in the Initial Order or any

further charge ordered by the Court.

36. As described in the Fourth Report, pursuant to the Claims Procedure Order, the Monitor sent a claims package, including a copy of an instruction letter and a proof of claim form (the "**Claims Package**"), to all creditors identified by HCPH. Subsequently, Claims Packages were sent to certain additional persons based on requests made to the Monitor.

37. Further, as required by the Claims Procedure Order, the Monitor posted a copy of the notice to creditors substantially in the form attached as Schedule 'A' to the Claims Procedure Order (the "**Notice to Creditors**") on its website. In addition, the Monitor published the Notice to Creditors in the National Post newspaper on May 17, 2010 and in the national edition of the Globe and Mail newspaper on May 18, 2010.

38. As described in the Ninth Report of the Monitor dated July 27, 2011 (the "**Ninth Report**"), as of June 3, 2011, the Monitor had received 12 claims other than in respect of the OPEBs and Pension Plans totalling approximately $66.5 million (the "**General Claims**"). Approximately $33 million of that amount was duplicative as it related to a contribution and indemnity claim by a claimant in respect of an approximately $33.4 million claim by another claimant. In addition, the Monitor received a claim from 783783 Alberta Ltd. carrying on business as Vue Weekly ("**Vue Weekly**"), which was subsequently withdrawn pursuant to a settlement reached between Vue Weekly and HCPH (the "**Vue Weekly Settlement**"). Details of the Vue Weekly Settlement are described in the Sixth Report.

39. Pursuant to an Order made on June 8, 2011 by this Court (the "**Claims Disallowance Procedure Order**"), the Monitor, in consultation with HCPH, disallowed eight General Claims, totalling approximately $66.4 million, in their entirety. Of these eight General Claims that were disallowed, seven were either resolved or not disputed by the respective claimants. As discussed in the Tenth Report of the Monitor dated November 25, 2011 (the "**Tenth Report**"), the claim of approximately $33.4 million from The Electronic-Rights Defence Committee ("**ERDC**") was settled on terms that included valuing the ERDC claim at $nil. The settlement was subject to the approval of this Court and the Superior Court of Quebec in ERDC's class action proceedings. The settlement was

approved by this Court on November 28, 2011 and by the Superior Court of Quebec on April 3, 2012.

40. One of the eight General Claims that was disallowed, for approximately $38,000, was disputed by the claimant (the "**Disputed General Claim**"). This claim relates to a tax issue in Quebec. The Monitor continues to work with this claimant to resolve this claim.

41. Further to the disallowances described above, the following General Claims totalling approximately $86,000 continue to remain:

i. four General Claims totalling approximately $48,000 related to trade creditors; and

ii. one Disputed General Claim of approximately $38,000 as described above.

THE CCAA PLAN

Overview of the CCAA Plan

42. HCPH, in consultation with the Monitor and Representative Counsel has developed the CCAA Plan. As described in the CCAA Plan, the vast majority of HCPH's stakeholders consist of its former employees, with claims under the Pension Plans and OPEBs. Since the commencement of these CCAA proceedings, HCPH's focus has been to facilitate an orderly wind-up of its Pension Plans and termination of its OPEBs and to address its other liabilities.

43. The CCAA Plan is directed at the claims of all of HCPH's creditors, excluding certain unaffected claims (the "**Unaffected Claims**") as described below. The CCAA Plan contemplates two classes of affected creditors (the "**Affected Creditors**"): i) a Pension Plan Claims Class that addresses claims related to the Pension Plans (the "**Pension Plan Claims Class**"), and (ii) a Non-Pension Affected Claims Class that addresses the OPEB Claims and General Claims (the "**Non-Pension Affected Claims Class**"). The treatment proposed in the CCAA Plan for each of these two classes is described further in this Twelfth Report. It is the Monitor's view that such classification of HCPH's Affected Creditors is appropriate given that the nature of the Pension Plan Claims, which are

governed by pension legislation, is distinct from the nature of the claims in the Non-Pension Affected Claims Class and given the unique circumstances of this case, where Pension Plan Claims are being given priority treatment under the CCAA Plan.

44. The CCAA Plan does not affect the following Unaffected Claims (although the CCAA Plan does contemplate their payment):

i. claims in respect of the fees and disbursements of the Monitor and its counsel, HCPH's counsel and its retained professionals, the CRO and Representative Counsel and its retained professionals (the "**Administration Claims**");

ii. certain government related and priority claims required to be paid under the CCAA (the "**Government and Other Priority Claims**");

iii. any secured claims (to the extent of the secured value of the assets encumbered by such security);

iv. claims that relate to the period after the filing of these CCAA proceedings in relation to, among other things, the supply of goods and services (the **Post-Filing Claims**"); and

v. claims that relate to the period after the CCAA Plan is implemented in relation to, among other things, costs for the wind up of the Pension Plans and administration of the CCAA Plan, rent and other goods and services (the "**Post-Implementation Claims**").

45. The CCAA Plan contemplates that the plan implementation date is the date on which the conditions precedent to implementation of the CCAA Plan have been satisfied and the Monitor has filed a certificate of completion (the "**Plan Implementation Date**").

Proposed Distribution to Creditors

46. HCPH's primary remaining asset is cash that is held by HCPH. As of May 25, 2012, HCPH had cash of approximately $14.1 million. Further, HCPH has recently filed its Harmonized Sales Tax ("**HST**") returns and is anticipating a refund of certain input tax

credits with respect to HST previously paid. In addition, as described in the Eleventh Report, HCPH created a trust in the amount of $10 million and entered into a corresponding trust indenture (the "**Trust**"). The Trust was established for the payment of certain liabilities incurred by ten former directors, officers, consultants and advisors of CNLC (formerly STMG) as a result of six defamation actions commenced against them in the Ontario Superior Court of Justice by Conrad Black (the "**Defamation Actions**"). The beneficiaries of the Trust (the "**Beneficiaries**") entered into a settlement with Black, CNLC and others to settle certain disputes and litigation including the Defamation Actions (the "**Settlement**"). The Settlement contemplates the distribution of the remaining funds in the Trust (the "**Remaining Funds**") to parties involved in the Settlement. Representative Counsel has brought a motion to this Court seeking a declaration that the payment of the Remaining Funds as contemplated by the Settlement is contrary to the terms of the Trust and seeking to have the Remaining Funds paid to HCPH (the "**STMG Trust Litigation**").

47. The CCAA Plan contemplates that all cash and other proceeds held by HCPH at the Plan Implementation Date including any proceeds related to HST refunds or potential proceeds with respect to the STMG Trust Litigation (the "**Available Cash Pool**") will form the pool of funds available for payments and distributions under the CCAA Plan.

48. The CCAA Plan proposes that the Available Cash Pool will be distributed pursuant to the following "waterfall" (the "**Distribution**"):

i. First, to satisfy any Administration Claims that relate to the period prior to the implementation of the CCAA Plan;

ii. Second, to pay any Government and Other Priority Claims. These claims include certain wages and salaries of employees and source deductions;

iii. Third, to pay secured claims. However no secured claims were filed in the claims process;

iv. Fourth, to pay Post-Filing Claims;

v. Fifth, to pay Pension Plan Claims. As described above, as of the date of this Twelfth Report, the deficits in the Pension Plans are estimated to be approximately $916,000. The Monitor notes that this amount is based on preliminary Wind Up Reports provided to the Pension Regulators and CRA and the ultimate amount required to satisfy the Pension Plan Claims will change as HCPH continues the completion of the Wind Up of its Pension Plans;

vi. Sixth, to pay Administration Claims that relate to the post-implementation period;

vii. Seventh, to pay Post-Implementation Claims; and

viii. Eighth, the remaining Available Cash Pool will be distributed to the Non-Pension Affected Claims as described further in this Twelfth Report.

49. The CCAA Plan contemplates that distributions from the Available Cash Pool will be made by a disbursing agent (the "**Disbursing Agent**"). It is contemplated that HCPH will be the Disbursing Agent; however, in the event HCPH does not have any remaining officers or employees available to act as Disbursing Agent after the Plan Implementation Date, the Monitor will serve as the Disbursing Agent, solely as agent and on behalf of HCPH, in connection with all payments under the CCAA Plan. The authority of and protections for EYI and the Monitor in relation to its role as Disbursing Agent, are set out in Section 5.03 and elsewhere in the CCAA Plan.

50. The CCAA Plan provides that any Disputed General Claim or Disputed OPEB Claim (collectively the "**Disputed Claims**") will not be entitled to a distribution under the CCAA Plan until such Disputed Claims are proven claims.

51. The CCAA Plan provides that, in connection with the above payments and distributions, the Disbursing Agent is authorized by the CCAA Plan to hold amounts in reserve from time to time for disputed claims and for the payment of future costs and other prior-ranking claims in the waterfall (the "**Additional Reserves**"). The CCAA Plan further provides that the Disbursing Agent may increase or decrease the Additional Reserves at its discretion as required for purposes of payments and distributions to be made from the Available Cash Pool.

52. The CCAA Plan also contemplates that HCPH may take the steps described in Schedule 'B' to the CCAA Plan with respect to the wind up of the Pension Plans and may cause any surplus in any Pension Plan to be distributed to or for the benefit of the applicable members and beneficiaries of such Pension Plan as at the Wind Up Date. The CCAA Plan provides that HCPH may obtain the assistance of the Monitor in connection with the wind up of the Pension Plans and that HCPH will deliver a direction to the Monitor in the form attached as Schedule 'C' to the CCAA Plan (the "**Direction**"). Any action to be taken by the Monitor shall be as agent of HCPH in the relevant capacity, and only where HCPH is not otherwise capable of taking such action in the event there are no remaining officers or other management. HCPH would remain the sole sponsor and administrator of the Pension Plans throughout. The authority of and protections for EYI and the Monitor are set out in the Direction and the CCAA Plan.

53. The CCAA Plan proposes that no Distribution will be made in respect of claims related to HCPH's affiliates (the "**Inter-Company Claims**") and that such Inter-Company Claims will be released on the Plan Implementation Date. The Monitor notes that HCPH's balance sheet reflects historical payables and receivables with respect to certain of HCPH's affiliates, such that the Monitor requested that notice of this motion be given to such parties, which occurred; however, the Monitor is not aware of any continuing claims by such affiliates and no Inter-Company Claims were received by the Monitor in the claims process.

54. The CCAA Plan proposes that no Distribution will be made to any person in respect of any equity claim or equity interest (as such terms are defined in the CCAA) unless and until all Affected Claims are paid in full.

55. The CCAA Plan contemplates that upon being advised by HCPH that the conditions precedent to the implementation of the CCAA Plan have either been satisfied or waived, the Monitor shall file with the Court a certificate that states that the conditions precedent to the CCAA Plan have either been satisfied or waived (the "**Monitor's Certificate**").

The Pension Plan Claims Class

56. The CCAA Plan proposes that each Pension Plan will be paid the total deficit amounts for such Pension Plan, if any, once determined, from the Available Cash Pool in full and final satisfaction of the respective Pension Plan Claims. As described above, the Pension Plan Claims will be paid prior to any distributions to the Non-Pension Affected Claims Class.

57. The CCAA Plan further proposes that the surplus funds, if any, remaining in a Pension Plan after completion of the payment of or provision for all basic benefits on the wind-up of such Pension Plan (including after payment of all applicable costs and expenses and funding of all annuities in respect thereof) shall be distributed to those individuals who were members and beneficiaries of such Pension Plan as at the wind-up date of December 31, 2010 in accordance with applicable pension law (subject to adjustment in respect of any pension over payments received by such individuals, as noted below in this Twelfth Report).

The Non-Pension Affected Claims Class

58. The CCAA Plan contemplates that each holder of a Non-Pension Affected Claim will be paid its *pro rata* share of the remaining Available Cash Pool based on the Distribution scheme described above, subject to Additional Reserves described above, in full and final satisfaction of the holder's Non-Pension Affected Claim.

59. The CCAA Plan proposes that to the extent the Disbursing Agent determines that Taxes are required to be withheld and remitted to the appropriate governmental authority in respect of any Non-Pension Affected Claim that is an OPEB Claim, such OPEB Claim shall be grossed up by 10% unless otherwise ordered by the Court. The Monitor, in consultation with HCPH and Representative Counsel intends to seek an advance tax ruling from the CRA with respect to the federal income tax treatment of certain medical and dental OPEB Claims.

60. The amount of distribution to the Non-Pension Affected Claims Class will be calculated on a *pro rata* basis, based on the amount remaining in the Available Cash Pool available

to the Non-Pension Affected Claims Class, divided by the total of all Non-Pension Affected Claims. As described above, as of the date of this Twelfth Report, the Non-Pension Affected Claims include General Claims of approximately $86,000 (with the quantum of tax-related claims still to be determined) and OPEB Claims of approximately $39.5 million. An illustrated estimated recovery analysis based on current information is set out further herein.

Timing of Distributions under the CCAA Plan

61. The CCAA Plan provides that no Distribution will be made to the Non-Pension Affected Class until the Pension Plan Claims are fully satisfied. The remaining steps to complete the Wind Up of the Pension Plans could take several months to complete. However, in the meantime, the Monitor will pursue the advance tax ruling with respect to certain of the OPEB Claims as described above.

62. The CCAA Plan contemplates that distributions to the Non-Pension Affected Creditors from the Available Cash Pool will be net of any withholding taxes and will be made from time to time and as soon as practicable following the issuance of the Sanction Order, as determined by the Disbursing Agent in consultation with Representative Counsel. In this regard, the Disbursing Agent will only make Distributions from the Available Cash Pool if the amount available to be distributed makes such Distribution economically practical, as determined by the Disbursing Agent.

63. The CCAA Plan proposes that no Distribution to a holder of a Non-Pension Affected Class Claim will be made for an amount less than $10.

64. The CCAA Plan proposes that if the mailing address for any holder of a Non-Pension Affected Class Claim entitled to a Distribution from the Available Cash Pool cannot be located on the applicable Distribution date, then an amount equal to such creditors' Distribution shall be set aside or otherwise reserved by the Disbursing Agent. If an address for such creditor is located within six months after such Distribution date, the Distribution for such creditor shall be distributed to it by the Disbursing Agent. If the address for such creditor cannot be located within six months after such Distribution date,

the Distribution for such creditor shall be added back to the Available Cash Pool and such creditor shall be deemed to have released its right to such Distribution and have no further right to any replacement or other Distribution in respect thereof.

65. As described above, HCPH with the assistance of the Monitor and Representative Counsel has conducted an extensive Retiree Audit Survey Process to update its records and identify OPEB and Pension Plan entitlements. During this process, efforts were made to obtain current mailing addresses of Plan Members through advertisements with respect to these CCAA proceedings. In addition, HCPH made additional efforts using the assistance of external sources to obtain mailing addresses not previously known to HCPH. The CCAA Plan proposes that any cheque in payment of a Distribution that has not been cashed within six months after the date of the applicable Distribution may thereafter be cancelled by the Disbursing Agent, with HCPH's liability to the payee of such cheque forever discharged and extinguished, and the amount otherwise payable pursuant to such cheque will become available for distribution from the Available Cash Pool.

Effect of the CCAA Plan

66. The CCAA Plan will become effective upon the filing of the Monitor's Certificate.

67. The CCAA Plan includes broad releases of HCPH, the CRO, the Monitor and Representative Counsel, their respective directors, employees and advisers, and certain others, all as set out in section 11.01 of the CCAA Plan (the "**Releases**"). Among other things, the Releases provide a release by every Person (as defined in the CCAA Plan), regardless of whether or not such Person is an Affected Creditor, save and except for Unaffected Creditors solely with respect to their Unaffected Claims, releasing all Released Parties of and from any and all Released Claims (both terms as defined in section 11.01 of the CCAA Plan). However, section 11.01 expressly states that the Release does not release or discharge (i) any Released Party from its obligations, if any, under the CCAA Plan, (ii) any Unaffected Claim against HCPH, or (iii) any claim referred to in section 5.1(2) or 19(2) of the CCAA. It is HCPH's intention to seek confirmation of the Release in the Sanction Order (defined below).

