Court File No. 09-8503-00LL

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

APPLICATION RECORD
(Returnable on December 10, 2009)

December 9, 2009

BENNETT JONES LLP
Barristers and Solicitors
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Derek Bell (LSUC #43420J)
Raj Sahni (LSUC #42942U)
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Tel: 416-863-1200
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Lawyers for the Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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Applicant

SUPERIOR COURT OF JUSTICE
COUR SUPÉRIEURE DE JUSTICE
JUSTITIA

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

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing before the Honourable Mr. Justice Campbell on December 10, 2009 at 330 University Avenue, Toronto.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: December 9, 2009

Issued by: ____________________________
Local Registrar

Address of court office:
393 University Avenue
10th Floor
Toronto, Ontario M5H 1Y8

TO: **THE HONOURABLE COURT**

NOTICE OF APPLICATION

RELIEF SOUGHT

1. The Applicant, Hollinger Canadian Publishing Holdings Co. ("HCPH") makes application for:

   (a) abridging the time for or dispensing with service on all interested parties of HCPH;

   (b) declaring that HCPH is a debtor company within the meaning of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36, as amended (the "CCAA") and that the CCAA applies to HCPH;

   (c) staying all proceedings and remedies taken or that might be taken in respect of HCPH, its current or former directors and officers, and any of HCPH's property, without leave of the Court;

   (d) authorizing HCPH to carry on its business in a manner consistent with the preservation of its property and to make certain payments in connection with its businesses and the proceedings herein without prejudice to the ability of HCPH to seek further protections from the Court;

   (e) appointing Ernst & Young Inc. ("EYI") as monitor of HCPH;

   (f) appointing Dennis M. Byrd as chief restructuring officer ("CRO") of HCPH to oversee these proceedings in the manner contemplated by the draft order filed herewith;

   (g) appointing Koskie Minsky LLP (Mr. Andrew Hatnay) as representative counsel in respect of the OPEBs (as defined below); and

   (h) authorizing HCPH to, in conjunction with the Monitor and CRO, develop a plan of arrangement and compromise for consideration by the creditors of HCPH

(i) permitting HCPH to call, and directions with respect to the giving of notice and the conduct of, a meeting or meetings of HCPH's creditors to consider and approve the plan of arrangement or compromise;

(j) such further and other relief as particularized in the draft order attached as Schedule "A"; and

(k) such further and other relief as this Honourable Court deems just.

GROUNDS

2. The grounds for the application are:

(a) the CCAA and the equitable jurisdiction of this Honourable Court;

(b) HCPH is a debtor company within the meaning of the CCAA;

(c) HCPH is a corporation organized under the laws of the Province of Nova Scotia;

(d) HCPH's sole "business" is to administer post-retirement benefits, post-employment benefits and pension plans for in excess of 3,000 former employees of the Southam Inc. ("Southam") newspaper chain. The pension and benefits plans include two unfunded retirement plans and certain other post-employment benefit plans (collectively referred to as "OPEBs") in addition to six registered pension plans (the "Pension Plans", and together with the OPEBs, the "Plans");

(e) circumstances exist which make the order sought by HCPH appropriate;

(f) HCPH intends to propose a plan of arrangement or compromise between itself and its creditors;

(g) the order sought by HCPH will facilitate the development and submission of a plan of arrangement or compromise between HCPH and its creditors;

(h) due to the urgency of this application and the number of potentially interested parties, it has not been possible to provide all interested parties with notice;

(i) Rule 2.03 and 14.05 of the *Rules of Civil Procedure*;

(j) the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended; and

(k) such further and other grounds as counsel may advise and this Honourable Court may permit.

EVIDENCE

3. The following documentary evidence will be used at the hearing of the application:

(a) the Affidavit of Thomas L. Kram, sworn on December 8, 2009, together with exhibits thereto;

(b) the consent of Ernst & Young Inc. to act as monitor; and

(c) such further and other materials as counsel may advise and this Honourable Court allow.

December 9, 2009

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

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Lawyers for the Applicant

Court File No.

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE	)	DAY, THE
	)	
JUSTICE	)	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 •, 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,

(d) 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 • 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 "•" 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.

____

SCHEDULE "A"

December •, 2009

<u>**VIA FIRST CLASS MAIL**</u>

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.

ONTARIO

SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

Proceedings commenced in Toronto

INITIAL ORDER

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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

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Applicant

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

AFFIDAVIT OF THOMAS L. KRAM
(Sworn December 8, 2009)

AFFIDAVIT OF THOMAS L. KRAM
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Applicant

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

AFFIDAVIT OF THOMAS L. KRAM
(Sworn December 8, 2009)

I, Thomas L. Kram of the City of Chicago, in the State of Illinois in the United States of America, **MAKE OATH AND SAY:**

1. I am the Chief Executive Officer of Chicago Newspaper Liquidation Corp., formerly known as Sun-Times Media Group, Inc., (referred to herein as "STMG"). The Applicant, Hollinger Canadian Publishing Holdings Co. ("HCPH"), is a directly and indirectly wholly-owned subsidiary of STMG. All of HCPH's officers and directors resigned in early 2009, HCPH has since been operated through shareholder resolutions by STMG and STMG's direct and indirect wholly-owned subsidiaries that are the other shareholders of HCPH.

2. 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.

3. All references to currency herein are references to Canadian dollars, except where expressly stated otherwise.

4. This application is being made by HCPH for an order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), among other things:

(a) declaring that HCPH is a debtor company within the meaning of the CCAA and that the CCAA applies to HCPH;

(b) staying all proceedings and remedies taken or that might be taken in respect of HCPH, its current or former directors and officers, and any of HCPH's property;

(c) authorizing HCPH to carry on its business in a manner consistent with the preservation of its property and to make certain payments in connection with its businesses and the proceedings herein without prejudice to the ability of HCPH to seek further protections from the Court;

(d) appointing Ernst & Young Inc. ("EYI") as monitor of HCPH;

(e) appointing Dennis M. Byrd as chief restructuring officer ("CRO") of HCPH to oversee these proceedings in the manner contemplated by the draft order filed herewith;

(f) appointing Koskie Minsky LLP (Mr. Andrew Hatnay) as representative counsel in respect of the OPEB Plans (as defined below); and

(g) authorizing HCPH to, in conjunction with the Monitor and CRO, develop a plan of arrangement and compromise for consideration by the creditors of HCPH.

5. Due to the current financial position of HCPH, as discussed in greater detail below, I believe that the above-noted relief is required to maintain and maximize value for the benefit of all stakeholders.

EXECUTIVE SUMMARY

6. To summarize what follows, this affidavit addresses the following points:

(a) 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 being sold in 2006;

(b) HCPH administers pension and post retirement benefit plans for more than 3,000 former Southam employees and their eligible survivors;

(c) In recent years, much of the day-to-day management of HCPH has been fulfilled by employees of STMG;

(d) On March 31, 2009, STMG filed proceedings under Chapter 11 of the U.S. Bankruptcy Code. On October 26, 2009, the sale of substantially all of STMG's operating assets closed;

(e) While HCPH has cash assets of $25.5 million and approximately $7.1 million (estimated value; actual value uncertain) in notes issued as part of the Asset-Backed Commercial Paper ("ABCP") restructuring (face value of approximately $15.1 million), its liabilities (including actuarial estimates) are estimated to be $94.4 million; as such, while HCPH has sufficient cash resources to meet its obligations to its retirees in the near and intermediate term, it is important that the totality of HCPH's liabilities be restructured in a manner which is equitable to all of its stakeholders;

(f) In light of STMG's bankruptcy and the sale of all of its assets, and HCPH's financial position, HCPH believes there are two primary options available to it, namely to file an assignment into bankruptcy or to commence proceedings pursuant to the CCAA;

(g) Were HCPH to file an assignment into bankruptcy, it is likely that the trustee in bankruptcy would immediately cease allowing payments on non-registered pension plans and other post-retirement plans to be made. It could be years before such claims were resolved;

(h) HCPH believes that, as the Southam retirees (as a group) are clearly the largest creditor constituency, it is appropriate to commence these proceedings to avoid a dramatic and immediate cessation of benefit payments and to engage in a dialogue to seek an overall solution to the issues; and

(i) In order to provide direction to HCPH during these proceedings in conjunction with the proposed Monitor, HCPH is proposing to have Dennis Byrd (the former Treasurer of STMG who has substantial knowledge of HCPH's various pension and other retirement plans, HCPH's principal remaining liabilities as described below) be appointed as CRO.

OVERVIEW

7. As described in greater detail herein, HCPH has liabilities in excess of $5 million, is insolvent, with liabilities exceeding its realizable assets and thus is a "debtor company" within the meaning of the CCAA.

8. HCPH's sole "business" is to administer post-retirement benefits, post-employment benefits and pension plans for in excess of 3,000 former employees of the Southam Inc. ("Southam") newspaper chain. The pension and benefits plans include two unfunded retirement plans and certain other post-employment benefit plans (collectively referred to as "OPEB Plans") in addition to six registered pension plans (the "Pension Plans", and together with the OPEB Plans, the "Plans").

9. The benefits payable under the Plans to employees on disability leave and retired employees include medical coverage, dental coverage, life insurance and retirement benefits.

The Plans are both funded and unfunded; the funded plans are divided between plans in surplus and plans in deficit.

10. HCPH has certain tax losses and other tax attributes. CCAA protection will allow HCPH, the Monitor and the CRO to explore and consider whether, and to what extent, HCPH's tax attributes may be used as part of a CCAA plan for the benefit of its stakeholders.

11. HCPH seeks protection under the CCAA in order to: (i) preserve the *status quo* in respect of the services and benefits provided by HCPH to the members of the Plans in the short-term, thereby avoiding any sudden interruption to the Plans which could potentially dramatically affect approximately 3,000 retired and disabled persons; (ii) provide for an orderly resolution of obligations under the Plans; (iii) consider, in consultation with the stakeholders and the proposed representative counsel, whether certain potential assets and tax attributes may be dealt with in a manner to the benefit of all stakeholders; and (iv) stay any action, application or proceeding from being taken against HCPH or its assets – all with a view to formulating a CCAA plan for consideration by HCPH's creditors.