68. Once implemented, the CCAA Plan will constitute:

i. a full, final and absolute settlement of all rights of the holders of all Affected Claims; and

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

Conditions for the Approval and Sanction of the CCAA Plan

69. If the CCAA Plan is approved by the requisite majority of creditors at each Creditors' Meeting, the CCAA requires that the CCAA Plan be sanctioned by the Court (the "**Sanction Order**"). The hearing date for the Sanction Order will be requested at the June 8 Court appearance in respect of this motion..

CREDITORS' MEETINGS ORDER

70. HCPH, in consultation with the Monitor, has prepared a proposed procedure for the conduct and administration of the Creditors' Meetings, which HCPH is seeking to have approved by this Court.

Filing of Annual Valuation Reports

71. As described above, HCPH seeks to file its CCAA Plan with the Court and the CCAA Plan provides for the funding in full of the Pension Plans in deficit once such deficits have been determined. The Monitor understands that in wind up situations, based on applicable pension legislation in Ontario, annual valuation reports are required to be filed for Pension Plans in a deficit position. However, given that the CCAA Plan provides for such deficits in the Pension Plans to be fully funded, HCPH is seeking this Court's approval to not file any further annual valuation reports in respect of any of the Pension Plans in order to save the costs of obtaining such annual valuation reports. The Monitor understands that HCPH has communicated to the pension regulator in Ontario that it will not file any further annual valuation reports since it has filed its CCAA Plan with the Court and the CCAA Plan contemplates fully funding the Pension Plan deficits.

Notice to Creditors

72. The Creditors' Meeting Order directs the Monitor to:

i. send a copy of the Creditors' Meeting Order to the persons on the service list established in these CCAA proceedings and post an electronic copy of the Creditors' Meeting Order on its website;

ii. send a notice of the meeting in respect of the Pension Claims Class to the Plan Members of each Pension Plan and Representative Counsel, in the form of notice attached as Schedule 'B' to the Creditors' Meeting Order (the "**Notice to the Pension Plans Claims Class**") along with a copy of this Twelfth Report;

iii. send a notice of the meeting in respect of the Non-Pension Affected Claims Class to the Affected Creditors with OPEB Claims and General Claims, in the form of notice attached as Schedule 'C' to the Creditors' Meeting Order (the "**Notice to the Non-Pension Affected Claims Class**"), together with a form of proxy, a copy of which is attached as Schedule 'D' to the Creditors' Meeting Order (the "**Proxy**") and a copy of this Twelfth Report. The Monitor notes that the draft Order circulated to the service list with the Applicant's motion materials also provides for delivery of a notice from the Monitor regarding the filing of its report; however, the Twelfth Report will now be provided with the Notice to the Pension Claims Class and the Notice to the Non-Pension Affected Claims Class, which will also refer to the filing of the Twelfth Report, and the Order sought will reflect these changes;

iv. post a copy of the CCAA Plan and other documents related to the Creditors' Meetings on its website;

v. send a copy of certain documents related to the Creditors' Meetings to any person who requests such materials prior to the date of the Creditors' Meetings; and

vi. publish a notice of the Creditors' Meetings, the form of which is attached as Schedule 'E' to the Creditors' Meeting Order, for a period of two business days in the national edition of the Globe and Mail.

73. This Twelfth Report, which attaches the CCAA Plan, will be provided to each of the Plan Members of Pension Plans and Non-Pension Affected Creditors as set out above. The Creditors' Meeting Order will be delivered to parties on the service list. The service list does not contain the individual Plan Members. However, the Notice to the Pension Plans Claims Class and Notice to the Non-Pension Affected Claims Class each state that Creditors' Meeting Order should be reviewed and that it can be accessed through the Monitor's website, with the website address provided.

Procedure for Creditors' Meeting

74. Pursuant to the Creditors' Meeting Order, HCPH will be authorized, and directed to call, hold and conduct a meeting of the Non-Pension Affected Claims Class and a meeting of the Pension Plan Claims Class to consider and vote on the CCAA Plan. The Creditors' Meetings of the Non-Pension Affected Claims Class and the Pension Plan Claims Class are proposed to be held at the office of the Monitor on the 31st Floor of the Ernst & Tower at 222 Bay Street in Toronto, Ontario on July 20, 2012 starting at 10.00 a.m. Eastern Standard Time and 11.00 a.m. Eastern Standard Time, respectively.

75. A representative of the Monitor will act as the chair of the Creditors' Meetings (the "**Chair**") and decide all matters relating to the rules, procedures and conduct of the Creditors' Meetings in accordance with the terms of the CCAA Plan, the Creditors' Meeting Order and any further Order of this Court. The Chair may adjourn the Creditors' Meetings at the Chair's discretion.

76. The only persons entitled to attend a Creditors' Meeting are the Monitor and its counsel, those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting and their legal counsel and advisors, the Applicant's respective legal counsel and advisors, the Chief Restructuring Officer, and Representative Counsel and its advisors. Any other Person may be admitted to a Creditors' Meeting on invitation of the Chair.

77. The quorum required at each of the Creditors' Meeting shall be: i) for the Pension Plan Claims Class Creditors' Meeting, the presence of the Representative Counsel either in

person or by proxy; and ii) for the Non-Pension Affected Claims Class Creditors' Meeting, the presence in person or by proxy of one Affected Creditor with a Non-Pension Affected Claim. If the requisite quorum is not present at a Creditors' Meeting, or a Creditors' Meeting is postponed by vote of the requisite majority of creditors at a Creditors' Meeting, then the applicable Creditors' Meeting shall be adjourned by the Chair to a date thereafter and to such time and place as may be appointed by the Chair. Neither the Applicant nor the Monitor will be required to deliver any notice of the adjournment of the Creditors' Meeting other than other than announcing the adjournment at the applicable Creditors' Meeting or posting notice at the originally designated time and location of the Creditors' Meeting or adjourned Creditors' Meeting, and on the Monitor's website.

Voting at Creditors' Meeting

78. The only creditors eligible to vote at the Creditors' Meeting are Affected Creditors with Affected Claims. The Creditors' Meeting Order contemplates that the Chair shall direct a vote on a resolution to approve the CCAA Plan and any amendments thereto as HCPH may consider appropriate.

Pension Plans Claims Class Creditors' Meeting

79. HCPH is the administrator of all six Pension Plans. Typically, the administrator of a Pension Plan would be responsible for asserting claims in respect of contributions required to be made to the Pension Plan, including contributions to fund a deficit upon a wind up of the Pension Plan. To avoid the situation where HCPH is voting, albeit as administrator, on its own CCAA Plan in respect of Pension Claims, the Creditor's Meeting Order provides that Representative Counsel be appointed proxy for HCPH, in its capacity as administrator of each of the Pension Plans, with full power of substitution, to attend on behalf of HCPH and to vote the amount of the Pension Plan Claims, in its discretion. Plan Members and beneficiaries of the Pension Plans are not required to issue a proxy to Representative Counsel.

80. No traditional claims procedure was initiated to call for Pension Plan Claims. Instead,

because the CCAA Plan contemplates the payment in full of all deficits, if any, in each of the Pension Plans, HCPH is proposing that the voting in respect of Pension Plan Claims will be done on the following basis:

i. for Pension Plans estimated to be in a deficit position, the wind up deficit as estimated by Mercer in the applicable Wind Up Report, will be, in effect, treated as the proven amount of the Pension Plan Claim for voting purposes; and

ii. for Pension Plans estimated to be in a surplus position, a deemed proven amount of $1.00 will be, in effect, treated as the proven amount of the Pension Plan Claim for voting purposes.

81. Among other reasons that claims in respect of the Pension Plans estimated to be in a surplus position are still treated as Affected Claims in the CCAA Plan and will have a deemed proven amount of $1 for voting purposes, is that the actual deficit or surplus will not be known until after the wind up is complete and the annuities purchased such that it is possible that a Pension Plan currently estimated to be in a surplus position could end up in a deficit position. As a result, it is important to treat such Claims as Affected Claims in the CCAA Plan.

82. Based on current estimates of Pension Plan Claims as described above, the following are the estimated Pension Plan Claims for voting purposes:

Pension Plan Claims
($000's)

Pension Plan		**Claim**
Sterling Thomson Plan	$	52
Hollinger Thomson Plan		114
Sterling Newspapers Plan		508
Journal Plan		242
HCPH Retirement Plan		0
Windsor Star Plan		0
Total Pension Plan Claim	**$**	**916**

Note: Claims of the HCPH Retirement Plan and the Windsor Star Plan are for $1.00.

Non-Pension Affected Claims Class Creditors' Meeting

83. The Creditors' Meeting Order provides that only Affected Creditors holding Non-Pension Affected Claims or their proxies are entitled to vote at the Non-Pension Affected Claims Class Creditors' Meeting.

84. For the Non-Pension Affected Claims Class:

   i. Affected Creditors having a General Claim will have a voting claim equal to the value of such Affected Creditors' proven claim;

   ii. Affected Creditors holding OPEB Claims will have a voting claim equal to the value of the OPEB Claim as indicated in such Affected Creditors' OPEB Claim Statement; and

   iii. Affected Creditors holding disputed claims will have a voting claim equal to the Monitor's accepted value, if any, of such Claim.

85. The Creditors' Meeting Order provides that the vote on the resolution to approve the CCAA Plan will be decided by:

   i. in respect of the Pension Plan Claims Class, approval of the CCAA Plan by Representative Counsel representing the Pension Plan Claims; and

   ii. in respect of the Non-Pension Affected Claims Class, approval of the CCAA Plan by a majority in number of the Affected Creditors of such class holding Voting Claims representing a two-thirds majority in value of such class that is present and voting at the Creditors' Meeting in person or by proxy.

Items (i) and (ii) above, together, are referred to as the "**Required Majorities**".

86. The Creditors' Meeting Order provides that Affected Creditors with disputed claims will have their voting intentions with respect to the disputed claims recorded by the Monitor and reported to this Court. If approval or non-approval of the CCAA Plan by any of the Affected Creditors Classes will be determined by the votes cast in respect of disputed

claims, the Applicant and the Monitor, on notice to the service list, will request this Court's directions and, if necessary, appropriate deferral of the Sanction Hearing (as defined below) and any other applicable dates.

87. The Creditors' Meetings Order provides that following the vote at each Creditors' Meeting, the Monitor will tally the votes and determine whether the CCAA Plan has been accepted by the Required Majorities.

88. The Creditors' Meetings Order provides that the result of any vote at the Creditors' Meetings will be binding on all Affected Creditors, whether or not, in each case, the Affected Creditor is present at the Creditors' Meeting or voted on the resolution to approve the CCAA Plan.

Overpayments made from the HCPH Retirement Plan

89. The Monitor understands that seven Plan Members in the HCPH Retirement Plan received overpayments in error of benefits payable under the HCPH Retirement Plan totalling approximately $883,000. Typically, such overpayments are recovered from the Plan Members who received such overpayments. However, further to negotiations with the Representative Counsel for the Plan Members, HCPH, in consultation with the Monitor agreed that it would not pursue such Plan Members to return the overpayments and is seeking this Court's approval that any member who previously received in error an overpayment of benefits payable under the HCPH Retirement Plan, which has not been repaid, shall be reduced by the amount of such overpayment up to the full amount of such individual surplus allocation. The Monitor understands that the pension regulator in Ontario has been advised of the treatment of such overpayments.

ILLUSTRATIVE ESTIMATED RECOVERY ANALYSIS

90. The Monitor has prepared an illustrative estimate of recovery for Affected Creditors.

91. HCPH's primary remaining asset is cash that is held by HCPH. As of May 25, 2012, HCPH had cash of approximately $14.1 million. This amount is the primary source from which distributions will be made under the CCAA Plan. As described earlier, HCPH is

also anticipating a refund of certain input tax credits with respect to HST previously paid. In addition, HCPH may receive proceeds with respect to the STMG Trust Litigation. However, due to the uncertainty of the HST refunds and the STMG Trust Litigation, such amounts are not considered in the illustrative estimated recovery analysis prepared by the Monitor.

92. Based on current estimates of the Administration Claims, Government and Other Priority Claims, Secured Claims, Post-Filing Claims, and Post-Implementation Claims, the illustrative estimate of recovery assumes these Unaffected Claims will be paid in full (as noted earlier, the Monitor is not aware of any Secured Claims).

93. With respect to the Pension Plan Claims, the CCAA Plan provides for payment of the deficits in each of the Pension Plans prior to any distribution to the Non-Pension Affected Claims Class, resulting in the Pension Plans being fully funded on Wind Up. Based on the Wind Up Reports prepared by Mercer and approved by the respective Pension Regulators or submitted to CRA, the deficits are currently estimated to total $916,000 for four of the Pension Plans as described earlier in this Twelfth Report.

94. Based on the illustrative estimate of recovery analysis, HCPH expects that the Pension Plan deficits will be funded in full.

95. Approximately 68% of the holders of OPEB Claims are also Plan Members of Pension Plans.

96. With respect to the Non-Pension Affected Claims Class, the illustrative estimated recovery analysis reflects that members of the Non-Pension Affected Claims Class are currently projected to receive a distribution in the range of approximately 20% to 24% of their respective proven claims. The Monitor cautions, however, that this is an illustrative estimate only as at the date of this Twelfth Report and actual recoveries will be dependent on the final actual deficits identified in the Pension Plan Claims Class after the wind up process with respect to the Pension Plans is complete, and the resolution of disputed claims and other reserves as described in the CCAA Plan.

97. If the CCAA Plan is not approved, and the remaining assets of HCPH were liquidated

and distributed to creditors pursuant to bankruptcy proceedings under the *Bankruptcy and Insolvency Act*, then the Pension Plan Claims will likely be treated as unsecured claims on a *pari passu* basis as the Non-Pension Affected Claims, which would result in a reduction in the recoveries for members and beneficiaries of the Pension Plans in a deficit position. The illustrative estimated recovery analysis prepared by the Monitor reflects that, in the event of a bankruptcy, the Non-Pension Affected Claims Class would likely receive a slightly higher recovery (approximately 2%) on their claims, primarily because the Pension Plan deficits would not be paid in priority to the OPEB Claims and the General Claims. There would be a corresponding reduction in the recoveries relating to the Pension Plans in a deficit position, which is estimated in the illustrative bankruptcy scenario to result in a deficit of approximately $700,000 for Pension Plans in deficit.

RECOMMENDATIONS

98. The Monitor believes that the proposed terms of the Creditors' Meeting Order, including the notification and voting procedures, are reasonable.

99. The Monitor is of the view that the CCAA Plan is fair and reasonable. Among other things, the CCAA Plan is the product of and reflects the extensive discussions and negotiations with Representative Counsel with respect to the preferences of the retirees and the treatment of Pension Plan Claims and Non-Pension Affected Claims. As described earlier, the vast majority of HCPH's stakeholders are its former employees with pension and other benefits and almost all of these persons are represented by Representative Counsel. The Monitor believes that the CCAA Plan will facilitate an orderly wind up of the Pension Plans and OPEB Plans.

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

i. authorizing the Applicant to not file further annual valuation reports with the pension regulators with respect to any of the Pension Plans ;

ii. authorizing the Applicant to file the CCAA Plan;

iii. authorizing and establishing the procedure for HCPH to call and conduct

Creditors' Meetings to consider and vote on the CCAA Plan;

iv. approving the form of materials to be distributed to creditors in respect of the Creditors' Meetings;

v. setting the date for the hearing of the Applicant's motion seeking an order sanctioning the CCAA Plan;

ix. authorizing that the individual allocation of any surplus assets (if any) remaining on the wind up of the HCPH Retirement Plan (defined below) for any Plan Member who previously received in error an overpayment of benefits payable under the HCPH Retirement Plan, which has not been repaid, shall be reduced by the amount of such overpayment up to the full amount of such individual surplus allocation;

vi. authorizing that any Plan Member who previously received an overpayment in error of benefits payable under the HCPH Retirement Plan which has not been repaid will be released, subject to certain exceptions, of any claims in respect of such overpayment by HCPH, any of its agents or any successor administrator of the HCPH Retirement Plan; and

vii. approving this Twelfth Report and the conduct and activities of the Monitor as set forth herein and the conduct and activities of the CRO as described in the affidavit of Dennis Byrd sworn May 24, 2012.