HCPH CORPORATE STRUCTURE

12. HCPH was formerly known as Southam. HCPH is organized as an unlimited liability company under the laws of Nova Scotia.

13. HCPH is a wholly owned direct and indirect subsidiary of STMG. A corporate structure for STMG and HCPH is attached as Exhibit "A".

14. HCPH's class C voting common shares are held by STMG. The class C voting shares are entitled to a single vote per share, an equal entitlement to dividends with the remaining classes of

shares and an equal entitlement with the remaining classes of share to any residual upon a liquidation, dissolution or winding-up, subject to a maximum residual recovery of $0.10 per share. As described in greater detail below, STMG was recently involved in U.S. Chapter 11 proceedings and is currently engaged in liquidation activities.

15. HCPH's class A voting common shares are held by a single subsidiary of STMG, HTH Benholdco LLC, a Delaware limited liability corporation. The class A voting common shares are entitled to a single vote per share, an equal entitlement to dividends with the remaining classes of shares and an equal entitlement with the remaining classes of shares to any residual upon a liquidation, dissolution or winding-up. HTH Benholdco LLC has no significant assets or ongoing operations.

16. HCPH's class B voting common shares are held by two subsidiaries of STMG, Hollinger International Publishing Inc., a Delaware corporation and HTH Holdings Inc., a Delaware corporation. The class B voting common shares are entitled to two votes per share, an equal entitlement to dividends with the remaining classes of shares and an equal entitlement with the remaining classes of shares to any residual upon a liquidation, dissolution or winding-up. Hollinger International Publishing Inc. has no operations and its only asset of significance is obligations owed to it by HCPH.

17. Until May 2008, STMG's controlling shareholder was Hollinger Inc. ("HLG"). Presently HLG and one of its affiliates hold approximately 20% of the common stock of STMG. As discussed in greater detail below, HLG and certain of its affiliates are in CCAA protection. HLG is a subsidiary of The Ravelston Corporation Limited ("RCL"). As discussed below, RCL and

certain of its affiliates are in CCAA protection and receivership under the *Bankruptcy and Insolvency Act*, R.S., 1985, c. B-3 ("BIA").

18. All of HCPH's officers and directors resigned in early 2009, HCPH has since been operated through shareholder resolutions by STMG and STMG's direct and indirect wholly-owned subsidiaries that are the other shareholders of HCPH. HCPH currently employs two full-time employees and one contract employee for purposes of administering the Plans.

19. STMG is currently in Chapter 11 protection and on October 26, 2009 substantially all of STMG's U.S. assets were sold. Following the sale of substantially all of STMG's U.S. assets, STMG has begun the process of liquidation in accordance with U.S. bankruptcy law procedures. The implications of the events occurring at STMG on HCPH are described in greater detail below.

HCPH BUSINESS

20. The majority of the media and publication assets of HCPH were sold to CanWest Global Communications Corp. ("CanWest") by way of a transaction agreement dated July 30, 2000.

21. The last remaining media and publication assets of HCPH were sold to 0744062 B.C. Ltd. ("Glacier Subsidiary"), a subsidiary of Glacier Ventures International Corp. ("Glacier") which is currently known as Glacier Media Inc., by way of a share purchase agreement dated January 11, 2006.

22. The only ongoing operations of HCPH are the administration of the Plans.

23. CCAA protection will ensure that the members of the Plans continue to receive their benefits and entitlements during the interim period and allow HCPH the opportunity to consider

and work on trying to develop a permanent solution to address the Plans.

24. That being said, as HCPH does not have sufficient cash resources to fund the actuarially determined liabilities under the Plans, it is likely that some adjustment will need to be made in regard to the Plans.

EVENTS LEADING TO APPLICATION

25. While HCPH currently has cash reserves and certain other assets, it has no ongoing operations and, accordingly no ability to generate future revenues other than interest income on its cash reserves - at historically low rates of return. While HCPH has the financial capacity to continue operations for a significant period of time, the inevitable consequences of maintaining the status quo is an inability to continue funding the Plans, as required, going forward.

26. Insolvency (on a cash flow basis) is the inevitable consequence of ongoing operations, namely administration of the Plans on a status quo basis over the long term.

27. The practical impact of the inevitable inability to satisfy funding requirements of the Plans going forward is that younger retirees or benefit recipients will disproportionately suffer loss as older members of the Plans enjoy full benefits while the limited assets remain. An equitable distribution amongst members of the various Plans is appropriate and desirable.

28. The events that have led to the current application include the sale of HCPH's operating assets, a recent award and subsequent settlement relating to the CanWest Arbitration (defined below), investment losses arising from Canadian ABCP, STMG's Chapter 11 filings and subsequent liquidation and the turmoil within the corporate structure of the "Hollinger" empire generally. These events are described in greater detail below.

Sale of All Operating Assets

29. In 2000, STMG (then called Hollinger International Inc. ("International")) entered into negotiations with CanWest in respect of the sale of most of the Canadian newspapers operated by STMG (i.e., the assets of HCPH and its subsidiaries/affiliates). Ultimately a transaction agreement was entered into among CanWest and International, HCPH, Hollinger Canadian Newspapers, Limited Partnership ("HCNLP") and HCN Publications Company ("HCNPC") dated July 30, 2000 (the "Transaction Agreement").

30. The Transaction Agreement was structured as an asset purchase agreement rather than a share purchase. CanWest acquired the assets associated with the major metropolitan newspapers (e.g. Pacific Press, Montreal Gazette, Calgary Herald, Ottawa Citizen etc.) certain of the smaller market newspapers (e.g. Brantford Expositor, Halifax Daily News etc.) and certain related businesses (e.g. ADitus, Southam Information & Technology Group), which were owned by HCPH, HCNLP and HCNPC.

31. As part of the Transaction Agreement, CanWest did not assume liabilities for any of the retired employees or inactive employees of the various purchased newspapers. The members of the Plans generally represent retired and disabled employees that CanWest declined to accept responsibility for pursuant to the Transaction Agreement.

32. Following the closing of the Transaction Agreement, HCPH continued to be a controlling shareholder of HCNLP and HCNPC. HCPH, through its subsidiaries, continued to operate various newspapers and publications (e.g. The Observer (Sarnia), The Nugget (North Bay), Real Estate Weekly (Vancouver), etc.).

33. In 2006, International entered into negotiations with Glacier and its affiliate, Glacier Subsidiary, to sell its final remaining newspaper and publication assets within Canada.

34. Ultimately, a share purchase agreement dated January 11, 2006 ("Share Agreement") was entered into among International, HCPH, Glacier, and Glacier Subsidiary. Pursuant to the Share Agreement, Glacier Subsidiary acquired HCPH's shares of 3120574 Nova Scotia Company, which was the holding company for HCNLP and HCNPC.

35. At the time the Share Agreement was executed, HCNLP and HCNPC were respondents in the CanWest Arbitration. In the circumstances, the Share Agreement provided for an indemnity from STMG and HCPH to Glacier Subsidiary in respect of any obligations arising under the CanWest Arbitration for which Glacier Subsidiary would be liable.

36. As a result of the Transaction Agreement and Share Agreement, STMG had caused HCPH to dispose of all of its operating assets and, accordingly, HCPH had no remaining business operations to generate revenue.

CanWest Arbitration Award and Settlement

37. Disagreements arose under the Transaction Agreement and several related agreements among STMG, HCPH, HCNLP and HCNPC and CanWest shortly after the closing of the Transaction Agreement. The disagreements ultimately resulted in STMG, HCPH, HCNLP and HCNPC and CanWest, together with other related entities, entering into an arbitration in respect of claims advanced by CanWest together with claims advanced by STMG, HCPH, HCNLP and HCNPC (the "CanWest Arbitration").

38. The CanWest Arbitration was initiated by CanWest in December 2003 and heard

between February 2007 and June 2008. The arbitrator issued an award January 27, 2009 and subsequently amended the award on February 25, 2009. The award, to the benefit of CanWest, against the respondents, including HCPH, was approximately $51,000,000 excluding interest (from 2003) and costs.

39. Negotiations took place concerning a full and final settlement of the CanWest Arbitration and all matters relating thereto. A settlement was reached between the relevant parties in March 2009. The settlement terms included HCPH (which was jointly and severally liable for roughly $40 million in damages) releasing $22 million that was being held in escrow together with a further $6 million in cash. In addition to these payments, HCPH agreed to transfer certain of its ABCP assets as part of the settlement.

ABCP Losses

40. As described in greater detail below, HCPH acquired ABCP from time to time as part of its normal cash management functions. HCPH held in excess of USD $48 million of ABCP when that market froze in August 2007. While initial recovery on some of those assets has occurred, losses have resulted from that recovery being at amounts for less than face value. Additionally, HCPH has written down approximately USD $7.8 million to account for losses in the market value of the ABCP assets still held after the completion of the ABCP restructuring.

STMG Insolvency

41. In January 2008, STMG received an "examination report" from the IRS setting forth proposed adjustments to its U.S. income tax returns from the years 1996 through 2003.

42. The IRS "examination report" / claim is joint and several with all parties to the relevant consolidated U.S. tax returns. The parties to the relevant consolidated U.S. tax returns include

STMG and The Sun-Times Company ("ST Company"). HCPH is not one of those parties.

43. The domestic newspaper industry in the United States has been crippled by an unprecedented and severe decline in advertising revenue - specifically print advertising revenue. The recent economic recession and dislocation of the credit markets has accelerated and exacerbated this situation. Many prominent newspapers in the United States have commenced Chapter 11 proceedings, including (in addition to STMG) the Journal Register Company, the Star Tribune Holdings Corporation, the Philadelphia Newspapers LLC, and the Tribune Company.

44. The tax claim of the IRS, decline in advertising revenue and other business and economic factors necessitated STMG pursuing bankruptcy protection under U.S. Chapter 11 together with 35 of it affiliates. The "first day" orders were issued April 1, 2009, and a copy of the "Order Authorizing Joint Administration of the Debtors' Related Chapter 11 Cases" is attached as Exhibit "**B**". Through the Chapter 11 proceedings, STMG has sold off substantially all of its assets. STMG is currently in the process of completing liquidation of its remaining assets and the settlement of certain liabilities.

45. I am aware, from U.S. lawyers working on the Chapter 11 proceedings, that the substantial majority of the tax claims advanced by the IRS against STMG have priority over all pre-petition non-priority debts, and as a result, there will be no recovery to HCPH in the Chapter 11 proceeding on any HCPH payables such as inter-company receivables and the ST Company note (defined and described in detail below).

46. STMG sold substantially all of its U.S. assets on October 26, 2009 through Chapter 11 proceedings and is now in the process of liquidation in accordance with U.S. bankruptcy law

procedures. In the circumstances, it is anticipated that employees of STMG will not be able to continue to provide oversight to HCPH. A CCAA proceeding, including the appointment of a CRO, will ensure continued management and oversight of HCPH under Court supervision.

The Hollinger Empire

47. In April 2005, this Honourable Court issued orders in respect of both RCL and Ravelston Management Inc. ("RMI") affording them protection under the CCAA and placing them into receivership pursuant to the BIA. RCL was the parent corporation in the "Hollinger" empire, which included HLG, STMG and HCPH among numerous others.

48. In August 2007, this Honourable Court issued an order in respect of HLG affording it protection under the CCAA.

49. Both the RCL and RMI CCAA proceedings and the HLG CCAA proceedings were premised, in part, on the substantial turmoil and uncertainty concerning the relationship among parties within the "Hollinger" empire. The uncertainty included significant outstanding litigation in various forms.

HCPH'S ASSETS

50. An unaudited balance sheet for HCPH as at October 2009 is attached as Exhibit "C". The assets of HCPH are summarized on the balance sheet. Details regarding the various balance sheet assets follow.

Cash and Cash Equivalents

51. HCPH holds approximately $25.5 million in cash or cash equivalents.

52. These monies are predominately residual proceeds from the sale of the newspaper and publication assets pursuant to the Transaction Agreement and Share Agreement.

53. HCPH currently has no source of income (other than normal interest income).

54. A cash position of approximately $200,000 is currently held at Royal Bank of Canada ("RBC") in account number 01309 103-125-1 in the name of Southam. This account was specifically identified during the CanWest Arbitration by CanWest and during subsequent negotiations following the CanWest Arbitration. A letter was sent to RBC by STMG concerning restrictions on the account in February 2009; the restrictions involved CanWest's cooperation. A copy of the February 27, 2009 letter is attached as Exhibit "**D**".

55. While cooperative, RBC has been unwilling to release the funds without an executed indemnity being provided by HCPH. While CanWest has expressly waived any interest in the bank account, HCPH has been unable to provide the requested indemnity as there are no current officers and directors and STMG, one of the shareholders, is currently engaged in U.S. Chapter 11 proceedings.

The Sun-Times Company Note (Intercompany Long Term Receivables)

56. ST Company, a Delaware corporation, is a subsidiary of STMG and one of the affiliated entities that filled for U.S. Chapter 11 protection on March 31, 2009. On November 1, 2006 (i.e. well before the IRS "examination report" was issued), ST Company entered into an Amended and Restated Senior Secured Term Credit Agreement with HCPH. Pursuant to this agreement, HCPH advanced ST Company USD $45 million and extended the due date on a prior loan of USD $5 million (collectively, the ST Company Loan"). In October 2008, the maturity date of the ST Company Loan was extended to become due on October 31, 2009.

57. The ST Company Loan is guaranteed by certain of STMG's other subsidiaries. The guarantee is secured by a pledge of the capital stock of ST Company.

58. For reasons detailed above regarding the Chapter 11 proceedings and the IRS priority claim regarding STMG's tax obligations made subsequent to the loan by HCPH to ST Company, the approximately $60.3 million owing under the ST Company note will not be realized and can be regarded as having no value.

Intercompany Receivable & Investments

59. The accounts receivable for HCPH relate to intercompany receivables from U.S. and Canadian affiliated companies. These intercompany receivables total $28.9 million, in addition to the ST Company note. The subsidiaries and affiliates of HCPH are predominately inactive and without assets and many are subject to U.S. Chapter 11 proceedings, as described elsewhere. These receivables typically arose through HCPH's efforts to assist its affiliates with their ongoing operations.

60. The discussion above concerning STMG's liabilities to the IRS and the impact of same on HCPH's ability to recover monies owing on the ST Company note applies equally to HCPH's ability to recover the inter-company receivables owing from STMG and other related U.S. affiliates.

61. The likelihood of recovery on any of these inter-company receivables is remote and, accordingly can be regarded as having no realizable value.

62. The investment in Canadian affiliates identified on the balance sheet in the amount of $409.2 million relates to investments in subsidiaries and affiliates of HCPH. The subsidiaries

and affiliates no longer engage in active business and have no material assets. The likelihood of recovery on these investments is remote and, accordingly can be regarded as having no realizable value.

63. In October 2008, HCPH made a dividend payment of $43 million to its shareholders, including STMG (the "2008 Dividend Payment"). At the time that this dividend payment was made, HCPH's books and records listed its assets as having a value of approximately $155 milion (including the ST Company note, valued at approximately $51.6 million at that time) and total liabilities of approximately $99.7 million.

ABCP

64. HCPH acquired USD $48.2 million of ABCP in the ordinary course of its cash management functions. Those ABCP holdings are summarized as follows:

ABCP	Face Value	Purchase Date	Maturity Date
Ironstone Series B Class A	$25 million	7/24/2007	8/21/2007
Ironstone Series B Class A	$3 million	8/3/2007	8/24/2007
Planet Trust Series A	$20.2 million	8/3/2007	8/24/2007

65. HCPH sold its USD $28 million Ironstone Series B Class A ABCP for USD $21 million in May 2008. HCPH continued to hold the USD $20.2M face value Planet Trust Series A ABCP, which was converted into new notes as part of the ABCP restructuring. As part of the settlement of the CanWest Arbitration, HCPH transferred or "sold" notes with a face value of USD$5,575,517 for no consideration; those notes had been valued at zero on the books and records of HCPH.

66. Based on events surrounding the ABCP market, HCPH has been writing down the value of its remaining ABCP to match the best available estimates of the true market value. The value of HCPH's remaining ABCP has been estimated at $7.1 million.

Restricted Cash LTD Trust

67. The LTD restricted cash trust asset totals approximately $1.5 million. This trust is a "health and welfare trust" for employees associated with the post-employment benefits for certain inactive employees of the Pacific Press on long-term disability leave whose benefits are and have been paid by CanWest.

68. HCPH has been unable to access the funds in this restricted account and accordingly an off-setting balance sheet reserve entry has been recorded.

Indemnification

69. HCPH's shareholders passed a unanimous shareholders' resolution directing HCPH to enter into an agreement under which HCPH agreed to create a trust in the amount of $10,000,000 and enter into a corresponding trust indenture (the "Trust"). The shareholder resolution was passed upon the recommendation of an independent committee of STMG's board of directors, who are not beneficiaries of the Trust. Currently, this restricted trust asset appears on the balance sheet at $9.6 million.

70. The Trust was established for the defense and payment of liabilities for which certain former directors, officers, consultants and advisors of STMG may become liable. The potential liability relates to certain defamation actions commenced by Conrad Black in the Ontario Superior Court of Justice, in circumstances when STMG is either unable or unwilling to make such payments.

71. The trustee of the Trust is Arb Limited, a company incorporated under the laws of Ontario. Arb Limited is controlled and operated by Mr. Claude Thomson, Q.C.

72. STMG paid HCPH compensation of $200,000 for creating the Trust. The compensation received represents 2% of the value of the Trust, which was roughly the cost of D&O insurance that STMG was paying at the time. The establishment of the Trust is irrevocable and the assets within the Trust cannot be otherwise used for the benefit of HCPH until its termination. Upon termination of the Trust, an residuary returns to the benefit of HCPH.

Pre-Paid Pension

73. The Hollinger Canadian Publishing Holdings Co. Retirement Plan (the "Retirement Plan") and Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan (the "Windsor Star Plan") appear to be the only Pension Plans that are fully funded and in surplus on both a going concern and solvency basis as at the date of the last filed valuation of each such Pension Plan, based on actuarial valuation reports prepared as at January 1, 2007 and January 1, 2009 respectively in respect of these plans. The pre-paid pension asset represents the total surplus within the Retirement Plan and Windsor Star plan on an accounting basis. The accounting surplus reflects the amounts calculated in accordance with applicable accounting principles and does not necessarily reflect the total value that could be obtained through wind-up or liquidation of the relevant Pension Plans.

74. These amounts are recorded as an asset as the surpluses can be used to satisfy the funding obligations for their respective plans on a going forward basis. According to the terms of the respective plans, this asset is not at present believed to be available for use by HCPH for any purpose other than satisfying obligations of the Retirement Plan and Windsor Star Plan.

75. Currently a procedure is underway to address surplus payable to certain Ontario retirees pursuant to a partial plan wind-up dating back to 1993 within the Retirement Plan. This distribution of surplus will be immaterial to the Retirement Plan and immaterial to the value of the Retirement Plan surplus as a potential realizable asset in the future.

76. Based on internally generated accounting (as opposed to actuarial) valuations, the asset is currently recorded as approximately $85.8 million to reflect adjustments to the value since the last formal valuation and to account for contingency and realization accounting rules applicable under Canadian GAAP.