All of which is respectfully submitted this 7th day of June, 2012.

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

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

APPENDIX A

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT IN THE MATTER OF
HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

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

MAY 24, 2012

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

INTRODUCTION[1]

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

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

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

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

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

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

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.01 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the General Claims Procedure Order;

(ii) the Restructuring Claims Bar Date Order;

(iii) the Claims Disallowance Procedure Order; and

(iv) the OPEB Claims Procedure Order;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Proven Amount**" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.02 Certain Rules of Interpretation

In the CCAA Plan:

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

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

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

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

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

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

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

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

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

(j) unless otherwise specified, the time periods within or following which any act is to be done shall be calculated by excluding the day on which the period

commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day.

1.03 Interest

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

1.04 Schedules

The following are the Schedules to the CCAA Plan:

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

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

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

1.05 Currency Conversion

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

ARTICLE II
AFFECTED AND UNAFFECTED CLAIMS

2.01 Affected Claims

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

2.02 Unaffected Claims

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

(a) Administration Claims;

(b) Government and Other Priority Claims;

(c) Secured Claims;

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

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

4.02 Inter-Company Claims

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

4.03 Equity Claims and Equity Interests

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

ARTICLE V
PROVISIONS GOVERNING AVAILABLE CASH POOL AND DISTRIBUTIONS

5.01 Available Cash Pool

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

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

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

(d) Post-Filing Claims; and

(e) Post-Implementation Claims.

ARTICLE III
CLASSIFICATION OF CREDITORS AND PROCEDURAL MATTERS

3.01 Two Classes of Affected Creditors

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

(i) the Pension Plan Claims Class; and

(ii) the Non-Pension Affected Claims Class.

3.02 No Vote or Distribution in Respect of Unaffected Claims

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

3.03 Claims Bar Date and Restructuring Claims Bar Date

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

3.04 Approval by Creditors

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

3.05 Meetings of Creditors

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

ARTICLE IV
TREATMENT OF AFFECTED CREDITORS

4.01 Affected Creditors Classes

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

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

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

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

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

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

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

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

5.02 Reserves

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

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

5.03 Monitor to Serve as Disbursing Agent

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

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

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

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

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

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

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

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

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

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

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

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

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

5.04 Timing of Distributions from the Available Cash Pool

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

5.05 Disbursing Agent Shall Not Distribute Cash Below $10

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

5.06 Remaining Assets

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

5.07 Delivery of Distributions

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

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

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

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

5.08 Unclaimed Distributions

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

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

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

5.09 Income Tax Withholding Requirements

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

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

ARTICLE VI
DISPUTED CLAIMS

6.01 No Distributions

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

6.02 Disputed Claim Reserve

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

6.03 Distributions from Disputed Claim Reserve

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

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

ARTICLE VII
PENSION PLAN WIND-UPS

7.01 Pension Plan Wind-up Process

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

7.02 Monitor's Assistance

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

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

ARTICLE VIII
SANCTION ORDER

8.01 Application for Sanction Order

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

8.02 Effect of Sanction Order

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

(a) declare that (i) the CCAA Plan has been approved by the requisite majorities of the Affected Creditors Classes in conformity with the CCAA; (ii) HCPH has complied with the provisions of the CCAA and the orders made in the Applicant's CCAA Proceeding in all respects; (iii) the Court is satisfied that HCPH has not

done nor purported to do anything that is not authorized by the CCAA; and (iv) the CCAA Plan and the transactions contemplated thereby are fair and reasonable;

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

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

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

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

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

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

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

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

(j) effective on the Plan Implementation Date, permanently enjoin the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedy or

recovery with respect to any indebtedness, liability, obligation or cause of action released, discharged or terminated pursuant to the CCAA Plan; and

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

ARTICLE IX
CONDITIONS PRECEDENT

9.01 Conditions Precedent to Implementation of CCAA Plan

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

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

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

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

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

9.02 Waiver

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

9.03 Monitor's Certificate

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

ARTICLE X
EFFECT OF CCAA PLAN

10.01 Effect of CCAA Plan Generally

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

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

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

10.02 Consents, Waivers and Agreements

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

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

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

ARTICLE XI
RELEASES AND INJUNCTIONS

11.01 Releases

For good and valuable consideration, including the compromises and distributions to be made pursuant to the CCAA Plan, every Person (including, for greater certainty, each and every member or beneficiary of each and every Pension Plan and OPEB Plan), regardless of whether or not such Person is an Affected Creditor, and save and except for Unaffected Creditors solely with respect to their Unaffected Claims, on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, actuaries, beneficiaries, financial advisors, legal counsel, other

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

11.02 Injunction

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

(a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever

(including any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;

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

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

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

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

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

ARTICLE XII
PLAN AMENDMENTS OR TERMINATION

12.01 Plan Amendment

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

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

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

12.02 Termination of the CCAA Plan prior to Implementation

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

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

ARTICLE XIII
GENERAL PROVISIONS

13.01 Severability of CCAA Plan Provisions

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

13.02 Advice and Directions

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

13.03 Paramountcy

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

13.04 Deeming Provisions

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

13.05 Notices

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

(a) if to the Applicant:

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

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

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

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

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

(b) if to the Monitor:

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

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

with a copy to:

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

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

(c) if to the Representative Counsel:

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

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

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

13.06 Successors and Assigns

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

13.07 Further Assurances

Notwithstanding that the transactions and events set out in the CCAA Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby shall make, do and execute or cause to be made, done or executed all such

further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonably required by HCPH or the Monitor in order to implement and give effect to the CCAA Plan.

13.08 Governing Law

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

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

Schedule "A"

OPEB Plans

Hollinger Canadian Publishing Holdings Co.

List of OPEB Plans As ofAugust 31, 2011

(based on HCPH's records)

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

Schedule "B"

Pension Plan Wind-up Steps

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

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

Steps

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule "C"

[DRAFT]

Direction and Agreement
HCPH Co Pension Plan Wind-up

TO: Ernst & Young Inc.

Recitals

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

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

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

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

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

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

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

H. HCPH has requested the assistance of the Monitor in connection with the completion of the Pension Plan Wind-ups, and the Monitor has agreed to provide that assistance, subject to the terms hereof.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, HCPH hereby irrevocably and unconditionally authorizes and directs the Monitor, and agrees in favour of E&Y and the Monitor, as follows:

Directions from HCPH

(1) HCPH, as Administrator, irrevocably and unconditionally authorizes and directs the Monitor to take the following actions and steps for and on behalf of HCPH, in HCPH's capacity as Administrator (the "HCPH Wind-up Steps") in connection with the Pension Plan Wind-ups:

(a) to direct the Actuarial Firm to prepare, and to distribute or cause to be distributed wind-up statements of entitlements and options to individual members of the Pension Plans to the extent they are entitled thereto, in accordance with and within the time period required by applicable legislation;

(b) to direct the Actuarial Firm to determine, after receipt of member elections and the applicable deadline has passed: (i) the amount required for commuted value transfers and (ii) which Pension Plan liabilities are to be annuitized;

(c) to direct the Actuarial Firm to prepare annuity quote packages and solicit bids from life insurance companies, based on the total annuity purchases required as determined by the Actuarial Firm in accordance with paragraph 1(b) above;

(d) to direct the Actuarial Firm, after receipt of the annuity quotes and the applicable deadline has passed: (i) to advise in the selection of the insurance company or insurance companies to provide the annuities, (ii) to establish a settlement date for the purchase of annuities, and (iii) to file certified copies of the annuity quotes with the relevant pension regulator as may be required by applicable legislation or by such pension regulator;

(e) to select the insurance company or insurance companies to provide the annuities;

(f) to direct the Actuarial Firm to: (i) prepare an addenda to the wind-up reports for the Pension Plans in surplus setting out a proposed allocation method for the distribution of surplus assets, and (ii) prepare and distribute statements of entitlements to surplus and options to individual members of the Pension Plans to the extent they are entitled thereto, in accordance with and within the time period required by applicable legislation;

(g) to direct the Pension Plan trustees (RBC Dexia and CIBC Mellon) to (i) estimate all trustee/custodial fees up to final distribution date and (ii) to sell or otherwise liquidate bonds and all other assets into cash in the period prior to the purchase of the annuities;

(h) to determine what fees, other than the trustee/custodial fees, are to be paid from the Pension Plan funds;

(i) to direct the Actuarial Firm to file with the relevant pension regulator as may be required by applicable legislation, after any Pension Plan wind-up deficiency has been fully funded, a certification that the obligations under a particular Pension Plan has been fully funded;

(j) to direct the Pension Plan trustees (i) to pay or release Pension Plan funds to the insurance company or insurance companies selected to provide the annuities, (ii) to transfer Pension Plan funds, as required, for commuted value transfers, and (iii) to make any other payment from the Pension Plan funds, including fees and surplus amounts, as may be required in connection with the Pension Plan Wind-ups;

(k) to file or cause to be filed with the Canada Revenue Agency and the relevant pension regulator as may be required by applicable legislation or by the Canada Revenue Agency or such pension regulator a notice of final distribution of assets from the Pension Plan funds;

(l) to do anything else that HCPH, as Administrator, may be required to do or that is otherwise necessary in connection with the Pension Plan Wind-ups.

(2) HCPH, as sponsor and employer, irrevocably and unconditionally authorizes and directs the Monitor to take the following actions and steps for and on behalf of HCPH in connection with the Pension Plan Wind-ups:

(a) facilitate the payment by HCPH, from one or more of HCPH's bank accounts, of any amounts necessary to fund any final deficiency or any other amount owing by HCPH to or in respect of any of the Pension Plans; and

(b) to do anything else that HCPH may be required to do or that is otherwise necessary in connection with the Pension Plan Wind-ups.

Agreements of HCPH

(3) HCPH acknowledges and agrees in favour of E&Y and the Monitor that:

(a) the Monitor, in performing HCPH Wind-up Steps, is solely doing so on behalf of HCPH and neither the Monitor nor E&Y has agreed to become, and neither is assuming any responsibility as, the Administrator of the Pension Plans;

(b) HCPH is and will at all times remain as the Administrator of each of the Pension Plans (unless and until replaced with a successor by the Superintendent of the Financial Services Commission of Ontario or the Superintendent of the Financial Institutions Commission of British Columbia, as the case may be (each, a "Superintendent"), pursuant to applicable legislation (a "Successor Administrator"));

(c) the Monitor is authorized to execute all directions, agreements and other documents of whatever nature in the name and on behalf of HCPH for any purpose in connection with the HPCH Wind-up Steps and the Pension Plan Wind-ups;

(d) neither E&Y nor the Monitor will have any liability for, and each is hereby released from, any claim in respect of any act or omission in respect of HCPH Wind-up Steps or the Pension Plan Wind-ups;

(e) the Monitor will be provided with and is entitled to have access to all of the books and records of HCPH and to all documents and other information required by it from time to time, whether in the possession of HCPH or a third party, in connection with the Pension Plans, HCPH Wind-up Steps and the Pension Plan Wind-ups;

(f) the Monitor at any time may refuse to perform any or all of HCPH Wind-up Steps and, without limitation to the foregoing, upon receipt by the Monitor of notice that a Successor Administrator has been appointed, the Monitor may immediately stop performing HCPH Wind-up Steps;

(g) the Monitor at any time may apply to court for directions with respect to HCPH Wind-up Steps or for any other relief;

(h) the Monitor may discuss from time to time all matters relating to the Pension Plan Wind-ups and the Pension Plans with the applicable Superintendent and Rep Counsel;

(i) the Monitor may at any time engage legal counsel, actuaries, accountants and other advisers to assist it in connection with HCPH Wind-up Steps;

(j) all fees and disbursements of the Monitor (including, without limitation, the fees and disbursements of legal counsel, actuaries, accountants and other advisers) will be paid by HCPH and will constitute Administration Claims for the purposes of the CCAA Plan; and

(k) HCPH hereby indemnifies and holds harmless E&Y (in its capacity as Monitor and in its personal capacity), its affiliates and its and their respective directors, officers, employees, advisors, agents and other representatives (each, an "Indemnified Person") from and against any and all losses, claims, damages and liabilities to which any such Indemnified Person may become subject arising out of or in connection with the Pension Plans, HCPH Wind-up Steps and the Pension Plan Wind-ups or any claim, litigation, investigation or proceeding relating to any of the foregoing (the "Indemnified Matters"), and to reimburse each Indemnified Person upon demand for any reasonable legal or other out-of-pocket expenses incurred in connection with Indemnified Matters or investigating or defending any of the foregoing. HCPH will not, without the prior written consent of E&Y and the relevant Indemnified Person, effect any settlement of any pending or threatened proceeding against an Indemnified Person in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (i) includes an unconditional release of such Indemnified Person from all liability or claims that are the subject matter of such proceeding and (ii) does not include any statement as to any admission. All amounts that may be claimed by an Indemnified Person pursuant to this paragraph 3(k) will constitute Administration Claims for the purposes of the CCAA Plan.

(4) This direction and agreement is in addition to, and does not limit, the rights, powers, protections and benefits given to E&Y and the Monitor in the Initial Order, all other orders in the CCAA Proceedings and the CCAA Plan. If there is any right, power, protection or other benefit in favour of E&Y or the Monitor set out in the Initial Order, any

other order in the CCAA Proceedings or the CCAA Plan which is not set out or provided for in this direction and agreement, such additional right, power, protection or benefit shall remain available to E&Y or the Monitor, as the case may be.

(5) This direction and agreement contains and constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations, agreements and understandings, whether written or oral, of the parties hereto.

(6) This direction and agreement will be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and HCPH irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

(7) Section headings in this direction and agreement are included herein for convenience of reference only and will not constitute a part of this direction and agreement for any other purpose or be given any substantive effect.

(8) This direction and agreement may be executed and delivered by facsimile, portable document format (".pdf") or other electronic means of transmission.

(9) This direction and agreement will be binding upon and inures to the benefit of and is enforceable by the respective successors and permitted assigns of the parties hereto.

DATED as of •, 2012.

Hollinger Canadian Publishing Holdings Co.

Per:

____

Name:
Title:

TAB E

EXHIBIT "E"

Monitor's Thirteenth Report
Dated July 25, 2012

A Commissioner of Oaths, etc.

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

Court File No.: 09-8503-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Applicant

THIRTEENTH REPORT OF THE MONITOR DATED JULY 25, 2012

INTRODUCTION

1. On December 10, 2009 Hollinger Canadian Publishing Holdings Co. ("**HCPH**" or the "**Applicant**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"). Pursuant to the Order of this Court dated December 10, 2009 (the "**Initial Order**"), Ernst & Young Inc. ("**EYI**") was appointed as the Monitor of the Applicant (the "**Monitor**") in the CCAA proceedings. The Initial Order also appointed Mr. Dennis Byrd as the Chief Restructuring Officer (the "**CRO**") of the Applicant and appointed the law firm of Koskie Minsky LLP as representative counsel (the "**Representative Counsel**") for all members and beneficiaries of the OPEBs (defined below) in respect of issues affecting such members and/or beneficiaries in the HCPH CCAA proceedings. By order dated July 27, 2010, Representative Counsel was also appointed as counsel for members and beneficiaries of the Pension Plans (defined below) for or in respect of any issues affecting such members and/or beneficiaries in respect of the Pension Plans in the HCPH CCAA proceedings.

2. The Initial Order provided for a stay of proceedings through to January 8, 2010 (the "**Stay Period**"). The Stay Period has been extended to July 31, 2012 pursuant to further Orders of this Court.

PURPOSE

3. The purpose of this Thirteenth Report of the Monitor (the "**Thirteenth Report**") is to report to this Court with respect to:

   i. the results of the meeting of affected creditors of HCPH held on July 20, 2012 to consider and vote on a resolution to approve the Plan of Compromise and Arrangement of HCPH (the "**CCAA Plan**") pursuant to the Creditors Meetings Order (as defined herein);

   ii. the Applicant's motion for an Order (the "**Sanction Order**") sanctioning and approving the CCAA Plan;

   iii. the status of the claim with respect to the Southam Inc. Long Term Disability Plan (the "**Southam LTD Plan**") and the Applicant's motion for an Order declaring that the Southam LTD Trust (as defined in the Order of November 28, 2011) does not have any claim against HCPH;

   iv. actual receipts and disbursements of the Applicant from February 26, 2012 to July 15, 2012 as well as the Applicant's cash flow projection from July 16, 2012 to January 20, 2013;

   v. the motion by the Applicant to extend the Stay Period to December 31, 2012; and

   vi. the Applicant's motion to approve this Thirteenth Report and the conduct and activities of the Monitor as set forth herein.

TERMS OF REFERENCE

4. In preparing this Thirteenth Report and in making the comments herein relied upon, EYI has been provided with unaudited financial information, the Applicant's books and records, financial information prepared by the Applicant, and has had discussions with management of the Applicant and the chief restructuring officer. EYI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such

information and, accordingly, EYI expresses no opinion or other form of assurance in respect of such information contained in this Thirteenth Report. Some of the information referred to in this Thirteenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to in this report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

5. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

6. Capitalized terms not defined in this Thirteenth Report are defined in the Initial Order, previous reports of the Monitor and the CCAA Plan.

BACKGROUND

7. HCPH is a wholly owned direct and indirect subsidiary of Sun-Times Media Group Inc. ("**STMG**"). In March 2009, STMG commenced Chapter 11 proceedings, and on October 26, 2009, substantially all of STMG's U.S. assets were sold. Following this sale, STMG began the process of liquidation in accordance with U.S. bankruptcy law procedures. STMG is currently known as Chicago Newspaper Liquidation Corp. ("**CNLC**").

8. Several years ago, HCPH sold its various newspaper businesses, which included the Pacific Press, Ottawa Citizen, Montreal Gazette, Calgary Herald and Kitchener Waterloo Record. For some period of time, HCPH has had no ongoing business activity. The ongoing operation of HCPH consists primarily of the administration of two unfunded retirement plans and certain other post-employment benefits plans (collectively with the unfunded retirement plans, the "**OPEBs**") and six registered pension plans (the "**Pension Plans**") for in excess of 3,000 former employees (the OPEB members and the Pension Plan members are collectively referred to as the "**Plan Members**"). Further details with

respect to the OPEBs and Pension Plans are described in the Affidavit of Thomas L. Kram dated December 8, 2009 (the "**Kram Affidavit**").

9. On December 10, 2009, HCPH was granted an Initial Order pursuant to the CCAA. Since that time, and as reported in previous reports of the Monitor, HCPH has worked on determining liabilities (including an extensive Court-ordered audit process to compile and verify Plan Members' information) in relation to its more than 3,000 Plan Members and in formulating a restructuring plan in consultation with the Monitor and Representative Counsel for the Plan Members and other creditors.

SUMMARY OF THE RESULTS OF THE CREDITORS MEETINGS AND ADHERENCE TO THE CREDITORS MEETINGS ORDER

10. As described in the Twelfth Report of the Monitor dated June 7, 2012 (the "**Twelfth Report**"), claims against HCPH include claims with respect to the Pension Plans (the "**Pension Plan Claims**"), claims with respect to the OPEBs (the "**OPEB Claims**") and claims of other general creditors (the "**General Claims**").

11. The CCAA Plan proposed two classes of affected creditors (the "**Affected Creditors**"): i) a Pension Plan Claims Class that addresses claims related to the Pension Plans (the "**Pension Plan Claims Class**"), and (ii) a Non-Pension Affected Claims Class that addresses the OPEB Claims and General Claims (the "**Non-Pension Affected Claims Class**").

12. On June 8, 2012, this Court issued an Order (the "**Creditors Meetings Order**") authorizing HCPH to call, hold and conduct meetings of the Non-Pension Affected Claims Class and the Pension Plan Claims Class to consider and vote on the CCAA Plan (the "**Creditors Meetings**"). The Creditors Meetings were held on July 20, 2012 in the offices of the Monitor at 10.00 a.m. and 11.00 a.m. respectively.

13. In accordance with the Creditors Meetings Order:

    i. on June 10, 2012 and June 12, 2012, the Monitor published the notice of the Creditors Meetings in the national edition of the Globe and Mail newspaper;

ii. on June 18, 2012, the Monitor sent a notice regarding the Creditors Meetings together with a copy of the Twelfth Report (which included a copy of the CCAA Plan) to the creditors in the Pension Plan Claims Class listed on the Mailing List (as defined in the Creditors Meetings Order) by regular mail and to Representative Counsel by e-mail, there being no disputed claims in this class;

iii. on June 18, 2012, the Monitor sent a notice regarding the Creditors Meetings together with a proxy and a copy of the Twelfth Report (which included a copy of the CCAA Plan) to the creditors of the Non-Pension Affected Claims Class listed on the Mailing List by regular mail, to Representative Counsel by e-mail and to the Quebec Ministry of Revenue (the holder of a disputed claim) by regular mail;

iv. on June 19, 2012, a copy of the Creditors Meetings Order was sent by e-mail to all persons on HCPH's service list as of June 8, 2012 and an electronic copy was posted on the Monitor's website, along with a copy of the CCAA Plan, the Twelfth Report and the other Meeting Materials (as defined in the Creditors' Meetings Order); and

v. the Monitor sent copies of the Creditors Meetings Order Meeting Materials to persons who requested such materials from the Monitor.

14. In accordance with the Creditors Meetings Order, Alex Morrison a representative of the Monitor acted as the Chair of each of the Creditors Meetings. At each of the Creditors Meetings a quorum was present and the Chair declared that each of the Creditors Meetings was properly constituted.

15. At each of the Creditors Meetings, Ms. Heather Meredith from McCarthy Tetrault LLP, the Monitor's counsel, was appointed as Secretary of the meeting and Ms. Simone Carvalho a representative of the Monitor was appointed as the Scrutineer.

Summary of Claims for Voting Purposes

16. Using the methodology previously described in detail in the Twelfth Report and set out in the Creditors Meetings Order, total claims for voting purposes in the Pension Plan Claims

Class were as follows:

Pension Plan Claims Pension Plan (as defined in the Twelfth Report)	Number	Amount
Sterling Thomson Plan	1	$ 51,500
Hollinger Thomson Plan	1	113,800
Sterling Newspapers Plan	1	507,600
Journal Plan	1	242,100
HCPH Retirement Plan	1	1
Windsor Star Plan	1	1
Total Pension Plan Claims	6	**$ 915,002**

17. As described in the Twelfth Report, the above Pension Plan Claims for distribution purposes may change based on actual deficits in the Pension Plans at the completion of the wind up process.

18. Using the methodology previously described in detail in the Twelfth Report and set out in the Creditors Meetings Order, total claims for voting purposes in the Non-Pension Affected Claims Class were as follows:

Summary of Non-Pension Affected Claims Class	Number	Amount
OPEB Claims	1,782	$ 39,555,655
General Claims	6	85,561
Total Non-Pension Affected Claims Class	1,788	$ 39,641,216

19. As described in the Twelfth Report, the above OPEB Claims for distribution purposes may change as holders of certain OPEB Claims have provided the Monitor with certain amendments to their OPEB Claims in accordance with the Order of this Court of July 28, 2012.

Non-Pension Affected Claims Class – Creditor Meeting

20. The Creditors Meetings Order provided that Representative Counsel was appointed as proxy for all Affected Creditors in respect of OPEB Claims other than those who

previously opted out of such representation or those who appointed an alternate proxy or attended in person at the Creditors Meeting.

21. At the meeting of the Non-Pension Affected Claims Class, the Chair directed a vote on a resolution to approve the CCAA Plan. 1,778 Affected Creditors with claims for voting purposes totalling $39,524,306.99 were present either in person or by proxy. 42 proxies were held by the Monitor and 1,736 proxies were held by Representative Counsel based on the provisions in the Creditors Meetings Order as described above. Of the 1,778 creditors attending, 1,777 Affected Creditors with claims for voting purposes totalling $39,514,722.99 voted in favour of the CCAA Plan.

22. As a result, the CCAA Plan was approved by a majority in number representing more than two thirds in value of the Affected Creditors holding voting claims in the Non-Pension Affected Claims Class.

Pension Plan Claims Class – Creditor Meeting

23. The Creditors Meetings Order provided that Representative Counsel was appointed as proxy for HCPH, in its capacity as administrator of each of the Pension Plans.

24. At the meeting of the Pension Plan Claims Class, the Chair directed a vote on a resolution to approve the CCAA Plan. Representative Counsel representing the Pension Plans with claims for voting purposes totalling $915,002 was present and voted in favour of the CCAA Plan.

25. As a result, the CCAA Plan was approved by Representative Counsel representing the Pension Plan Claims.

Summary of Vote Results

26. In summary, the CCAA Plan was approved by the "Requisite Majorities" as defined in paragraph 30 of the Creditors Meetings Order, with voting as summarized in the table below:

Class of Creditors	In Favour by Number	In Favour by Value
Pension Plan Claims	100%	100%
Non-Pension Affected Claims	99.94%	99.98%

Disputed Claims

27. The only Disputed Claim (as defined in the Order of this Court of June 8, 2010) is a claim from the Quebec Ministry of Revenue for approximately $38,000. The Quebec Ministry of Revenue was sent a notice of the Creditors Meetings, however did not attend the meeting in person or by proxy. If the Quebec Ministry of Revenue had attended the Creditors Meeting and voted against the CCAA Plan in the Non-Pension Affected Claims Class using the full value of its Disputed Claim, it would not have changed the outcome of the vote with respect to the Non-Pension Affected Claims Class

CONDITIONS FOR APPROVAL OF THE CCAA PLAN

28. Article 9.01 of the CCAA Plan indicates that the CCAA Plan is conditional upon the fulfillment, satisfaction or waiver (except for certain conditions) by HCPH of the following conditions on or before the implementation of the CCAA Plan:

    i. the CCAA Plan being approved by the Affected Creditors in accordance with the Creditors Meetings Order and the CCAA;

    ii. a Sanction Order being issued by this Court in form and substance acceptable to HCPH, the Monitor and Representative Counsel;

    iii. all applicable appeal periods in respect of the Sanction Order having expired and any appeals therefrom having been finally disposed of by the applicable appellate tribunal; and

    iv. all relevant Persons (as defined in the CCAA Plan) having executed, delivered and filed all documents and other instruments and HCPH having obtained all consents and approvals that, in the opinion of the Applicant, acting reasonably, are necessary to implement the provisions of the CCAA Plan.

29. Upon completion of the conditions set out above, the Monitor will file a certificate certifying that all such conditions precedent have been satisfied by waived by HCPH. HCPH has advised that with respect to item (iv) above, it does not expect that there are any items remaining to be addressed.

SOUTHAM LTD PLAN

30. By Order dated November 28, 2011, this Court ordered the Southam LTD claims notice (which was sent to the trustees of the Southam LTD Trust, and not disputed or amended by the trustees), binds the members of the Southam LTD Plan and represents the entire Southam LTD claim of the Southam LTD Trust and Southam LTD Plan members against HCPH to the extent of any deficiency between the Southam LTD claim and the assets in the Southam LTD Trust at the Termination Date (defined below).

31. The Monitor has received a copy of the valuation report with respect to the Southam LTD Plan from HCPH's actuary Mercer Canada Limited ("**Mercer**"), which reflects liabilities of the Southam LTD Plan of $958,706 as of the Southam LTD Plan termination date of November 30, 2011 (the "**Termination Date**"). HCPH has provided the Monitor with a copy of the statement of assets with respect to the Southam LTD Plan compiled by RBC Dexia Investor Services Limited reflecting assets of $1,547,688.31 as of the Termination Date. As the assets exceed the liabilities, the Southam LTD Plan is in a surplus position as of the Termination Date.

32. Accordingly, the Monitor supports the relief sought by the Applicants in the Sanction Order that there is no claim with respect to the Southam LTD Plan against HCPH.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS

33. A summary of the actual receipts and disbursements of the Applicant as compared to the projection set out in the Eleventh Report is attached as Appendix 'A' to this Thirteenth Report.

34. The Applicant's actual consolidated net cash outflow for the period from February 27,

2012 to July 13, 2012 was approximately $1.4 million. A detailed variance analysis is set out in Appendix 'A' to this Thirteenth Report.

UPDATED CASH FLOW PROJECTION

35. HCPH, with the assistance of the Monitor, has prepared a cash flow projection (the "**Cash Flow Forecast**") for the period from July 14, 2012 to January 20, 2013 (the "**Projection Period**"), a copy of which is attached as Appendix 'B' to this Thirteenth Report. The Cash Flow Forecast has been prepared by management of HCPH, using probable and hypothetical assumptions set out in notes 1 to 11 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the Projection Period in Canadian dollars.

36. The Applicant is projecting a net cash outflow of approximately $2.4 million during the Projection Period. The Cash Flow Forecast projects that the Applicants will have sufficient liquidity to operate during the proposed Stay Period.

37. As described in the Twelfth Report, HCPH is in the process of winding up its Pension Plans. Since the timing of the wind up process is uncertain, as described further in this Thirteenth Report, the Cash Flow Forecast does not reflect the proposed distributions under the CCAA Plan.

38. Based on the Monitor's review of the Cash Flow Forecast, the assumptions developed by management are suitably supported and provide a reasonable basis for the Cash Flow Forecast. Further, the Cash Flow Forecast reflects these assumptions and is consistent with the plans of HCPH.

UPDATE ON DISTRIBUTIONS PROPOSED IN THE CCAA PLAN

39. The anticipated timing for distributions proposed in the CCAA Plan is described in the Twelfth Report of the Monitor.

40. By way of update, the Monitor has been advised by Mercer that on July 20, 2012, wind up statements with respect to the Pension Plans were mailed to the respective Pension Plan members and such Plan Members have 90 days to elect certain options as identified

in the wind up statements. After the responses are received, there are various other steps required to complete the wind up of the Pension Plans and purchase of annuities. Such steps are expected to take at least several months to complete.

41. As set out in the Twelfth Report, distributions to the Non-Pension Affected Claims Class will not take place until distributions are made to the Pension Plan Claims Class. In the interim, the Monitor intends to seek an advance tax ruling from the CRA with respect to the federal income tax treatment of certain medical and dental OPEB Claims (the "**Advance Tax Ruling**"). Since the date of the Twelfth Report, the Monitor has filed an application for the Advance Tax Ruling and is presently awaiting a response in relation thereto.

STAY EXTENSION

42. The current Stay Period under the Initial Order expires on July 31, 2012. The Applicant is seeking an extension of the Stay Period to December 31, 2012 in order to permit HCPH the time to complete the wind up of the Pension Plans as described above, complete the process for the determination of its OPEB and other liabilities, complete the conditions required to implement the CCAA plan and implement the CCAA Plan. At this stage, the Monitor expects that a further request to extend the Stay Period will be made at that time.

43. Based on its observation of the Applicant's wind down process, it is the Monitor's view that the Applicant has acted in accordance with the Initial Order and other Orders of this Court, and that the Applicant is acting in good faith and with due diligence.

RECOMMENDATIONS

44. The Monitor supports the relief sought by the Applicant and recommends that the Order be made, if this Court sees fit:

   i. granting the Applicant's motion for a Sanction Order sanctioning and approving the CCAA Plan;

   ii. the Applicant's motion for an Order declaring that the Southam LTD Trust does not have any claim against HCPH;

iii. extending the Stay Period to December 31, 2012; and

iv. approving this Thirteenth Report and the conduct and activities of the Monitor as reported on herein and the conduct and activities of the CRO as described in the Byrd Affidavit.

All of which is respectfully submitted this 25th day of July, 2012.

ERNST & YOUNG INC.
in its capacity as Court Appointed Monitor of
Hollinger Canadian Publishing Holdings Co.