77. At the time of the last actuarial valuation for expense and disclosure purposes, the asset was recorded as $40,200,000. This valuation was broken down as follows:

Benefit Plan	Surplus
Retirement Plan	$37,879,000
Windsor Star Plan	$2,322,000
Total	$40,201,000

These values are identified in the Mercer (Canada) Limited Actuarial Valuation Report dated 23 January 2009 attached as Exhibit "J".

Pre-Paid and Other Assets

78. Other assets and pre-paid assets account for approximately $1.1 million on HCPH's balance sheet.

HCPH'S LIABILITIES

79. The HCPH liabilities are generally summarized on the balance sheet attached as Exhibit "C". Details regarding those individual liabilities and HCPH's other liabilities not identified on the balance sheet follow.

Intercompany Payables

80. Inter-Company liabilities from U.S. affiliates (all of which have filed for Chapter 11 protection) are identified on the balance sheet totaling $12.3 million and inter-company liabilities from Canadian affiliates are identified on the balance sheet as totaling $1.7 million.

81. HCPH may have an entitlement to set-off certain of these amounts against the receivables that may be unrecoverable as against STMG. Notwithstanding, this liability significantly exceeds any potential set-off and may be payable in any event.

82. HCPH maintains a liability in the amount of $29,400,000 payable to RCL and RMI. This liability represents management fees and/or director's fees claimed to be payable to RCL and RMI. The validity of these management fees has been challenged.

Payables and Other Liabilities

83. Other liabilities are identified on the balance sheet totaling $1.1 million. These liabilities are predominantly accrued legal and consulting fees and accrued capital taxes.

84. HCPH has ongoing liabilities in relation to monthly operating expenses. Those expenses include office and equipment leases, office supplies and office security. The amounts associated with these various office expenses are not significant; in October 2009 such office expenses payable were approximately $2,300.

Letter of Credit

85. HCPH is the applicant on a letter of credit to the benefit of Celestica International Inc. The letter of credit was posted by HCPH for the benefit of HCNPC in relation to the Share Agreement. The letter of credit relates to the sublease obligations of HCNPC to Celestica International Inc.

86. The letter of credit is in the amount of $968,111.14. Under the terms of the sublease and the letter of credit, the letter of credit may be reduced to $322,708 as of the date hereof. The letter of credit is collateralized by USD $1,023,350 in cash owned by Hollinger International Publishing Inc.

Pensions

87. The pension liability relates to certain unfunded retirement plans and funded Pension Plans in a deficit position and is recorded on the balance sheet at $16.8 million. HCPH has an obligation to make payments under the unfunded retirement plans, as well as make contributions towards the funded Pension Plans in deficit. The relevant unfunded retirement plans are the HCPH Co. Executive Retirement Arrangements (the "Executive Plan") and HCPH Co. Divisional Allowances/Top-Up Plan (the "Allowance Plan"). The relevant funded Pension Plans that are in a deficit position are the Hollinger Canadian Publishing Holdings Co. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (the "Thomson Plan"), Sterling Newspapers Company Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (the "Sterling Plan"), Hollinger Canadian Publishing Holdings Co. Plan for Employees of Newspapers Formerly Owner by Sterling Newspapers (the "Hollinger Sterling Plan") and The Journal Publishing Company Limited Employees' Pension Plan (the

"Journal Plan"). With respect to the Journal Plan, no current valuation for funding purposes is available, but the plan is believed to be in deficit.

88. Based on the last available actuarial reports, two of the Pension Plans are fully funded on a going concern and solvency basis, but the remaining Pension Plans require cash contributions from HCPH for current service costs and to liquidate going concern unfunded liabilities or solvency deficiencies under those plans (and additional cash contributions to the Retirement Plan may be required in the event that it is determined that the Retirement Plan is no longer fully funded as at January 1, 2010). In addition, the unfunded retirement plans require ongoing cash contributions. Summary particulars in relation to such Plans based on currently available information is provided below for both the funded Pension Plans and unfunded retirement plans:

FUNDED PLANS	APPROXIMATE MEMBERSHIP	GOING CONCERN FINANCIAL POSITION	SOLVENCY FINANCIAL POSITION	APPROX. MINIMUM ANNUAL CONTRIBUTION
Retirement Plan	2,765	$62,302,000	$55,054,000	$0
Windsor Star Plan	98	$1,583,400	$2,054,600	$0
Thomson Plan	40	($372,800)	($18,500)	$161,000
Sterling Plan	30	($135,200)	($32,000)	$117,000
Hollinger Sterling Plan	13	($359,900)	($155,300)	$92,000
Journal Plan	2		($237,000)*	$17,000*

*As no current actuarial valuation for funding purposes is available, these figures are based on accounting liability and expected contributions as disclosed in valuation for accounting purposes.

UNFUNDED PLANS	APPROXIMATE MEMBERSHIP	ACCOUNTING LIABILITY*	EXPECTED ANNUAL CONTRIBUTION
Executive Plan	28	($9,851,000)	$1,230,000
Allowance Plan	161	($8,953,000)	$781,000

89. The above data is summarized from six Mercer (Canada) Limited Actuarial Valuation Reports. The reports are as follows:

(a) Report on the Actuarial Valuation for Funding Purposes as at January 1, 2007 - Hollinger Canadian Publishing Holdings Co. Retirement Plan, attached as Exhibit "**E**";

(b) Report on the Actuarial Valuation for Funding Purposes as at January 1, 2009 - Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan, attached as Exhibit "**F**";

(c) Report on the Actuarial Valuation for Funding Purposes as at December 31, 2008 - Hollinger Canadian Publishing Holdings Co. Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers, attached as Exhibit "**G**";

(d) Report on the Actuarial Valuation for Funding Purposes as at December 31, 2007 - Sterling Newspapers Ltd. and Associated Companies Pension Plan, attached as Exhibit "**H**";

(e) Report on the Actuarial Valuation for Funding Purposes as at December 31, 2008 - Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers, attached as Exhibit "**I**"; and

(f) Actuarial Valuation Report, Expense and Disclosure for the Fiscal Year Ending December 31, 2008 under CICA Section 3461, FAS 87 and FAS 132 (R) (as modified by FAS 158) - Hollinger Canadian Publishing Holdings Co., attached as Exhibit "**J**".

90. Effective as of November 30, 2009, the Applicant directed CIBC Mellon Trust Company, as trustee of the Sterling Plan, to effect a transfer of assets from the pension fund of the Sterling Plan to an Osprey Media Group Inc. pension plan in the amount of $1,172,600 as at December 1, 2009. This transfer was made in furtherance of, and in accordance with, the terms of an agreement of purchase and sale with Osprey Media Group Inc. effective July 31, 2001 in respect of the liabilities of formerly active Sterling Plan members on that date who transferred employment as a result of the sale, following receipt of the written consent of the Superintendent of Financial Services to the transfer of assets by letter dated July 31, 2009. This final transfer amount, which was based on a transfer amount of $1,112,551 identified in the transfer valuation report, was adjusted to reflect net investment earnings from July 31, 2001 to the date of transfer plus net cash flow adjustments from the Sterling Plan to the Osprey Media Group Inc. pension

plan, under FSCO registration number 1077023, during such time period. The liability figures presented above in relation to the Sterling Plan are not impacted by this event; the actuarial valuation reports have taken into account this transfer of assets and obligations as between the Sterling Plan and the Osprey Media Group Inc. pension plan.

Other Post Employment Benefit Programs

91. The other benefits programs liability relates to unfunded post-retirement benefits and post-employment benefits under various plans which had been in place at Southam when it was an operating company. These benefits include medical, dental and life insurance benefits paid to retirees and employees on disability leave.

92. The liability currently recorded for the programs identified in the preceding paragraph on the attached balance sheet is $33,400,000. This amount is broken down as follows:

Benefit Plan	Obligation
Post-retirement benefits	$30,200,000
Post-employment benefits	$3,200,000
Total	$33,400,000

93. The liability was previously calculated as of December 31, 2008, using U.S. GAAP, at $35,150,000. That figure was broken down as follows:

Benefit Plan	Obligation
Post-retirement benefits	$32,223,000
Post-employment benefits	$2,927,000
Total	$35,150,000

The figure for the post-retirement benefits was and is identified in the Mercer (Canada) Limited Actuarial Valuation Report dated 12 February 2009, reflecting net periodic post-retirement benefit cost and disclosure for the fiscal year ending December 31, 2008. The post-retirement benefits figure was initially reported at $32,286,000, but was revised by Mercer in a letter dated March 18, 2009 to the $32,223,000 figure detailed above. A copy of the Actuarial Valuation Report for post-retirement benefits dated 12 February 2009 is attached as Exhibit "**K**".

94. The figure for the post-employment benefits was and is identified in the Mercer (Canada) Limited Actuarial Valuation Report dated 12 February 2009, reflecting fiscal 2008 post-employment expense and December 31, 2008 disclosure. The post-employment benefits figure was initially reported at $6,304,000, but was revised by Mercer in a letter dated March 18, 2009 to the $2,927,000 figure detailed above; this change relates to obligations assumed by CanWest as part of the settlement of the CanWest Arbitration. A copy of the Actuarial Valuation Report for post-employment benefits dated 12 February 2009 is attached as Exhibit "**L**".

95. These figures have been updated to reflect activity since the valuation reports were prepared and the assumption of liability by CanWest as identified above. The updated figures in accordance with Canadian GAAP are believed to be approximately $35,150,000.

Tax Liabilities

96. The net tax liabilities recorded on the balance sheet total $0.1 million. HCPH has had certain deferred tax losses, but I am advised by counsel that to the extent any such deferred losses remain, they are available as an "asset" to HCPH only as a corporate entity and cannot be sold separately from the corporate existence, further, the actual "value" may be minimal.