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

APPENDIX "A"

Hollinger Canadian Publishing Holding Co
Cumulative Consolidated Receipts and Disbursements
For the Period February 27, 2012 to July 15, 2012
(In Thousands of Canadian Dollars)

	Actual	Projection	Variance	Note
OPENING BANK BALANCE (In $CDN)	**15,035**	**15,035**	**-**	
RECEIPTS				
MAV II ABCP Note Payments Received	-	-	-	
Interest Income	113	57	56	
Other	-	-	-	
Total Receipts	113	57	56	
DISBURSEMENTS				
Payroll	(102)	(102)	(1)	
Consultants	(284)	(357)	73	1
Registered Pension Plan Contributions	(6)	(7)	1	
Unfunded Pension Plan Payments	-	-	-	
Post Employment and Post Retirement Benefits	(11)	(9)	(2)	
General & Administrative Costs	(62)	(88)	25	
Restructuring Costs	(1,104)	(1,244)	140	2
Total Disbursements	(1,570)	(1,807)	238	
NET CASH INFLOW/(OUTFLOW)	(1,457)	(1,751)	294	
CLOSING BANK BALANCE	**13,578**	**13,284**	**294**	
Indemnity Trust (Not included in the funds above)	6,900	6,962	(62)	3

Hollinger Canadian Publishing Holding Co. ("Applicant")
Combined Actual Receipts and Disbursements
For the Period February 27, 2012 to July 15, 2012
Variance Analysis

The actual receipts and disbursements are denominated in Canadian dollars. U.S. dollars are converted to Canadian dollars at the month end exchange rate as published by the Bank of Canada. In the projection, U.S. dollars were converted to Canadian dollars at the exchange rate of US$1.0028=CDN$1.00.

1. **Consultants** – The favourable variance is primarily due to timing and is expected to reverse in the future.

2. **Restructuring Costs** – The favourable variance is primarily due to a timing difference partially offset by higher than expected professional fees related to the Indemnity Trust dispute. The timing difference is expected to reverse in the future.

3. **Indemnity Trust** – The variance is due to the withdrawal of professional fees from the indemnity trust for certain defamation actions not related to these CCAA proceedings. The indemnity trust (the "**Trust**") is further described in the affidavit of Thomas Kram dated December 8, 2009 (the "**Kram Affidavit**"). Please refer to the Eleventh Report of the Monitor for further details with respect to the Indemnity Trust.

APPENDIX “B”

Hollinger Canadian Publishing Holdings Co. ("Applicant") Cash Flow Projection
For The Period From July 16, 2012 to January 20, 2013
(In Thousands of Canadian Dollars)

		Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Monthly	Monthly	Monthly	Monthly	
Week Ending	Notes	22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep	Oct-2012	Nov-2012	Dec-2012	Jan-2013	Total
Opening Bank Balance	1	13,578	13,227	13,160	13,082	13,065	12,866	12,849	12,804	12,736	12,714	12,520	12,481	12,180	11,849	11,554	13,578
Receipts																	
Interest Income	2	6	-	6	-	6	-	5	-	5	-	5	10	10	10	10	73
Tax Refunds due from CRA	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		6	-	6	-	6	-	5	-	5	-	5	10	10	10	10	73
Disbursements																	
Payroll	4	(5)	-	(16)	-	(5)	-	(5)	(11)	-	(5)	-	(16)	(21)	(10)	(18)	(114)
Consultants	5	(23)	(15)	(45)	-	(7)	-	(24)	(38)	(7)	-	(24)	(50)	(50)	(47)	(64)	(396)
Registered Pension Plan Contributions	6	(1)	-	-	-	(1)	-	-	-	-	(1)	-	(1)	(1)	(1)	(1)	(10)
Unfunded Pension Plan Payments	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post Employment and Post Retirement Benefits	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General & Administrative Costs	9	(8)	(2)	(7)	(2)	(6)	(2)	(6)	(4)	(6)	(2)	(6)	(13)	(23)	(17)	(11)	(114)
Restructuring Costs	10	(318)	(50)	(15)	(15)	(185)	(15)	(15)	(15)	(15)	(185)	(15)	(230)	(245)	(230)	(315)	(1,863)
Total Disbursements		(357)	(67)	(84)	(17)	(204)	(17)	(50)	(68)	(28)	(194)	(45)	(311)	(341)	(305)	(411)	(2,498)
Net Weekly Cash Flows		(351)	(67)	(78)	(17)	(199)	(17)	(45)	(68)	(22)	(194)	(39)	(301)	(331)	(295)	(401)	(2,424)
Closing Bank Balance		13,227	13,160	13,082	13,065	12,866	12,849	12,804	12,736	12,714	12,520	12,481	12,180	11,849	11,554	11,154	11,154
Indemnity Trust	11	6,900															

Note: The assets within the trust cannot be used for the benefit of HCPH until the termination of the trust.

In the Matter of the CCAA of Hollinger Canadian Publishing Holdings Co. ("HCPH" or the "Applicant")
Notes to the Unaudited Cash Flow Projection

Disclaimer:

In preparing this cash flow projection (the "**Cash Flow Forecast**"), HCPH has relied upon unaudited financial information and HCPH has not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the contributions to the registered pension plans, the unfunded pension plans and the post retirement and post employment benefit plans. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

HCPH has prepared the Cash Flow Forecast based primarily on historical payments. Receipts and disbursements are denominated in Canadian dollars.

Assumptions:

1) **Opening Balance:**
This is the projected opening cash balance of the Applicant for the projection period and includes funds held in Canadian dollars and U.S. dollars that were converted into Canadian dollars at US$ 1.0181 = CDN$1 exchange rate.

2) **Interest Income:**
Interest income on available cash is earned at a projected rate of 1.05% and projected to be received bi-weekly.

3) **Tax refunds:**
HCPH has filed Income Tax returns and HST returns with CRA for which the company expects to receive a refund. The amount of the refund that will be received during the Cash Flow Forecast period cannot be determined at the time of this Report.

4) **Payroll:**
Payroll represents projected salaries and benefit costs to two employees who are based in HCPH's Toronto office and the cost of a contract employee in Chicago.

5) **Consultants:**
Consultants represent projected fees of HCPH's Chief Restructuring Officer and costs to certain legal and other advisors assisting HCPH with non-restructuring issues.

6) **Registered Pension Plan Contributions:**
As discussed in the previous Monitor's reports, contributions to registered pension plans (except the Journal Publishing plan) ceased pursuant to the Order of April 20, 2011, and are no longer reflected in this Cash Flow Forecast. HCPH forecasts contributions to the Journal Publishing plan based on historical run rates.

7) **Unfunded Pension Plan Payments:**
HCPH has two unfunded pension plans that provide retirement and certain death benefits for certain former employees based on individual arrangements with each of the employees included in these plans. Further details of such plans are presented in the Kram Affidavit.

Pursuant to the Order dated July 28, 2011, HCPH terminated its OPEB plans, including the unfunded pension plans, and ceased contributions after the August 2011 payments were made. Accordingly, the Cash Flow Forecast does not reflect payments to the unfunded pension plans.

8) **Post Employment and Post Retirement Benefits:**
HCPH had several post employment and post retirement benefit programs for its former employees. Further details of such programs are presented in the Kram Affidavit.

Pursuant to the Order dated July 28, 2011, HCPH terminated its OPEB plans as of August 31, 2011, and discontinued monthly premiums thereafter. Accordingly, the Cash Flow Forecast does not reflect payments to the post employment and post retirement benefit plans.

9) **General and Administrative Costs:**
General and Administrative costs represent projected costs for rent for HCPH's Toronto and Chicago offices, utilities, office supplies and storage costs.

10) **Restructuring Costs:**
Restructuring costs include projected costs related to the fees of HCPH's counsel, the Monitor and its counsel and representative counsel and its actuary.

11) **Restricted Cash:**
The Indemnity Trust balance represents cash held in a trust indenture (the "**Trust**") for certain indemnities and trust payments. As described in the Kram Affidavit, the assets within the Trust can not be used for the benefit of HCPH until the termination of the Trust. Upon the termination of the Trust, any residual amount returns to HCPH. The restricted cash is reduced on a monthly basis for withdrawals related to

professional fees and for certain defamation actions not related to these CCAA proceedings as further described in the Kram Affidavit. Please refer to the Eleventh Report of the Monitor for further details with respect to the Indemnity Trust

TAB F

EXHIBIT "F"

Southam LTD Plan and Trust Procedure Order
Dated November 28, 2011

Paul Barry Jr

A Commissioner of Oaths, etc.

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

Court File No.: CV-09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	) MONDAY, THE
JUSTICE CAMPBELL	) 28^{TH} DAY OF NOVEMBER, 2011

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

SOUTHAM LTD PLAN AND TRUST PROCEDURE ORDER

THIS MOTION, made by Hollinger Canadian Publishing Holdings Co. ("HCPH" or the "Applicant"), for an order (the "Order"), among other things, establishing a procedure for the Southam LTD Plan (as defined herein) and approving the resolution of The Electronic-Rights Defence Committee ERDC ("ERDC") claim, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), was heard this day at 330 University Avenue, Toronto, Ontario.

UPON READING the Applicant's Notice of Motion, the Tenth Report of the Monitor, dated November 25, 2011, and the affidavit of Dennis M. Byrd, the Chief Restructuring Officer of the Applicant, sworn November 18, 2011, and on hearing the submissions of counsel for the Applicant, the Monitor, and the Representative Counsel, no one else appearing, and on being advised that the Notice of Motion and Motion Record was served upon the service list established in this proceeding, as evidenced by the affidavit of service of Janet Boulger, sworn November 24, 2011:

I. SERVICE

1. **THIS COURT ORDERS** that the time for service of the Applicant's Notice of Motion and the Motion Record be and it is hereby abridged and that the motion is properly returnable today and further that service thereof upon any interested party other than those served is hereby dispensed with.

II. STAY PERIOD EXTENSION

2. **THIS COURT ORDERS** that the Stay Period (as defined in the Initial Order) last extended by this Court's Order of July 28, 2011, is further extended through to and including March 30, 2012, without prejudice to the Applicant's right to request further extensions should they become necessary.

III. SOUTHAM LTD CLAIMS PROCEDURES

A. Supplemental Order

3. **THIS COURT ORDERS AND DECLARES** that this Order shall supplement the claims procedure order of this Court dated April 15, 2010, as modified by this Court's Order dated June 8, 2011 and this Court's OPEB Claims Procedure Order dated July 28, 2011 (collectively, the "Claims Procedure Orders"), which Claims Procedure Orders shall continue in full force and effect, subject to any modification made by this Order, and nothing herein shall extend or be deemed to extend the time period for asserting any Claim or revive or otherwise affect any Claim that has been barred or extinguished pursuant to the Claims Procedure Orders or other order of this Court, or otherwise.

B. Definitions

4. **THIS COURT ORDERS** that all capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in earlier orders of this Court:

(a) "Claim" means any right of any Person against the Applicant in connection with any indebtedness, liability or obligation of any kind of the Applicant in existence on the Filing Date and any interest accrued thereon and costs payable in respect thereof to and including the Filing Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety, insurance deductible or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced or arising in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the Filing Date, and includes any other claims that would have been claims provable in bankruptcy had the applicable Applicant become bankrupt on the Filing Date;

(b) "Filing Date" means December 10, 2009, the date on which the Initial Order was granted;

(c) "Mercer" means Mercer (Canada) Limited, the Applicant's actuary;

(d) "Southam LTD Claim" means any Claim of a member or beneficiary of the Southam LTD Plan or of the Southam LTD Trust relating to the Southam LTD Plan and existing as of the Southam LTD Termination Date;

(e) "Southam LTD Claims Report" means the actuarial valuation report to be prepared by Mercer, in consultation with HCPH, the Monitor and Representative Counsel (and its actuarial advisor), and any amendments thereto, in connection with the Southam LTD Claims of the Southam LTD Trust on behalf of all Southam LTD Plan members existing as of the Southam LTD Termination Date;

(f) "Southam LTD Plan" means the Southam Inc. Long Term Disability Plan, being one of the other post-employment benefit ("OPEB") plans of HCPH, but expressly excluded from the OPEB Claims Procedure Order of July 28, 2011;

(g) "Southam LTD Termination Date" means November 30, 2011 at 11:59 p.m. (Eastern Time), the date on which the Southam LTD Plan and any and all obligations of HCPH arising under, in connection with or related to the Southam LTD Plan, the Southam LTD Trust Agreement, as amended and the Southam LTD Trust, shall be, and be deemed to be, terminated in accordance with this Order, and which for greater certainty shall not result in, or be deemed to result in the termination of the Southam LTD Trust;

(h) "Southam LTD Trust Agreement" means the agreement made as of August 26, 1991 among Southam Inc. and John G. Craig, William J. Mann and John Walker as trustees, establishing the Southam LTD Trust; and

(i) "Southam LTD Trust" means the trust in respect of the Southam LTD Plan established in 1991.

C. Procedure for Southam LTD Claims

5. **THIS COURT ORDERS** that any and all Southam LTD Claims shall be subject to the claim procedures set forth in this Order (the "Southam LTD Claims Procedures").

6. **THIS COURT ORDERS** that nothing in this Order shall alter any prior orders of this Court relating to the Retiree Audit Survey Process or extend any bar date or alter, amend, or revive any Southam LTD Claim or other Claim barred thereunder.

(i) Termination of HCPH's Obligations under the Southam LTD Plan and the Southam LTD Trust

7. **THIS COURT ORDERS** that the Southam LTD Plan is terminated and any and all obligations of HCPH arising under, in connection with or related to the Southam LTD Plan, the Southam LTD Trust Agreement or the Southam LTD Trust (other than any deficiency in the Southam LTD Trust's ability to satisfy the Southam LTD Claims as at the Southam LTD Termination Date determined in accordance with the procedure set out below) shall be, and shall be deemed to be, terminated effective on the Southam LTD Termination Date, and HCPH shall have no further obligations of any kind or nature under the Southam LTD Plan, the Southam LTD Trust Agreement or Southam LTD Trust after the Southam LTD Termination Date, and this Order shall constitute good and sufficient notice thereof to all Southam LTD Plan members, beneficiaries and other Persons; *provided however,* that the foregoing termination of the Southam LTD Plan and any and all obligations of HCPH under, related to or pursuant to the Southam LTD Plan, the Southam LTD Trust Agreement and Southam LTD Trust shall not in any way alter, limit, or terminate the obligations of any Person other than HCPH under or in respect of the Southam LTD Plan, and *provided further* that any deficiency in the Southam LTD Trust's

ability to satisfy the Southam LTD Claims as at the Southam LTD Termination Date determined in accordance with the procedure set out below shall constitute a proven unsecured claim in HCPH's CCAA proceedings (or other insolvency proceedings of HCPH).

(ii) Southam LTD Claims Report and Delivery of Southam LTD Claims Notices

8. **THIS COURT ORDERS** that Mercer shall prepare, in consultation with HCPH, the Monitor and Representative Counsel (and its actuarial advisor where appropriate), the Southam LTD Claims Report and provide the Southam LTD Claims Report to the Applicant, Monitor, and Representative Counsel by no later than January 31, 2012, which Southam LTD Claims Report shall indicate such Southam LTD Claims of the Southam LTD Plan members as at the Southam LTD Termination Date. Representative Counsel shall be required to notify HCPH and the Monitor of any disagreement or error with respect to the Southam LTD Claims Report within five (5) Business Days of receipt of the Southam LTD Claims Report (the "Review Period"). Mercer, the Monitor, HCPH and Representative Counsel and its actuarial advisor shall work as expeditiously as possible to resolve any disagreement or error identified by Representative Counsel during the Review Period.

9. **THIS COURT ORDERS** that, within fifteen (15) Business Days following the later of January 31, 2012 or the resolution of any discrepancies referred to in paragraph 8 above, the Monitor shall prepare, in consultation with the Representative Counsel, and send by courier, fax, or email, a notice substantially in the form set out in Schedule "A" (the "Southam LTD Claim Notice") (subject to such amendments as the Monitor, HCPH, and Representative Counsel consider necessary or appropriate in consultation with each other), which form is hereby approved, to the Trustees of the Southam LTD Trust appointed pursuant to paragraph 13 below with a copy to HCPH, Representative Counsel and the Custodial Trustee (as defined in paragraph 17 below). No further or other notices shall be required in respect of any Southam LTD Claim.

10. **THIS COURT ORDERS** that if the Trustees dispute the accuracy of any Southam LTD Claim or other information indicated on the Southam LTD Claim Notice, the Trustees shall provide notice of such dispute, in writing, to Representative Counsel within ten (10) business days of the date that the Monitor sends the applicable Southam LTD Claim Notice, failing which

all persons, including without limitation the Southam LTD Trust, the Trustees, all Southam LTD Plan members and beneficiaries shall be bound by the Southam LTD Claim amount shown in the Southam LTD Claim Notice and other information set out in such Southam LTD Claim Notice and shall be forever barred from raising any dispute or asserting any additional Southam LTD Claim. Representative Counsel shall advise HCPH and the Monitor of any dispute received, forthwith after receipt thereof, and, if such dispute cannot be resolved by Representative Counsel, the Monitor and HCPH within ten (10) days from the date that such dispute was received by Representative Counsel, the dispute may be referred to this Court for resolution. If a dispute is provided to Representative Counsel as required by this paragraph and an amendment to the Southam LTD Claim or other information shown on the Southam LTD Claim Notice is deemed necessary by a resolution among Representative Counsel, the Monitor and HCPH or by order of this Court (a "Claim Amendment"), Mercer, in consultation with the Applicant, the Monitor, and Representative Counsel (and its actuarial advisors), shall amend the Southam LTD Claims Report to reflect such Claim Amendment.

11. **THIS COURT ORDERS** that the Southam LTD Claims Notice (and any Claim Amendment, where applicable), bind the Southam LTD Plan members in accordance with the provisions herein and shall (to the extent of any deficiency between the Southam LTD Claims and the assets of the Southam LTD Trust as at the Southam LTD Termination Date) constitute the full extent of Southam LTD Claims of the Southam LTD Trust and Southam LTD Plan members in connection with this CCAA proceeding, including in respect of voting and receiving any distribution under a CCAA plan or other insolvency proceeding of HCPH and that the Southam LTD Trust and its Trustees and beneficiaries and the members and beneficiaries of the Southam LTD Plan shall have no other claims against HCPH in relation to or in respect of the Southam LTD Plan.

D. Procedures for Southam LTD Trust

12. **THIS COURT DECLARES** that:

(a) Mr. John Craig resigned as a trustee of the Southam LTD Trust upon his resignation from Southam Inc. in accordance with section 4.04 of the Southam LTD Trust Agreement;

(b) Mr. William Mann resigned as a trustee of the Southam LTD Trust upon his resignation from Southam Inc. in accordance with section 4.04 of the Southam LTD Trust Agreement; and

(c) Mr. John Walker is removed as a trustee of the Southam LTD Trust, and this Order is sufficient notice to him of same, in accordance with section 4.06 of the Southam LTD Trust Agreement.

13. **THIS COURT ORDERS** that John Craig and William Mann (the "Trustees"), each a resident of Canada, are hereby re-appointed as Trustees of the Southam LTD Trust effective as of November 30, 2011, and that the Trustees are vested with all powers, rights, title and obligations of a Trustee appointed pursuant to section 4.01 of the Southam LTD Trust Agreement as amended from time to time and that the Southam LTD Trust continues as an entity separate from HCPH.

14. **THIS COURT ORDERS** that the eligible beneficiaries of the Southam LTD Trust are only those individuals who are eligible for benefits as of November 30, 2011.

15. **THIS COURT ORDERS** that HCPH is authorized and directed to execute the Southam LTD Trust Amending Agreement in substantially the form appended hereto as Appendix "1".

16. **THIS COURT ORDERS** that notwithstanding the termination of the Southam LTD Plan by the Applicant as of November 30, 2011, as provided for by this Order, the Southam LTD Trust shall continue until it is terminated by the Trustees or by further order of the court provided that, for greater certainty, any payments or distributions made after November 30, 2011 shall be made from the assets of the Southam LTD Trust pursuant to the direction of its Trustees and paid by the Custodial Trustee and not by HCPH or the Monitor.

17. **THIS COURT ORDERS** that RBC Dexia Investor Services or any successor thereto (the "Custodial Trustee") shall continue paying, from the assets of the Southam LTD Trust, disability benefits to eligible Southam LTD Trust beneficiaries determined as of November 30, 2011 in the amounts and in the manner specified in the Benefit Payment Schedule appended hereto as Appendix "2" (names have been redacted) until such time as the Custodial Trustee is instructed by the Trustees to cease or otherwise modify such payments and that the Trustees are

entitled to rely on the information in Appendix 2 as an accurate and correct list of the beneficiaries of the Southam LTD trust as of November 30, 2011 and as to the amount of benefits payable to said beneficiaries without any requirement on the Trustees for independent or further verification.

18. **THIS COURT ORDERS** that the Custodial Trustee shall 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 and that the Trustees are entitled to rely on the information in said reports as accurate and correct without any requirement on the Trustees for independent or further verification.

19. **THIS COURT ORDERS** that Representative Counsel in consultation with the Trustees may proceed with the filing of an Advance Tax Ruling request to Canada Revenue Agency seeking a ruling to the effect that distributions from the assets of the Southam LTD Trust to the beneficiaries of the Southam LTD Trust in respect of their rights in settlement of future LTD benefits from the Southam LTD Trust are not taxable income to the beneficiaries and not subject to tax withholding, remitting or information reporting requirements.

20. **THIS COURT ORDERS** that following the resolution of the Advance Tax Ruling request the Trustees shall:

(a) determine a date to terminate the Southam LTD Trust ("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 Termination Date, and submit same to the Trustees;

(c) direct the Custodial Trustee to pay any outstanding LTD benefits or administrative expenses out of the Southam LTD Trust accruing to the Southam LTD Trust Termination Date, including the legal and actuarial fees of the Applicant and Representative Counsel associated with the termination of the Southam LTD Plan and Trust, as provided for in the Southam LTD Trust Agreement, as amended;

(d) work toward a distribution of the corpus of the Southam LTD Trust to the beneficiaries of the Southam LTD Trust in accordance with the Southam LTD Trust and applicable law or in accordance with a further order of the Court; and

(e) terminate the Southam LTD Trust, in the manner specified by the Trustees or in accordance with a further order of the Court.

21. **THIS COURT ORDERS** that upon written receipt of confirmation provided by the Custodial Trustee to the Trustees that all payments have been made in accordance with paragraph 17 and 20(d) herein, the Custodial Trustee, and their respective affiliates and successors, employees, officers, directors, agents, advisors, estates and representatives shall be released and discharged from any and all liability in respect of any act or omission with respect to the administration or windup of the Southam LTD Trust except for claims based on wilful misconduct and gross negligence.

E. Associated Professional Fees

22. **THIS COURT ORDERS** that all reasonable professional fees and disbursements incurred by Representative Counsel, together with its advisors, actuaries and assistants, and HCPH, together with its advisors, actuaries and assistants, in relation to the administration and wind-up of the Southam LTD Plan and Southam LTD Trust and the implementation of the Orders of this Court, shall be paid by the Custodial Trustee from the funds of the Southam LTD Trust on a monthly basis forthwith upon the rendering of accounts to the Custodial Trustee. In the event of any disagreement regarding such fees and disbursements, such disagreement may be remitted to this Court for determination.

IV. <u>NO LIABILITY OF TRUSTEES</u>

23. **THIS COURT ORDERS** that the Trustees shall have no liability and are hereby released and discharged for any and all claims, demands, causes and causes of action, liabilities and obligations whatsoever of any nature and kind however arising both at law and in equity in respect of:

(a) the period starting from their respective dates of removal as trustees of the Southam LTD Trust to the date of their re-appointment as trustees pursuant to this Order; and

(b) their re-appointment as Trustees and the carrying out of their respective duties and responsibilities as Trustees, pursuant to and incidental to the Orders of this Honourable Court or otherwise, save and except claims based on wilful misconduct or gross negligence;

and that no action may be commenced against the Trustees, except with prior leave of this Court obtained on at least 21 day's notice to the Trustees, Representative Counsel and the Monitor.

24. **THIS COURT ORDERS** that Trustees shall be at liberty and are authorized at any time to apply to this Court, on proper notice to the Monitor and the Applicant, for advice and directions in the performance or variation of their powers and duties.

V. ERDC SETTLEMENT

25. **THIS COURT ORDERS** that the settlement agreement entered into between ERDC and HCPH is hereby approved in its entirety and that, upon the settlement agreement becoming effective in accordance with its terms, HCPH shall have no obligation or liability to ERDC or any other person in respect of any claims asserted by ERDC against HCPH or any matter related thereto.

VI. INTEREST ON MISSED PENSION PAYMENTS IN WIND UP REPORTS

26. **THIS COURT ORDERS** that interest at the same rate credited to employee contributions in accordance with HCPH's past practice be applied to missed pension payments for any deferred vested member of the registered pension plans of HCPH where applicable, and shall be included in the calculation of wind up liabilities for the respective plans.

VII. TERMINATION OF AGREEMENT WITH STANDARD LIFE

27. **THIS COURT ORDERS** that the letter agreement dated March 6, 1989 with Standard Life Assurance Company ("Standard Life") relating to Standard Life Group Annuity Policy No. 11686 is terminated as at January 31, 2011 and that HCPH is authorized to direct Standard Life

Assurance Company to make payment in respect of the entitlements of any annuitant under the Standard Life Group Annuity Policy No. 11686 who are HCPH retirees directly to those annuitants commencing as of February 1, 2012, and in respect of any annuitants who are Metroland Media Group Ltd. employees or retirees, to make payment to the applicable pension plan of Metroland Media Group Ltd. as directed by Metroland Media Group Ltd.

28. **THIS COURT ORDERS** that HCPH is authorized to direct the trustee of the HCPH Plan to refund to Standard Life Assurance Company the aggregate amount of monies received by the Hollinger Canadian Publishing Holdings Co. Retirement Plan, Reg. No. 0526947 (the "<u>HCPH Plan</u>") in error since 2008 in respect of one annuitant under Standard Life Group Annuity Policy No. 11686 who is not an HCPH retiree, together with interest, if any, at the fund rate of return, then to be paid to the applicable pension plan of Metroland Media Group Ltd. as directed by Metroland Media Group Ltd.

29. **THIS COURT ORDERS** that Standard Life shall have no liability and is hereby released and discharged for any and all claims, demands, causes and causes of action, liabilities and obligations whatsoever of any nature and kind however arising both at law and in equity in respect of their administration of and performance under Standard Life Group Annuity Policy No. 11686 for the time period up to and including January 31, 2012 and in respect of carrying out responsibilities and obligations pursuant to and incidental to the Orders of this Honourable Court or otherwise, save and except claims based on wilful misconduct or gross negligence.

30. **THIS COURT ORDERS AND DECLARES** that the members, former members and other persons entitled to benefits under the HCPH Plan and Windsor Star Plan are entitled to the distribution of any surplus assets (if any) on the wind up of the HCPH Plan and the Windsor Star Plan, respectively, following approval of the wind up reports and after payment of any relevant and applicable fees, taxes and/or costs, including the cost of Representative Counsel, and the distribution of or provision of all benefits on the wind up (including without limitation the purchase of any annuities in connection therewith), as determined by the Applicant, Mercer or other administrator as the case may be, in an equitable manner in consultation with the Representative Counsel and the Monitor, in accordance with the requirements of the *Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended and the regulations thereunder.

VIII. AMENDMENT TO OPEB CLAIMS PROCEDURE ORDER

31. **THIS COURT ORDERS** that the deadline for the delivery of the OPEB Claims Report, as defined in the OPEB Claims Procedure Order dated July 28, 2011, is extended to December 15, 2011 and the notice to be delivered pursuant to paragraph 14 of the OPEB Claims Procedure Order shall be delivered within fifteen (15) Business Days following the later of December 15, 2011 or the resolution of any discrepancies referred to in paragraph 13 of the OPEB Claims Procedure Order.

IX. APPROVAL OF ACTIVITIES

32. **THIS COURT ORDERS** that the Monitor's Tenth Report and all of the activities summarized therein are hereby approved in their entirety, and all of the activities of the Chief Restructuring Officer, described in the affidavit of Dennis M. Byrd, sworn November 18, 2011, are hereby approved in their entirety.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

NOV 2 8 2011

PER/PAR:

SCHEDULE A

FORM OF SOUTHAM LTD CLAIM NOTICE

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

NOTICE OF SOUTHAM LTD CLAIM

NOTICE IS HEREBY GIVEN AS FOLLOWS:

1. Pursuant to an order of the Superior Court of Justice of Ontario (the "Court"), dated April 15, 2010 (the "Claims Procedure Order"), the Court established a procedure for the determination of Claims (as defined in the Claims Procedure Order) against Hollinger Canadian Publishing Holdings Co. ("HCPH") other than certain "Excluded Claims" (which included, among other claims, Pension or Benefit Claims, which was defined to include claims in respect of post-retirement benefits and post-employment benefit plans).

2. Pursuant to an order of the Court, dated July 28, 2011 (the "OPEB Claims Procedure Order"), a supplemental claims procedure was established in connection with other post-employment benefits, excluding the Southam Inc. Long Term Disability Plan ("Southam LTD Plan"). A copy of the OPEB Claims Procedure Order can be obtained from the website of Ernst & Young Inc., as the Court-appointed monitor (the "Monitor") of HCPH at: www.ey.com/ca/hcph.

3. Pursuant to an order of the Court, dated November 28, 2011 (the "Southam LTD Plan and Trust Procedure Order"), a further supplemental claims procedure was established in connection with the Southam LTD Plan benefits. A copy of the Southam LTD Claims Procedure Order can be obtained from the website of Ernst & Young Inc., as the Court-appointed monitor (the "Monitor") of HCPH at: www.ey.com/ca/hcph.

4. Pursuant to orders of the Court, dated December 10, 2009 and July 27, 2010, Koskie Minsky LLP was appointed as the Representative Counsel for, among others, all members and beneficiaries of the OPEB Plans (as defined in the OPEB Claims Procedure Order), which includes the Southam LTD Plan members, other than those members and beneficiaries who opted out of such representation pursuant to procedures approved by the Court.

5. In accordance with the Southam LTD Plan and Trust Procedure Order, HCPH's actuary, Mercer, has prepared an actuarial report indicating the value of all Southam LTD Claims as at November 30, 2011. The Monitor and the Representative Counsel (and its actuarial

advisors) have approved of the methodology and assumptions used by Mercer in the preparation of this actuarial report. The actuary retained by Representative Counsel on behalf of members and beneficiaries of the Southam LTD Plan has reviewed and approved the actuarial reports prepared by Mercer, but has not verified individual data upon which these calculations are based.

6. The Southam LTD Plan and Trust Procedure Order provides that, among other things, Mercer's calculation of the obligations of the Long Term Disability Plan for the Employees of Southam Inc. Trust (the "Southam LTD Trust") in relation to Southam LTD Plan Claims, which are the Southam LTD Claims, shall be the final and binding values of such Southam LTD Claims for satisfaction out of the Southam LTD Trust with any deficiency between the obligations of the Southam LTD Trust to the members of the Southam LTD Plan as at November 30, 2011 and the assets of the Southam LTD Trust as at November 30, 2011 forming a proven unsecured claim of the Southam LTD Trust on behalf of the Southam LTD Plan members for voting and distribution purposes in connection with HCPH's plan of compromise or arrangement pursuant to the CCAA.

7. Mercer has calculated the value of the Southam LTD Trust's Southam LTD Claim, which is attached hereto as Exhibit A.

8. **If you dispute the amount of the Southam LTD Claim or any other information listed on Exhibit A, you must contact Representative Counsel, in writing, at the address listed below <u>within ten (10) days of the date shown on this notice</u>, failing which you and the Southam LTD Plan members will be bound by the Southam LTD Claim amount and other information set out herein and be forever barred from raising any dispute or asserting any additional Southam LTD Claim.** Contact details for Representative Counsel are as follows:

Koskie Minsky LLP
Suite 900, Box 52
20 Queen Street West
Toronto, ON M5H 3R3

Attention: Andrew J. Hatnay
Email: hcph@kmlaw.ca
Tel: (416) 977-8353
Website: www.kmlaw.ca

9. If you have any questions or enquiries with respect to the above, please contact Representative Counsel using the contact details shown above.