Ministry of Finance

97. HCPH is incorporated in Nova Scotia and has its business offices and assets in Ontario. A Personal Property Security Act ("PPSA") registration system search was conducted in both

Ontario and Nova Scotia. Copies of the PPSA search results from both jurisdictions are attached as Exhibit "M" .

98. Both the Nova Scotia and Ontario PPSA searches reveals no registrations against HCPH.

CURRENT STATUS OF HCPH

99. The assets on the balance sheet available to HCPH for satisfaction of its liabilities as they come due, that are not otherwise restricted, are accurately reflected as follows:

($ expressed in millions)

Asset	Unrestricted Use Value
Cash and Cash Equivalents	$25.5
ST Company note	$0
Inter-company STMG	$0
Inter-company Canadian Affiliates	$0
ABCP	$7.1
Health and Welfare Trust	$0
Prepaid Pension	$0
Other Assets	$1.1
Investments in Affiliates	$0
Total Assets	**$33.7**

100. The liabilities of HCPH can be summarized as follows:

(a) balance sheet liabilities of approximately $94.4 million; and

(b) the letter of credit obligation of $322,708.

101. Accordingly, HCPH's liabilities can be estimated to be $94.7 million or approximately $60 million greater than HCPH's assets.

102. HCPH will be unable to meet any obligations which may be found owing to RCL and RMI, its inter-company liabilities and the ongoing obligations associated with the Plans. HCPH is insolvent.

Cash Flow

103. An estimated cash flow forecast for the period December 7, 2009 through March 7, 2010 (i.e. 90 days) for HCPH has been prepared. A copy of the cash flow forecast is attached as Exhibit "N".

104. While HCPH is insolvent and currently lacks available sources of income, cash reserves on hand are more than sufficient to cover the cash flow projections, including the short term obligations in respect of the Plans.

Administrative Charge

105. Significant professional fees will continue to be incurred by HCPH as it engages its creditor constituencies and works on the formulation of a plan. HCPH is requesting that the Court grant a charge in the amount of $750,000 in favour of HCPH's legal and other professional advisers, of the monitor and its legal advisors and proposed representative counsel, to secure the payment of fees and expenses incurred in connection with this proceeding.

106. The administrative charge would include proposed representative counsel for the members and beneficiaries of the OPEB Plans. HCPH proposes appointment by the Honourable Court of Mr. Andrew Hatnay of Koskie Minsky LLP to act as representative counsel. While members of the Plans could individually retain their own counsel, retainer of representative counsel to represent the aligned interests of the beneficiaries under the Plans would help to ensure fairness and efficiency. The beneficiaries of the Plans are understood to reside across Canada with the Plans being associated with newspapers from across Canada. Representative counsel will facilitate unification of the numerous members of the Plans. It is therefore proposed

subject to approval of the Court that HCPH would cover the costs associated with representative counsel to ensure fair and appropriate representation.

107. I am advised by counsel that Mr. Hatnay is experienced in pension related matters and has previously acted as representative counsel in similar situations including acting as representative counsel for pension related matters within the ongoing Hollinger proceedings.

108. The administrative charge would also include expenses associated with a chief restructuring officer, described in detail below.

The Monitor

109. HCPH proposes that EYI be appointed monitor for this proceeding. EYI is not the auditor of HCPH. EYI has considerable knowledge of the affairs of HCPH by virtue of its role as CCAA Monitor for HLG and its involvement as a court appointed inspector of HLG in the Catalyst Fund General Partner I Inc. proceedings under the *Canadian Business Corporations Act* action in the Ontario Superior Court of Justice. EYI will be provided with full and complete access to HCPH's assets, including books, records, data and financial information to enable EYI to oversee and assess HCPH's business and financial affairs during any restructuring ordered by this Court. EYI has consented to act as monitor and its written consent will be filed with this Court.

Chief Restructuring Officer

110. As described above, STMG has directed the activities of HCPH since the resignation of Gordon A. Paris, who was the sole director, as well as, president and chief executive officer of HCPH. Effectively since the Transaction Agreement was completed, management of HCPH has occurred through STMG.

111. There is no officer or director, or even senior management at HCPH that could assist the Monitor in performing its duties.

112. Mr. Dennis Byrd has been treasurer of STMG since 2006. During his time at STMG, Mr. Byrd acquired significant knowledge of and familiarity with the Plans. Mr. Byrd would be an invaluable asset to HCPH and the Monitor in sorting out details concerning the Plans, HCPH's banking arrangements and background information and assisting in the continued interim administration of payments under the Plans. If someone with Mr. Byrd's familiarity with HCPH and its obligations is not appointed as CRO it is likely that the professional time needed to be expended in this matter will be much greater.

113. Mr. Byrd has consented to assist in the CCAA proceedings by acting as CRO. HCPH views the function of the CRO as a Court appointed officer over all property, assets and undertakings of the Applicants who will work together with the Monitor. A copy of the draft agreement engaging Mr. Byrd as CRO, subject to the Court's approval, is attached as Exhibit **"O"**.

Transition Services Agreement

114. Moving forward in connection with CCAA proceedings, HCPH will require certain ongoing services and assistance from STMG and Sun-Times Media Holdings, LLC ("Holdings"), the entity that acquired substantially all of STMG's assets. The required services and assistance include the provision of the CRO (who is an employee of Holdings or one of its subsidiaries) and administrative, accounting and support services, as well as, access to certain books and records, office space and personnel.

115. HCPH has negotiated a draft transition services agreement, which, subject to court approval, will govern the transition services provided to HCPH. A copy of the draft transition services agreement, which HCPH proposes to execute, is attached as Exhibit "**P**".

Necessity for CCAA Initial Order

116. The CCAA application is intended, in part, to facilitate a "soft landing" for the more than 3,000 members of the Plans by causing continued interim payment to such members, as well as providing HCPH with a stay of proceedings against it to allow it to work on a possible plan to deal with the Plans and other issues more permanently, with the assistance of the CRO and the Monitor and in consultation with representative counsel.

Interim Preservation

117. The intention is for the CCAA initial order to temporarily preserve the status quo. Payments to the beneficiaries under the Plans will continue, subject to the terms of the Plans, requirements of applicable legislation and any amendments ordered by the Court.

118. In order to ensure fairness to all members and beneficiaries of the Plans generally, payments made after the commencement of these proceedings to members and beneficiaries of the OPEB Plans will be credited against their future distributions, if any, in any eventual resolution approved by the Court addressing the entitlements of the members and beneficiaries of the Plans.

119. The interim period will be used by the Monitor and CRO to fully inform themselves concerning all of the creditors of HCPH and potential debtors. In particular, a detailed understanding of the Plans, their participants, their obligations and their funding will be obtained.

120. HCPH together with the Monitor will report back to the Court with proposed next steps after a more detailed understanding of the Plans has been established.

121. I swear this affidavit in support of HCPH's request that an initial order be granted under the CCAA in the form annexed to the notice of application herein, and for no other or improper purpose.

SWORN BEFORE ME at the City of Chicago, in the State of Illinois this 8th day of December 2009.

Jennifer L. Kocenko

A commissioner of oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

Thomas L. Kram

Thomas L. Kram

THIS IS EXHIBIT "A" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 9th DAY

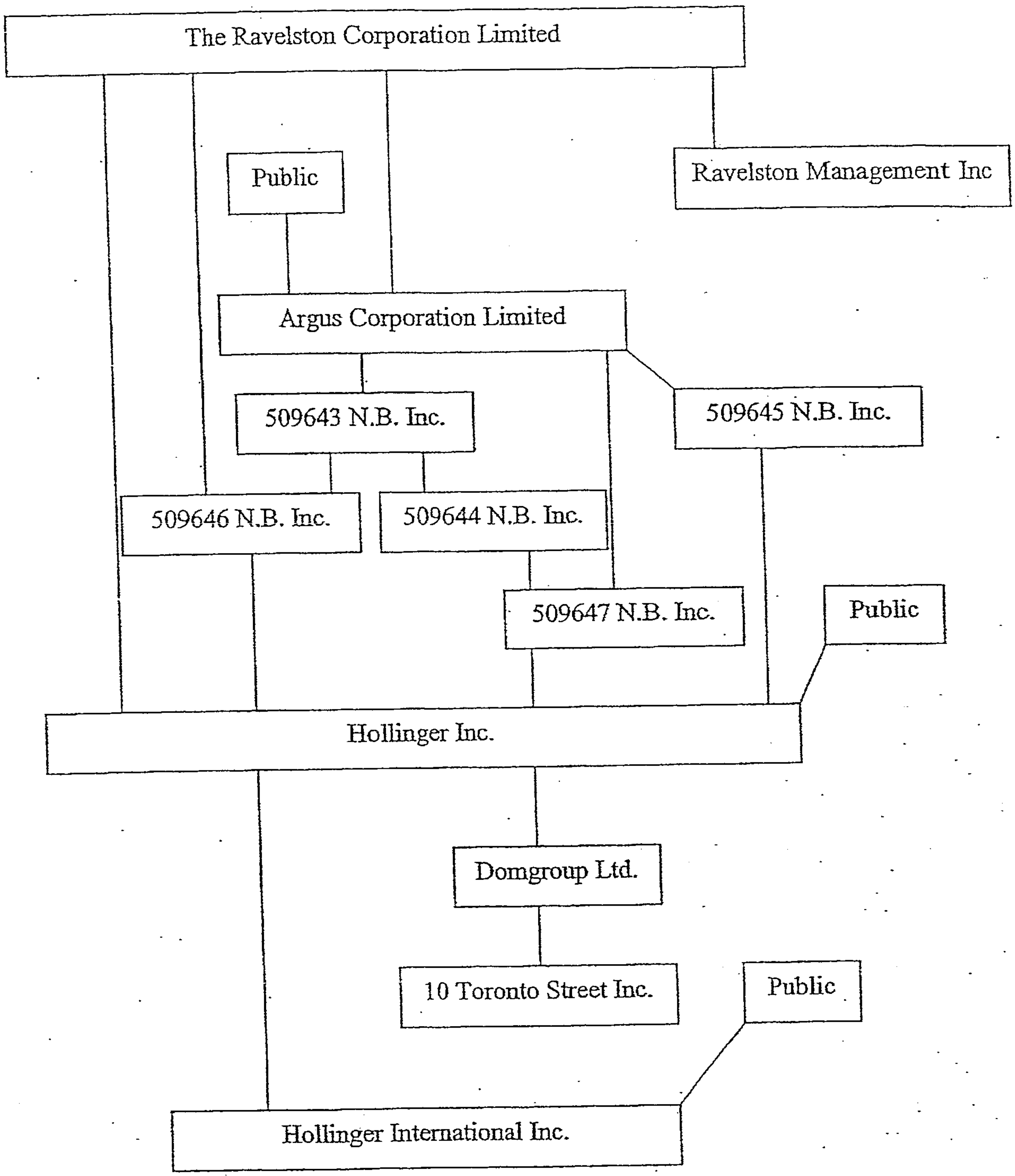
OF DECEMBER, 2009

Jennifer L Kocenko

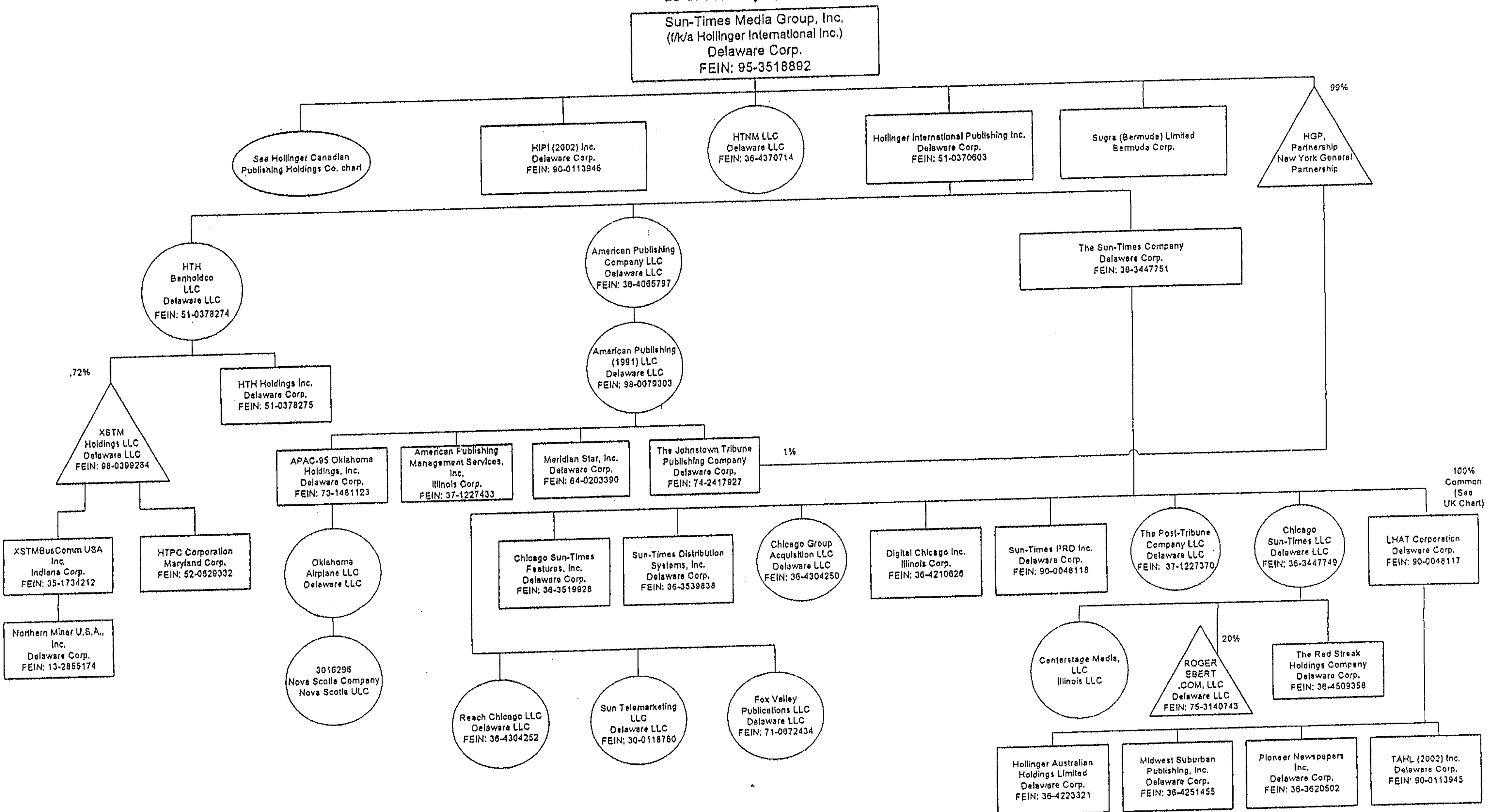
A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

~~Corporate Structure~~

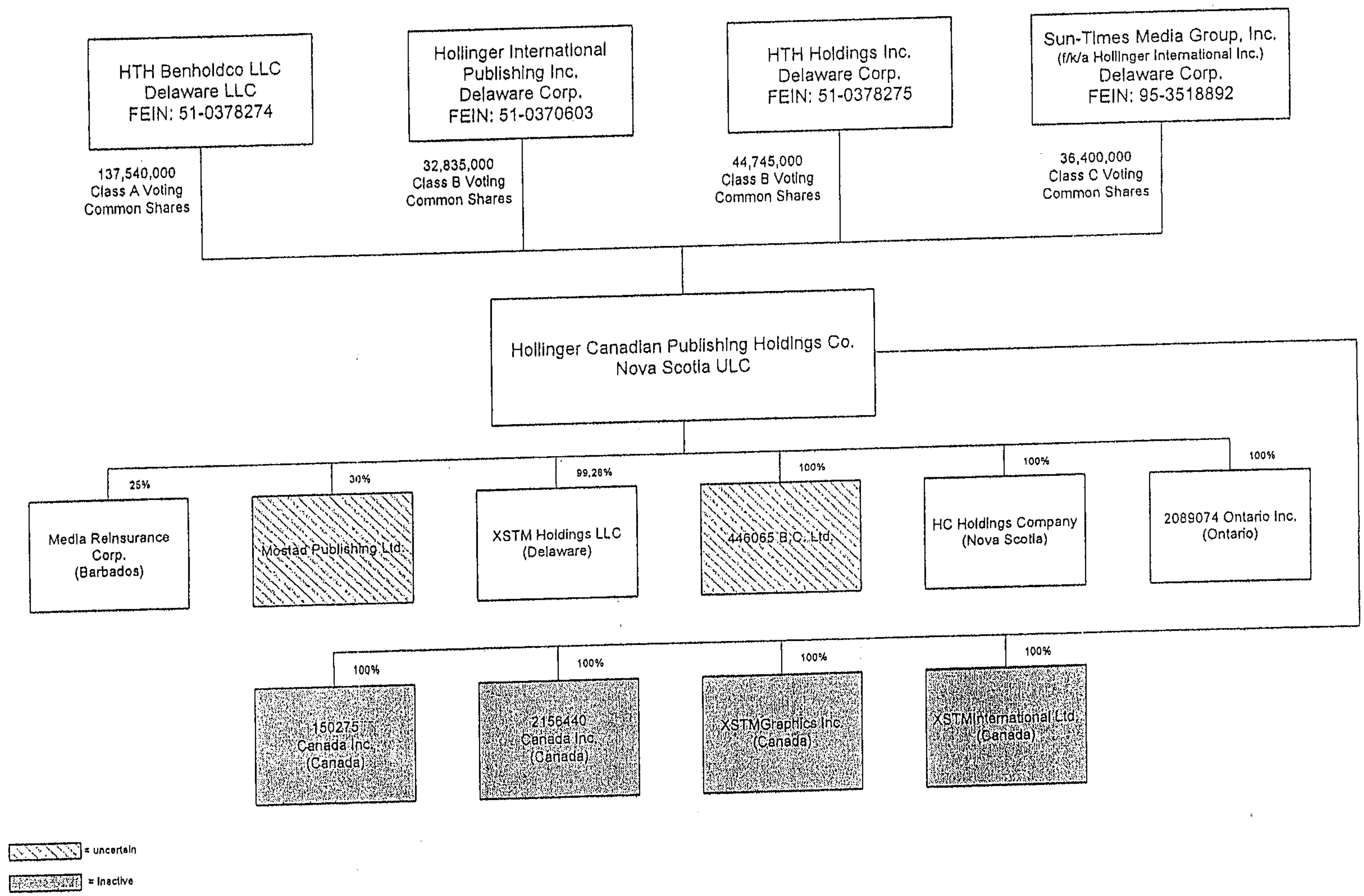


Sun-Times Media Group, Inc. (f/k/a Hollinger International Inc.)
Subsidiaries
as of January 1, 2009



McDonough\Documents\Chart - SVN Corporate Chart - Ver 6.vsd

Hollinger Canadian Publishing Holdings Co.
Ownership and Subsidiaries



THIS IS EXHIBIT "B" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: SUN-TIMES MEDIA GROUP, INC., Debtor, Tax I.D. No. 95-3518892	Chapter 11 Case No. 09–11092(CSS) **Ref. Docket No. 3**
In re: AMERICAN PUBLISHING (1991) LLC, Debtor, Tax I.D. No. 98-0079303	Chapter 11 Case No. 09–11093(CSS)
In re: AMERICAN PUBLISHING COMPANY LLC, Debtor, Tax I.D. No. 36-4065797	Chapter 11 Case No. 09–11094(CSS)
In re: AMERICAN PUBLISHING MANAGEMENT SERVICES, INC., Debtor, Tax I.D. No. 37-1227433	Chapter 11 Case No. 09–11095(CSS)
In re: APAC-95 OKLAHOMA HOLDINGS, INC., Debtor, Tax I.D. No. 73-1481123	Chapter 11 Case No. 09–11096(CSS)