DATED ______________, 2011

APPENDIX "1"

SOUTHAM LTD TRUST AMENDING AGREEMENT

THIS AMENDING AGREEMENT made as of the 30 day of November, 2011

BETWEEN:

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO. INC.
(the "Company")

of the first part

- and –

JOHN G. CRAIG and WILLIAM J. MANN
(the "Trustees")

of the second part

WHEREAS by Agreement made as of the 26th day of August, 1991 (the "Trust Agreement"), Southam Inc. and John G. Craig, William J. Mann and John Walker (the "Original Trustees") established a health and welfare trust fund known as the "Long Term Disability Plan for the Employees of Southam Inc. Trust Fund" (the "Trust Fund") for the purposes of holding, managing, investing and administering contributions made in accordance with the Long Term Disability Plan for the Employees of Southam Inc. (the "Plan");

AND WHEREAS Southam Inc. was purchased in 1996 by Hollinger Inc.;

AND WHEREAS, following his resignation from Southam Inc., John G. Craig ceased to be an Original Trustee, in accordance with the terms of section 4.02 of the Agreement;

AND WHEREAS, following his resignation from Southam Inc., William J. Mann ceased to be an Original Trustee, in accordance with the terms of section 4.02 of the Agreement;

AND WHEREAS, John Walker has also ceased to act as an Original Trustee;

AND WHEREAS, following the retirement or effective resignation of the Original Trustees, replacement Trustees were not appointed prior to the Order of the Court made on November 28, 2011, as described below;

AND WHEREAS the Company administered the Plan and the Trust for the benefit of the Plan and Trust beneficiaries;

AND WHEREAS the only beneficiaries entitled to payment of benefits out of the Trust Fund are certain employees and former employees of the Company who were receiving disability benefits under the Plan prior to or by 2001, and who continue to be entitled to such benefits;

AND WHEREAS, by order of the Superior Court of Justice (Commercial List) (the "Court") dated December 10, 2009 (the "Initial Order"), the Company was granted protection from its creditors and other ancillary relief, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C036, as amended (the "CCAA");

AND WHEREAS, by order of the Court dated November 28, 2011 (the "November 28th Order), John G. Craig and William J. Mann were appointed as Trustees of the Trust Fund ("Trustees") for the limited purpose of administering the wind-up of the Trust Fund;

AND WHEREAS the November 28th Order terminated the obligations of the Company under or relating to the Plan, subject to the establishment of any proven claims in the context of the CCAA proceedings;

AND WHEREAS, pursuant to section 8.01 of the Trust Agreement, the Trust Agreement may be amended or modified at any time by mutual agreement of the Company and the Trustees;

AND WHEREAS the Parties are desirous of amending the Trust Agreement to reflect the November 28th Order and to permit the Trustees to continue to administer the Trust Fund on an interim basis in order to facilitate the orderly wind-up of the Trust Fund by the Trustees;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties have agreed as follows:

1. All references to the obligations, duties or powers of the Company in the Trust Agreement, including any obligation to contribute to the Trust Fund, are hereby deleted. For greater certainty, the following sections of the Agreement shall be deleted in their entirety: Sections 4.04, 4.06, 4.07, 5.01, 5.02, 5.03, and 6.02.

2. Section 2.01 of the Trust Agreement shall be amended by deleting the phrase ", on the written directions or instructions from the Company and" in the first sentence of the section.

3. Section 2.02 of the Trust Agreement shall be amended by inserting a period after the words "provided that they have acted in good faith" and by deleting the remainder of the section.

4. Section 3.02 of the Trust Agreement shall be amended by the deletion of the following clause at the conclusion of the first sentence: ", including all monies which shall hereafter be contributed to the Trust Fund by the Company or by such Employees, if any, of the Company as are obligated to contribute thereto".

5. Section 4.01 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

   4.01 The Trustees, who shall be known as the Trustees of the Long Term Disability Plan for the Employees of Southam Inc. Trust Fund, are hereby appointed Trustees and as such are empowered to hold, distribute and administer the Trust Fund in accordance with and subject to the terms and conditions of the Plan and the provisions of this Trust Agreement. Throughout the existence of the Plan, the Trust Fund and this Trust Agreement, there shall be no less than two trustees.

6. Section 4.02 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

   4.02 Each Trustee shall continue to serve until his death, resignation or the termination of the Trust Fund.

7. Section 4.03 of the Trust Agreement shall be amended by deleting the words "and to the Company" in the first sentence and by further deleting the following phrase at the conclusion of the first sentence of the section: "unless an earlier date is agreed upon by the Company, the remaining Trustees and the resigning Trustees".

8. Section 4.09 of the Trust Agreement shall be deleted in its entirety and replaced with the following:

   4.09 The Trustees shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties under this Trust Agreement.

9. Section 4.15(l) of the Trust Agreement is amended by deleting the phrase ", unless paid by the Company" at the conclusion of the paragraph.

10. Section 4.16 of the Trust Agreement is amended by inserting a period after the words "relating to the Trust Fund are kept" in the first sentence and deleting the remainder of the section.

11. Section 4.18 of the Trust Agreement is amended by deleting the last sentence of the section in its entirety.

12. Section 4.19 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

    4.19 No Trustee will be liable for the act or omission of any other Trustee. The Fund will indemnify and save harmless the Trustees and each of them, of, from and against any loss, expense, claim, demand, action or thing of any nature whatsoever, arising out of the performance or purported performance of their duties or responsibilities hereunder, except that this indemnity will not, in any way, extend so as to protect any Trustee with respect to any matter or thing arising out of his own, willful misconduct or gross negligence.

13. Section 6.01 of the Trust Agreement shall be amended by deleting the phrase "(who are retained or employed by the Company)" wherever it appears in the first sentence.

14. Section 7 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

    7.01 Any notice provided for herein to be given by one party to another shall be in writing and be delivered to the Trustees at:

    c/o
    Koskie Minsky LLP
    900-20 Queen St. West
    Toronto, ON
    M5H 3R3

    Attn: Trustees of the Southam Inc. LTD Trust

15. Section 8.02 of the Trust Agreement shall be deleted in its entirety and replaced by the following:

    8.02 This trust may be terminated at any time by the Trustees. Following the termination of the Trust, as soon as practicable, the Trustees shall determine and satisfy all expenses, claims and obligations arising under this Trust Agreement up to the date of the wind-up of the Trust. Should any assets remain in the Trust following the satisfaction of all expenses, claims and obligations arising under this Trust Agreement, such amounts shall be equitably allocated by the Trustees as between and paid to such beneficiaries of the Trust who are then eligible for benefits from the Trust Fund as of November 30, 2011.

APPENDIX "2"
BENEFITS PAYMENT SCHEDULE

	28-Nov'11 in advance for December 2011
[redacted]	937.40
	793.23
	1,150.77
	1,274.72
	310.07
	1,266.05
	1,071.65
	239.58
	1,093.22
	1,291.19
	208.72
	1,058.85
	1,039.39
	1,248.80
	575.14
	303.95
	704.62
	326.66
	101.48
	292.76
	1,425.62
	206.18
	739.77
	324.31
	21.98
	493.19
	224.32
	$\boxed{18,723.62}$
Total Members Paid	27

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Court File No. 09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

SOUTHAM LTD PLAN AND TRUST PROCEDURE ORDER

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Derek Bell (LSUC #43420J)
Raj Sahni (LSUC#42942U)
Mark Smyth (LSUC #47278L)
Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Nov. 28/11.

NOV 28-11

Court File No. 09-8503-00CL

Having read the motion record & heard from Counsel – the relief sought is complex in the sense that it involves termination of 1 obligation & substitution of another scheme for ~~pension~~ long term disability obligation within a CCAA Plan. The parties have worked diligently to achieve a result that provides for seamless continuation of payments & I am satisfied that the relief as set out in the draft order signed is in the circumstances appropriate & approved in terms of the draft order signed.

Campbell J.

SUPERIOR COURT OF JUSTICE / COUR SUPÉRIEURE DE JUSTICE
FILED / DÉPOSÉ
NOV 24 2011
AT
LOCAL REGISTRAR - GREFFIER LOCAL
TORONTO

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

MOTION RECORD
(Returnable on November 28, 2011)

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Derek Bell (LSUC #43420J)
Raj Sahni (LSUC #42942U)
Mark Smyth (LSUC #47278L)
Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

TAB G

Exhibit "G"
Valuation Report on the Southam LTD Plan
and RBC Dexia Statement of Southam LTD Trust Assets
as at the Southam LTD Termination Date

Paul Barry Jr

A Commissioner of Oaths, etc.

OFFICIAL SEAL
PAUL BARRY JR
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/18/14

MERCER

CONSULTING. OUTSOURCING. INVESTMENTS.

VALUATION OF THE OBLIGATIONS OF THE SOUTHAM LTD PLAN AS AT 30 NOVEMBER 2011

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO. ("HCPH" OR THE "COMPANY")

01 MAY 2012

MARSH & McLENNAN COMPANIES

CONTENTS

1

Introduction

To Hollinger Canadian Publishing Holdings Co. ("HCPH") and Ernst & Young Inc. (the "Monitor").

In accordance with your request, we have performed a valuation of the Southam Inc. Long Term Disability (LTD) Plan (the "Southam LTD Plan" or the "Plan") sponsored by HCPH for purposes of determining the obligations of the Plan members as of November 30, 2011. This report contains estimated liabilities for the identified participants of the Southam LTD Plan, based on assumptions and methodologies approved by HCPH and the Monitor and members' Representative Counsel. We understand that the liability figures provided in this report are to be used to determine an estimate of the per claimant liabilities for the specific benefits provided in this report.

Pursuant to a Court order dated November 28, 2011, the Plan was terminated on November 30, 2011 with all future payment of benefits being the sole responsibility of the Trust. The liabilities in this report represent the present value as at November 30, 2011, of expected benefits to be received after November 30, 2011.

For greater clarity, the aggregate claims presented in this report represent the sum of the individual claimant liabilities calculated as at November 30, 2011. These amounts are presented without any interest adjustment to the date of the report or the date of settlement.

All amounts provided in this report are in Canadian dollars, unless specified otherwise.

This valuation is based on membership data as at November 30, 2011. A summary of the membership data is provided in Section 3 of this report. The membership data was provided in a Master Database prepared by the Company and the Monitor. We understand that a thorough data audit and verification process was undertaken by the Company and the Monitor in preparing the Master Database. We are relying on the data provided to us without further verification beyond customary tests of reasonableness as described in Section 3.

The assumptions and methodologies used in this valuation are described in Section 4 of this report. These assumptions were developed in accordance with the methodologies outlined in a document entitled "Hollinger Canadian Publishing Holdings Company – Proposed Assumptions for Post Employment Benefits, Long-Term Disability Benefits, Executive Retirement Arrangements and Divisional Allowances" dated October 14, 2010; provided to and agreed with the Company, the Monitor and members' Representative Counsel, with the advice of the actuary retained on behalf of the members.

This valuation reflects the Plan provisions as communicated to us by the Company. A summary of the Plan provisions is provided in Appendix A.

No adjustments have been made to the results provided in this report for any income or other tax impacts that may arise to the beneficiaries of these plans upon settlement of their benefit entitlements.

After checking with representatives of the Company, on the date of preparation of this report, to the best of our knowledge, there have been no other subsequent events which, in our opinion, would have a material impact on the results of the valuation.

In my opinion:

- Subject to sign off of the Employer Certification in Appendix B, the individual membership data on which the valuation is based are sufficient and reliable for the purposes of preparing an estimate of the individual liabilities.

- The assumptions are in accordance with the instructions received from the Company and the Monitor and in aggregate are appropriate for the purposes of this report. The assumptions may not be appropriate for other purposes.

- The methodologies employed are in accordance with the instructions received from the Company and the Monitor for the valuation and are appropriate for the purposes of the valuation.

This report has been prepared and my opinion given, in accordance with accepted actuarial practice in Canada. However, we are not aware of any actuarial standards or practice requirements specifically designed for valuation of Long Term Disability ("LTD") benefits as outlined in this report. With respect to the selection of the discount rate and the assumed mortality, we have used the assumptions described in Section 3800 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice.

The information contained in this report was prepared exclusively for Hollinger Canadian Publishing Holdings Co. and the Monitor, in connection with the Court application with respect to the claim for the benefits payable under the Plans. This report is only intended for the purposes outlined above. Mercer assumes no liability for the use, or reliance upon, this report for purposes other than those specifically identified in this report.

Respectfully submitted,

Nicholas H. Gubbay
Fellow of the Canadian Institute of Actuaries
Fellow of the Faculty of Actuaries

May 1, 2012
Date

I have reviewed and found appropriate the actuarial assumptions, methodologies and procedures used in this valuation.

Respectfully submitted,

Darrin Bull
Chartered Accountant

May 1, 2012
Date

Mercer (Canada) Limited
550 Burrard Street, Suite 900
Vancouver, BC
V6C 3S8

2

Valuation Results

The following table presents a summary of the estimated liabilities from our valuation as at November 30, 2011 (in Canadian dollars).

Benefits During Disability	
Income replacement benefits	$958,706

To maintain confidentiality of the personal information contained in the individual valuation results listings, password protected, encrypted files containing this information have been provided to the Company and the Monitor separately from this report.

3

Membership Data

This valuation is based on membership data as at November 30, 2011. This data has been provided by the Company and the Monitor, following the Retiree Audit Survey Process as approved by the Court.

We have not independently verified the accuracy or completeness of the data except to the extent required by generally accepted professional standards and practices. Mercer will not be held responsible for any liability arising from the use of incomplete, inaccurate or not up-to-date data or documentation. We have applied tests for internal consistency. These tests were applied to basic information (date of birth, date of disability, gender, benefit amount, etc.). The results of these tests were satisfactory.

Summary of Long Term Disability Membership Data

Plan membership data are summarized below:

	Income Replacement Benefits
Member	27
Average Age	58.2
Average Duration of Disability	16.6 years
Average Monthly Benefit Amount	$693.47

4

Methods and Assumptions

Valuation Methodologies

The claim represents the actuarial present value of the benefits payable under the Plan as at November 30, 2011.

The following table describes the basis for establishing the claim under the Plan:

Member Group	Claim Basis
LTD Claimants	The liability represents the actuarial present value of the benefits payable after November 30, 2011 and until the earliest of age 65, recovery, or death.

This valuation is based on the plan provisions as provided by HCPH and the Monitor as they existed at the time of the valuation. Except as otherwise noted, it has been assumed that the plan provisions described and valued in this report continue unchanged.

Actuarial Assumptions

Income Replacement Benefits Provided to LTD Claimants

The liability associated with this obligation is the present value of income payments provided to disabled members while they are disabled. Income benefits are discounted for the likelihood of continuing disability and the time value of money.

Discount rate	CIA rates for November 2011 without the 2-month lag (i.e. based on the month end CANSIM rates for November 2011): 2.8% per year for 10 years, 4.5% per year thereafter
Claim termination rates	Canadian Group Long Term Disability Termination Experience 1988-1997 assuming a 6 month elimination period, no modifications applied; appropriate Quebec proportion assumed.

APPENDIX A

Summary of Plan Provisions for Income Replacement Benefits Provided to LTD Claimants

Southam Self-Insured Manulife Long Term Disability Plan

Benefit Formula	40% of monthly pre-disability earnings offset by CPP/QPP and Workers' Compensation benefits Maximum from all sources of 85% of net earnings
Elimination period	6 months
Benefit period	To age 65

APPENDIX B

Employer Certification

With respect to the Report on the Valuation of the Obligations of the Southam LTD Plan as at November 30, 2011, I hereby certify that, to the best of my knowledge and belief:

- The membership data supplied to the actuary provides a complete and accurate description of all persons who are entitled to benefits under the terms of the Plan for service up to the date of the data provided as outlined in Section 3.
- A copy of the plan documents and of all amendments made up to the date of the valuation were supplied to the actuary.
- All events subsequent to the valuation that may have an impact on the results of the valuation have been communicated to the actuary.

April 27, 2012
Date

[signature]
Signed

Dennis M Byrd
Name

Chief Restructuring Officer
Title

MERCER

Mercer (Canada) Limited
550 Burrard Street, Suite 900
Vancouver, British Columbia V6C 3S8
+1 604 683 6761

F I N A N C I A L   S T A T E M E N T
REPORT CURRENCY: CANADIAN DOLLARS

SOUTHAM LONG TERM DISABILITY PLAN

554 - 073075 - 001   (ACCOUNT NO.)

FROM   NOV 01, 2011 TO NOV 30, 2011
(PRINT DATE: JULY 12/12)
(PRINT TIME: 10:06:17)

RBC DEXIA CONTACT: 0770 STD2

JAMES PERSAUD
RBC DEXIA - PENSIONS
RBC CENTRE
155 WELLINGTON ST W
7TH FLOOR
TORONTO, ONTARIO
M5V 3L3
TELEPHONE (416) 955-5827

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

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SUMMARY REPORTS

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

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INVESTMENT SCHEDULES

RECEIPT AND DISBURSEMENT SCHEDULES

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

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PLEASE REVIEW YOUR STATEMENT AND NOTIFY YOUR RBC DEXIA REPRESENTATIVE OF ANY INACCURACIES OR OMISSIONS.

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SUMMARY I.

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

I. SUMMARY OF ACCOUNT

	SCHEDULE	BOOK VALUE CURRENT PERIOD 01/11/11 - 30/11/11	BOOK VALUE YEAR TO DATE 01/01/11 - 30/11/11	MARKET VALUE CURRENT PERIOD 01/11/11 - 30/11/11	MARKET VALUE YEAR TO DATE 01/01/11 - 30/11/11
TOTAL ASSETS AT BEGINNING OF PERIOD		1,566,083.78	1,579,559.95	1,566,083.78	1,739,986.55
ADDITIONS:					
INVESTMENT INCOME	J	443.20	14,110.91	443.20	14,110.91
REALIZED PROFIT (LOSS)	D	0.00	175,432.55	0.00	175,432.55
TOTAL ADDITIONS:		443.20	189,543.46	443.20	189,543.46
DEDUCTIONS:					
OTHER DISBURSEMENTS	I	18,450.50	217,407.49	18,450.50	217,407.49
FEES AND EXPENSES	K	388.17	4,007.61	388.17	4,007.61
TOTAL DEDUCTIONS:		18,838.67	221,415.10	18,838.67	221,415.10
NET TRANSACTIONS:		18,395.47-	31,871.64-	18,395.47-	31,871.64-
CHANGE IN UNREALIZED APPRECIATION/DEPRECIATION				0.00	160,426.60-
TOTAL ASSETS AT END OF PERIOD		1,547,688.31	1,547,688.31	1,547,688.31	1,547,688.31

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SUMMARY IA.

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

IA. SUMMARY OF ACCOUNT FROM INCEPTION

	BOOK VALUE SINCE INCEPTION 01/01/91 - 30/11/11	MARKET VALUE SINCE INCEPTION 01/01/91 - 30/11/11
ADDITIONS:		
CONTRIBUTIONS	9,413,341.22	9,413,341.22
OTHER RECEIPTS	46,902,523.11	46,902,523.11
SECURITY TRANSFERS	9,122,961.10	9,122,961.10
INVESTMENT INCOME	4,386,217.06	4,386,217.06
REALIZED PROFIT (LOSS)	1,345,949.50	1,345,949.50
TOTAL ADDITIONS:	71,170,991.99	71,170,991.99
DEDUCTIONS:		
BENEFIT PAYMENTS	145,218.26	145,218.26
OTHER DISBURSEMENTS	59,154,808.72	59,154,808.72
SECURITY TRANSFERS	9,122,961.10	9,122,961.10
FEES AND EXPENSES	1,200,315.60	1,200,315.60
TOTAL DEDUCTIONS:	69,623,303.68	69,623,303.68
NET TRANSACTIONS:	1,547,688.31	1,547,688.31
TOTAL ASSETS AT END OF PERIOD	1,547,688.31	1,547,688.31

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SUMMARY II.

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

II. COMPARATIVE SUMMARY AS AT 30/11/2011

CLASSIFICATION	PREVIOUS MARKET VALUE AS AT 31/10/11	CURRENT MARKET VALUE AS AT 30/11/11	CHANGE IN MARKET VALUE 31/10/11 - 30/11/11	% PREVIOUS	% CURRENT	% CHANGE
SHORT TERM INVESTMENTS						
CANADIAN	1,566,032.50	0.00	1,566,032.50-	100.00	0.00	100.00-
TOTAL SHORT TERM INVESTMENTS	1,566,032.50	0.00	1,566,032.50-	100.00	0.00	100.00-
TOTAL SECURITIES	1,566,032.50	0.00	1,566,032.50-	100.00	0.00	100.00-
TOTAL CASH	0.21-	1,547,688.31	1,547,688.52	0.00	100.00	98.83
TOTAL SECURITIES & CASH	1,566,032.29	1,547,688.31	18,343.98-	100.00	100.00	1.17-

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SUMMARY III.

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

III. INVESTMENT SUMMARY AS AT 30/11/2011

	COST VALUE	% OF COST	MARKET VALUE	% OF MKT	MARKET YIELD	ESTIMATED ANNUAL INCOME
CASH ON HAND	1,547,688.31	100.00	1,547,688.31	100.00		
TOTAL SECURITIES & CASH	1,547,688.31	100.00	1,547,688.31	100.00		0
TOTAL ASSETS	1,547,688.31	100.00	1,547,688.31	100.00		0

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SUMMARY IV.

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

IV. RECONCILIATION OF CASH BALANCES

	SCHEDULE	CURRENT PERIOD 01/11/11 - 30/11/11	YEAR TO DATE 01/01/11 - 30/11/11
CASH BALANCE BEGINNING OF PERIOD		.21-	22.70
ADDITIONS:			
PROCEEDS FROM SETTLED DISPOSITIONS	D	7,755,413.95	48,104,907.57
INVESTMENT INCOME	J	494.69	14,110.91
TOTAL ADDITIONS:		7,755,908.64	48,119,018.48
DEDUCTIONS:			
COST OF SETTLED ACQUISITIONS	C	6,189,381.45	46,349,937.77
OTHER DISBURSEMENTS	I	18,450.50	217,407.49
FEES AND EXPENSES	K	388.17	4,007.61
TOTAL DEDUCTIONS:		6,208,220.12	46,571,352.87
NET CHANGE FOR THE PERIOD:		1,547,688.52	1,547,665.61
CASH BALANCE END OF PERIOD		1,547,688.31	1,547,688.31

CURRENCY: CANADIAN DOLLARS

ASSET DETAIL AS AT 30/11/2011

SHARES/PAR VALUE	DESCRIPTION	UNIT COST	UNIT MARKET	COST TOTAL	MARKET TOTAL	% OF COST	MKT YIELD
	CASH ON HAND						
	CANADIAN DOLLARS			1,547,688.31	1,547,688.31	100.00	
	TOTAL CASH ON HAND			1,547,688.31	1,547,688.31	100.00	
	TOTAL SECURITIES & CASH			1,547,688.31	1,547,688.31	100.00	
	TOTAL ASSETS			1,547,688.31	1,547,688.31	100.00	

UNITED STATES DOLLAR EXCHANGE RATE : 1.019700

CURRENCY: CANADIAN DOLLARS

SECURITY ACQUISITIONS - DETAIL BY TRANSACTION

SHARES/PAR VALUE	DESCRIPTION	TRADE DATE	ACCOUNT POSTING DATE	UNIT COST	TRANSACTION AMOUNT
PURCHASES:					
	SHORT TERM INVESTMENTS				
	CANADIAN				
	NOTES & DEPOSITS				
1547296.5900	RBC DEXIA INV SVCS TD 0.410% 18/11/2011	07/11/2011	07/11/2011	100.0000	1,547,296.59
1547487.7800	RBC DEXIA INV SVCS TD 0.400% 25/11/2011	18/11/2011	18/11/2011	100.0000	1,547,487.78
1547275.2400	RBC DEXIA INV SVCS TD 0.390% 28/11/2011	25/11/2011	25/11/2011	100.0000	1,547,275.24
1547321.8400	RBC DEXIA INV SVCS TD 0.380% 30/11/2011	28/11/2011	28/11/2011	100.0000	1,547,321.84
	TOTAL NOTES & DEPOSITS				6,189,381.45
	TOTAL CANADIAN				6,189,381.45
	TOTAL SHORT TERM INVESTMENTS				6,189,381.45
TOTAL PURCHASES:					6,189,381.45

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SCHEDULE C1

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

SECURITY ACQUISITIONS - DETAIL BY TRANSACTION

SHARES/PAR VALUE	DESCRIPTION	TRADE DATE	ACCOUNT POSTING DATE	UNIT COST	TRANSACTION AMOUNT
TOTAL SECURITY ACQUISITIONS					6,189,381.45

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SCHEDULE D1

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

SECURITY DISPOSITIONS - DETAIL BY TRANSACTION

SHARES/PAR VALUE	DESCRIPTION	TRADE DATE/ A/C POSTING DATE	NET SALE PROCEEDS	TOTAL COST	REALIZED PROFIT/LOSS
SALES					
	SHORT TERM INVESTMENTS				
	CANADIAN				
	NOTES & DEPOSITS				
1566032.5000	RBC DEXIA INV SVCS TD 0.400% 03/11/2011	03/11/2011 03/11/2011	1,566,032.50	1,566,032.50	0.00
1547296.5900	RBC DEXIA INV SVCS TD 0.410% 18/11/2011	18/11/2011 18/11/2011	1,547,296.59	1,547,296.59	0.00
1547487.7800	RBC DEXIA INV SVCS TD 0.400% 25/11/2011	25/11/2011 25/11/2011	1,547,487.78	1,547,487.78	0.00
1547275.2400	RBC DEXIA INV SVCS TD 0.390% 28/11/2011	28/11/2011 28/11/2011	1,547,275.24	1,547,275.24	0.00
1547321.8400	RBC DEXIA INV SVCS TD 0.380% 30/11/2011	30/11/2011 30/11/2011	1,547,321.84	1,547,321.84	0.00
	TOTAL NOTES & DEPOSITS		7,755,413.95	7,755,413.95	0.00
	TOTAL CANADIAN		7,755,413.95	7,755,413.95	0.00

SECURITY DISPOSITIONS - DETAIL BY TRANSACTION

SHARES/PAR VALUE	DESCRIPTION	TRADE DATE/ A/C POSTING DATE	NET SALE PROCEEDS	TOTAL COST	REALIZED PROFIT/LOSS
	TOTAL SHORT TERM INVESTMENTS		7,755,413.95	7,755,413.95	0.00
TOTAL SALES			7,755,413.95	7,755,413.95	0.00
TOTAL SECURITY DISPOSITIONS			7,755,413.95	7,755,413.95	0.00

CASH DISBURSEMENTS

	CURRENT PERIOD 01/11/2011 - 30/11/2011	YEAR TO DATE 01/01/2011 - 30/11/2011
OTHER CASH DISBURSEMENTS:		
TRANSFER TO OTHER TRUSTEE/AGENT	18,450.50	217,407.49
TOTAL OTHER CASH DISBURSEMENTS:	18,450.50	217,407.49
TOTAL CASH DISBURSEMENTS	18,450.50	217,407.49

CASH DISBURSEMENTS - DETAIL BY TRANSACTION

POSTING DATE	DESCRIPTION	TRANSACTION AMOUNT
	OTHER CASH DISBURSEMENTS:	
	TRANSFER TO OTHER TRUSTEE/AGENT	
03/11/2011	BANK OF AMERICA NATIONAL ASSOCIATION TRANSFER TO OTHER TRUSTEE/AGENT RE: LONG TERM DISABILITY PAYMENTS FOR PERIOD OF OCTOBER 28,2011	18,450.50
	TOTAL TRANSFER TO OTHER TRUSTEE/AGENT	18,450.50
	TOTAL OTHER CASH DISBURSEMENTS:	18,450.50

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SCHEDULE J

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 06/11

EARNED INCOME

	INCOME RECEIVED CURRENT PERIOD 01/11/11-30/11/11	DEDUCT PREVIOUS ACCRUAL	ADD CURRENT ACCRUAL	TOTAL CURRENT PERIOD EARNED INCOME	YEAR TO DATE EARNED INCOME 01/01/11-30/11/11	YEAR TO DATE INCOME RECEIVED 01/01/11-30/11/11
SHORT-TERM						
CANADIAN						
NOTES & DEPOSITS	494.69	51.49	.00	443.20	2,057.85	2,057.85
TOTAL CANADIAN	494.69	51.49	.00	443.20	2,057.85	2,057.85
TOTAL SHORT-TERM	494.69	51.49	.00	443.20	2,057.85	2,057.85
OTHER ASSETS						
CANADIAN						
BALANCED FUNDS	.00	.00	.00	.00	12,053.06	12,053.06
TOTAL CANADIAN	.00	.00	.00	.00	12,053.06	12,053.06
TOTAL OTHER ASSETS	.00	.00	.00	.00	12,053.06	12,053.06
TOTAL INVESTMENT INCOME	494.69	51.49	.00	443.20	14,110.91	14,110.91

NOTE: ACCRUED INCOME ON CONVERTIBLE BONDS - DETAIL BY PROPERTY IS DISCLOSED IN SCHEDULE J3.

CURRENCY: CANADIAN DOLLARS

INCOME RECEIVED - DETAIL BY TRANSACTION

POSTING DATE	SHARES/PAR VALUE	DESCRIPTION	TRANSACTION AMOUNT	SUB TOTAL
SHORT TERM INVESTMENTS				
CANADIAN				
NOTES & DEPOSITS				
03/11/11	1566032.5000	RBC DEXIA INV SVCS TD 0.400% 03/11/2011	102.97	
18/11/11	1547296.5900	RBC DEXIA INV SVCS TD 0.410% 18/11/2011	191.19	
25/11/11	1547487.7800	RBC DEXIA INV SVCS TD 0.400% 25/11/2011	118.71	
28/11/11	1547275.2400	RBC DEXIA INV SVCS TD 0.390% 28/11/2011	49.60	
30/11/11	1547321.8400	RBC DEXIA INV SVCS TD 0.380% 30/11/2011	32.22	
TOTAL NOTES & DEPOSITS			494.69	
TOTAL CANADIAN				494.69
TOTAL SHORT TERM INVESTMENTS				494.69

SOUTHAM LONG TERM DISABILITY PLAN
ACCOUNT NUMBER: 554-073075-001
CURRENCY: CANADIAN DOLLARS

SCHEDULE K

FROM: NOV 01, 2011 TO NOV 30, 2011
RUN DATE: DEC 08/11

FEES AND EXPENSES

	CURRENT PERIOD 01/11/2011 - 30/11/2011	YEAR TO DATE 01/01/2011 - 30/11/2011
FEES:		
CUSTODIAL SERVICES	388.17	4,007.61
TOTAL FEES:	388.17	4,007.61
TOTAL FEES AND EXPENSES	388.17	4,007.61

CURRENCY: CANADIAN DOLLARS

FEES AND EXPENSES - DETAIL BY TRANSACTION

POSTING DATE	DESCRIPTION	TRANSACTION AMOUNT
	FEES:	
	CUSTODIAL SERVICES	
01/11/2011	CUSTODIAL SERVICE FEE INVOICE# 834912 20110801-20110831	388.17
	TOTAL CUSTODIAL SERVICES	388.17
	TOTAL FEES:	388.17
	TOTAL FEES AND EXPENSES	388.17

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Court File No. 09-8503-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

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MOTION RECORD
(Returnable on July 31, 2012)

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