In re: CENTERSTAGE MEDIA, LLC, Debtor, Tax I.D. No. 36-4081160	Chapter 11 Case No. 09–11097(CSS)
In re: CHICAGO GROUP ACQUISITION LLC, Debtor, Tax I.D. No. 36-4304250	Chapter 11 Case No. 09–11098(CSS)
In re: CHICAGO SUN-TIMES FEATURES, INC., Debtor, Tax I.D. No. 36-3519928	Chapter 11 Case No. 09–11099(CSS)
In re: CHICAGO SUN-TIMES LLC, Debtor, Tax I.D. No. 36-3447749	Chapter 11 Case No. 09–11100(CSS)
In re: DIGITAL CHICAGO INC., Debtor, Tax I.D. No. 36-4210626	Chapter 11 Case No. 09–11101(CSS)

In re: FOX VALLEY PUBLICATIONS LLC, Debtor, Tax I.D. No. 71-0672434	Chapter 11 Case No. 09–11102(CSS)
In re: HGP, PARTNERSHIP, Debtor, Tax I.D. No. 54-1964292	Chapter 11 Case No. 09–11103(CSS)
In re: HIPI (2002) INC., Debtor, Tax I.D. No. 90-0113946	Chapter 11 Case No. 09–11104(CSS)
In re: HOLLINGER AUSTRALIAN HOLDINGS LIMITED, Debtor, Tax I.D. No. 36-4223321	Chapter 11 Case No. 09–11105(CSS)
In re: HOLLINGER INTERNATIONAL PUBLISHING INC., Debtor, Tax I.D. No. 51-0370603	Chapter 11 Case No. 09–11106(CSS)

In re: HTH BENHOLDCO LLC, Debtor, Tax I.D. No. 51-0378274	Chapter 11 Case No. 09–11107(CSS)
In re: HTH HOLDINGS INC., Debtor, Tax I.D. No. 51-0378275	Chapter 11 Case No. 09–11108(CSS)
In re: HTNM LLC, Debtor, Tax I.D. No. 36-4370714	Chapter 11 Case No. 09–11109(CSS)
In re: HTPC CORPORATION, Debtor, Tax I.D. No. 52-0629332	Chapter 11 Case No. 09–11110(CSS)
In re: LHAT CORPORATION, Debtor, Tax I.D. No. 90-0048117	Chapter 11 Case No. 09–11112(CSS)

In re: MERIDIAN STAR, INC., Debtor, Tax I.D. No. 64-0203390	Chapter 11 Case No. 09–11113(CSS)
In re: MIDWEST SUBURBAN PUBLISHING, INC., Debtor, Tax I.D. No. 36-4251455	Chapter 11 Case No. 09–11114(CSS)
In re: NORTHERN MINER U.S.A., INC. Debtor, Tax I.D. No. 13-2855174	Chapter 11 Case No. 09–11115(CSS)
In re: OKLAHOMA AIRPLANE LLC, Debtor, Tax I.D. No. 73-1481123	Chapter 11 Case No. 09–11116(CSS)
In re: PIONEER NEWSPAPERS INC., Debtor, Tax I.D. No. 36-3620502	Chapter 11 Case No. 09–11117(CSS)

In re:	)
	) Chapter 11
REACH CHICAGO LLC,	)
	) Case No. 09–11118(CSS)
	)
Debtor,	)
	)
Tax I.D. No. 36-4304252	)

In re:	)
	) Chapter 11
SUN TELEMARKETING LLC,	)
	) Case No. 09–11119(CSS)
	)
Debtor,	)
	)
Tax I.D. No. 30-0118780	)

In re:	)
	) Chapter 11
SUN-TIMES DISTRIBUTION SYSTEMS, INC.,	) Case No. 09–11120(CSS)
	)
	)
Debtor,	)
	)
Tax I.D. No. 36-3539838	)

In re:	)
	) Chapter 11
SUN-TIMES PRD INC.,	)
	) Case No. 09–11121(CSS)
	)
Debtor,	)
	)
Tax I.D. No. 90-0048118	)

In re:	)
	) Chapter 11
TAHL (2002) INC.,	)
	) Case No. 09–11122(CSS)
	)
Debtor,	)
	)
Tax I.D. No. 90-0113945	)

In re: THE JOHNSTOWN TRIBUNE PUBLISHING COMPANY, Debtor, Tax I.D. No. 74-2417927	Chapter 11 Case No. 09–11123(CSS)
In re: THE POST-TRIBUNE COMPANY LLC, Debtor, Tax I.D. No. 37-1227370	Chapter 11 Case No. 09–11124(CSS)
In re: THE RED STREAK HOLDINGS COMPANY, Debtor, Tax I.D. No. 36-4509358	Chapter 11 Case No. 09–11125(CSS)
In re: THE SUN-TIMES COMPANY, Debtor, Tax I.D. No. 36-3447751	Chapter 11 Case No. 09–11126(CSS)
In re: XSTMHOLDINGS LLC, Debtor, Tax I.D. No. 98-0399284	Chapter 11 Case No. 09–11127(CSS)

ORDER AUTHORIZING JOINT ADMINISTRATION OF THE DEBTORS' RELATED CHAPTER 11 CASES

Upon the motion (the "Motion") of the Debtors[1] for entry of an order, authorizing the joint administration of the Debtors' chapter 11 cases, as more fully set forth in the Motion; and upon the McDonough Declaration; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in interest; and the Debtors having provided appropriate notice of the Motion and the opportunity for a hearing on this Motion under the circumstances and no other or further notice need be provided; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted.

2. The above-captioned chapter 11 cases are consolidated for procedural purposes only and shall be jointly administered by this Court.

3. Nothing contained in the Motion or this Order shall be deemed or construed as directing or otherwise effecting a substantive consolidation of the Debtors' chapter 11 cases.

4. The caption of the jointly administered cases should read as follows:

1 All capitalized terms used but otherwise not defined herein shall have the meaning set forth in the Motion.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
SUN-TIMES MEDIA GROUP, INC., *et al.*,[2]	)	Case No. 09-11092 (CSS)
	)	
Debtors.	)	Jointly Administered

5. A docket entry shall be made in each of the above-captioned cases substantially as follows:

> An order has been entered in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure directing the procedural consolidation and joint administration of the chapter 11 cases of Sun-Times Media Group, Inc.; American Publishing (1991) LLC; American Publishing Company LLC; American Publishing Management Services, Inc.; APAC-95 Oklahoma Holdings, Inc. ; Centerstage Media, LLC; Chicago Group Acquisition LLC; Chicago Sun-Times Features, Inc.; Chicago Sun-Times LLC; Digital Chicago Inc.; Fox Valley Publications LLC; HGP, Partnership; HIPI (2002) Inc.; Hollinger Australian Holdings Limited; Hollinger International Publishing Inc.; HTH Benholdco LLC; HTH Holdings Inc.; HTNM LLC; HTPC Corporation; LHAT Corporation; Meridian Star, Inc.; Midwest Suburban Publishing, Inc.; Northern Miner U.S.A., Inc.; Oklahoma Airplane LLC; Pioneer Newspapers Inc.; Reach Chicago LLC; Sun Telemarketing LLC; Sun-Times Distribution Systems, Inc.; Sun-Times PRD Inc.; TAHL (2002) Inc.; The Johnstown Tribune

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2 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Sun-Times Media Group, Inc. (8892); American Publishing (1991) LLC (9303); American Publishing Company LLC (5797); American Publishing Management Services, Inc. (7433); APAC-95 Oklahoma Holdings, Inc. (1123); Centerstage Media, LLC (1160); Chicago Group Acquisition LLC (4250); Chicago Sun-Times Features, Inc. (9928); Chicago Sun-Times LLC (7749); Digital Chicago Inc. (0626); Fox Valley Publications LLC (2434); HGP, Partnership (4292); HIPI (2002) Inc. (3946); Hollinger Australian Holdings Limited (3321); Hollinger International Publishing Inc. (0603); HTH Benholdco LLC (8274); HTH Holdings Inc. (8275); HTNM LLC (0714); HTPC Corporation (9332); LHAT Corporation (8117); Meridian Star, Inc. (3390); Midwest Suburban Publishing, Inc. (1455); Northern Miner U.S.A., Inc. (5174); Oklahoma Airplane LLC (1123); Pioneer Newspapers Inc. (0502); Reach Chicago LLC (4252); Sun Telemarketing LLC (8780); Sun-Times Distribution Systems, Inc. (9838); Sun-Times PRD Inc. (8118); TAHL (2002) Inc. (3945); The Johnstown Tribune Publishing Company (7927); The Post-Tribune Company LLC (7370); The Red Streak Holdings Company (9358); The Sun-Times Company (7751); XSTMHoldings LLC (9284). The location of the Debtors' corporate headquarters and the service address for all Debtors is: 350 N. Orleans St., Floor 10-S, Chicago, IL 60654.

Publishing Company; The Post-Tribune Company LLC; The Red Streak Holdings Company; The Sun-Times Company; XSTMHoldings LLC and all further pleadings and other papers shall be filed in, and all further docket entries shall be made in, Case No. 09-11092.

6. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

7. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: April 1, 2009
Wilmington, Delaware

Christopher S. Sontchi
United States Bankruptcy Judge

THIS IS EXHIBIT "C" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

Hollinger Canadian Publishing Holdings Co.
Balance Sheet
As of October 31, 2009
(in millions)

	Denominated in: CAD	USD	Total CAD		
Assets					
Cash and Cash Equivalents	24.6	0.8	25.5		
Overdrafts due from CanWest	23.9		23.9	(5)	(A)
Overdrafts due to RBC	(23.9)		(23.9)	(5)	(A)
Net Overdrafts	-		-		
Sun-Times Company note		55.9	60.3		
Intercompany Receivables from US affiliates	6.6		6.6		(B)
Intercompany Receivables from Canadian affiliates	22.3		22.3		(C)
ABCP, net		6.6	7.1		
Investments in Canadian affiliates	409.2		409.2		
Restricted cash in LTD Trust	1.5		1.5		
Indemnification Trust Deposit - STMG	9.6		9.6		
Reserve for LTD Trust payments	(1.5)		(1.5)		
Net Restricted Cash	9.6		9.6		
Prepaid Pension Asset	85.8		85.8	(1)	
Other assets	1.1		1.1		
Total Assets			627.4		
Liabilities					
Due Ravelston (RMI), net	29.0		29.0	(2)	(D)
Intercompany Payables with US affiliates	12.3		12.3		(E)
Intercompany Payables with Canadian affiliates	1.7		1.7		(F)
Other	1.1		1.1		(G)
Pension	16.8		16.8	(3)	
Other benefit programs	33.4		33.4	(4)	
Net tax liabilities	0.1		0.1		(H)
Total Liabilities			94.4		
Total Equity			533.1		
Total Liabilities and Equity			627.4		

Hollinger Canadian Publishing Holdings Co.
Balance Sheet
As of October 31, 2009
(in millions)

Notes:
CAD / USD exchange rate, as of October 31, 2009 = 0.9278

(1) Represents Canadian GAAP funded status.
(2) Ravelston currently in bankruptcy. The payable represents management fees.
(3) Liabilities for unfunded pension arrangements (includes SERA and Divisional Allowances).
(4) Post Retirement and Post Employment benefit obligations. As the result of the final Settlement Agreement with CanWest, these liabilities were decreased by $1.9 million as of 12/31/2008 because CanWest is retaining the responsibility of the Pacific Press LTD members, who were previously included in the HCPH Co. liability.
(5) The settlement with CanWest is expected to result in the netting of these separate bank accounts (deposit account in CanWest's name and overdraft account in Company's name).

(A) Represents linked cash depository amounts and offsetting disbursement (overdraft) accounts. The amounts are maintained at RBC. Ownership of all linked accounts were to be transferred to CanWest but only the depository accounts were legally transferred. Accounts have been frozen pending arbitration and all amounts are expected to be closed.

(B) Intercompany receivable balances from US affiliates are primarily as the result of HCPH Co. funding these operations in past years, as follows:

	(millions)
Community News Group	3.5
HIPI	2.9
LHAT	0.2
Total	6.6

(C) Intercompany receivable balances from Canadian affiliates are primarily as the result of HCPH Co. funding these operations in past years, as follows:

	(millions)
Southam Holding Co.	7.9
Holladay Tyler Printing Corp.	4.4
Southam Business Comm.	3.2
Southam Graphics, Inc.	6.7
Durham Post	0.1
Total	22.3

(D) Primarily results from intercompany charges of management fees from RMS. Not expected to be paid and no claim was asserted against STMG or HCPH Co..

(E) Intercompany payable balances with US affiliates are primarily the result of funding received from these operations in past years, as follows:

	(millions)
HLR (STMG)	4.0
HIPI	3.1
3016296 Nova Scotia, Inc.	5.2
Total	12.3

(F) Intercompany payable balances with Canadian affiliates are primarily the result of funding received from these operations in past years, as follows:

	(millions)
Southam Holding Co.	1.5
10527 Canada, Inc	0.3
Total	1.7

(G) Other Liabilities are as follows: Accrued Legal and Consulting of $0.7 million and Accrued Ontario Capital Taxes of $0.4 million.
(H) Net tax liabilities of $0.1 million are primarily open provincial tax issues.

THIS IS EXHIBIT "D" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

SUN-TIMES MEDIA GROUP

James D. McDonough
Senior Vice President
General Counsel
and Secretary

February 27, 2009

Via Facsimile ((403) 292-2413)

Royal Bank of Canada
5445 Falsbridge Dr. NE
Calgary, Alberta
T3J 3C7

Attention: Shelina Esmail

Dear Sirs/Mesdames:

Re: Southam Inc. RBC account 01309 103-125-1

Further to our recent communications in respect of the above account, we are writing to advise that we have agreed with Canwest Global Communications Corp. ("CanWest") that we will not seek to withdraw or otherwise transfer any funds from the above account without providing CanWest with two business days' notice of any instructions to withdraw or transfer funds from the account. We have also agreed with CanWest that this direction cannot be countermanded without the Bank having received written confirmation of the countermand from CanWest.

Should we seek to withdraw or transfer funds from the above-captioned account, we will be required to provide two business days' notice of such intention to you and CanWest. Notice to CanWest shall be made to its counsel Osler, Hoskin & Harcourt LLP by facsimile (fax number: (416) 862-6666) and e-mail to the attention of Lyndon Barnes (lbarnes@osler.com) and Allan Coleman (acoleman@osler.com).

Please acknowledge receipt.

SUN-TIMES MEDIA GROUP, INC.

By: James D. McDonough
Name: James D. McDonough
Senior Vice President, General Counsel
and Secretary

350 North Orleans Street, Chicago, Illinois 60654-1771

c: Osler, Hoskin & Harcourt LLP
Attention: Lyndon Barnes
Allan Coleman

Bennett Jones LLP
Attention: Lincoln Caylor
Kevin J. Zych

THIS IS EXHIBIT "E" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocerko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCERKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

November 2007

Hollinger Canadian Publishing Holdings Co. Retirement Plan

Report on the Actuarial Valuation for Funding Purposes as at January 1, 2007

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Financial Services Commission of Ontario Registration Number: 0526947
Canada Revenue Agency Registration Number: 0526947

Consulting. Outsourcing. Investments.

Contents

1

Summary of Results

Going-concern Financial Position	01.01.07	01.01.04
Actuarial value of assets	$320,519,000	$291,389,000
Actuarial liability	$258,217,000	$269,465,000
Funding excess (unfunded liability)	$62,302,000	$21,924,000
Solvency Financial Position	**01.01.07**	**01.01.04**
Solvency assets	$319,769,000	$290,514,000
Solvency liability	$264,715,000	$279,295,000
Solvency excess (deficiency)	$55,054,000	$11,219,000
Transfer ratio	1.21	1.04
Wind-up Financial Position	**01.01.07**	**01.01.04**
Market value of assets net of termination expenses	$319,769,000	$290,514,000
Total wind-up liability	$264,715,000	$279,295,000
Wind-up excess (deficiency)	$55,054,000	$11,219,000
Funding Requirements (annualized)	**2007**	**2005**
Total current service cost	$210,000	$1,418,000
Estimated member's required contributions	($3,000)	($374,000)
Estimated employer's current service cost	$207,000	$1,044,000
Employer's current service cost as a percentage of members' pensionable earnings	11.59%	7.19%
Minimum special payments	$0	$0
Estimated minimum employer contribution for year	$0	$0
Estimated maximum employer contribution for year	$0	$1,044,000

2

Introduction

Report on the Actuarial Valuation as at January 1, 2007

To Hollinger Canadian Publishing Holdings Co.

At your request, we have conducted an actuarial valuation of the Hollinger Canadian Publishing Holdings Co. Retirement Plan as at January 1, 2007. We are pleased to present the results of the valuation.

The purpose of this valuation is to determine:

- the funded status of the plan as at January 1, 2007 on going-concern and solvency bases, and
- the minimum funding requirements from 2007.

The next actuarial valuation of the plan will be required as at a date not later than January 1, 2010 or as at the date of an earlier amendment to the plan, in accordance with the minimum requirements of the *Pension Benefits Act (Ontario)*.

This valuation reflects the provisions of the plan as at January 1, 2007. The Company entered into a Pension and Benefits Agreement with Glacier Ventures International Corp. that resulted in the transfer of assets and liabilities with respect to the Glacier employees, as described in the asset transfer report as at February 6, 2006. As of the valuation date, this transaction was not complete but it is complete as of the report date. Thus, the results reflect the actual asset transfer.

Although the bulk of the asset transfers with respect to the Transaction Agreements with CanWest Global Communications Corporation and The National Post are complete, the residual asset transfers with respect to these sales remain outstanding, in the amount of $301,000 as of the valuation date. As of the report date, the amount of the residual asset transfer is under review and is expected to change. Any such change will be reflected in a subsequent valuation. As a result of these transactions, Hollinger Canadian Publishing Holdings Co. is the only participating employer in the plan.

There have been no other amendments to the plan since the date of the previous valuation. A summary of the plan provisions is provided in Appendix D.

We have used the same going-concern valuation assumptions and methods as were used for the valuation as at January 1, 2004, except for the following:

- the discount rate was changed from 6.00% per year to 5.25% per year;
- the assumption for future increases in the Canada Revenue Agency maximum pension was changed to reflect set amounts in the Income Tax Act through 2009 and increases at 3.5% thereafter; and
- the mortality table was changed from the UP94 mortality table projected to 2004 to the UP94 generational mortality table with a 19 year mortality improvement projection.

These changes have resulted in an increase of $28,120,000 in the actuarial liability and of $29,000 in the employer current service cost.

The solvency and wind-up assumptions have been updated to reflect market conditions at the valuation date.

The assumptions used for the purposes of this valuation are described in Appendix B. All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

A new Canadian Institute of Actuaries Standard of Practice for Determining Pension Commuted Values ("CIA Standard") became effective on February 1, 2005. The new CIA Standard changed the assumptions used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer. The financial impact of the new CIA Standard has been reflected in this actuarial valuation.

This report has been prepared on the assumption that all of the assets in the pension fund are available to meet all of the claims on the pension plan. We are not in a position to assess the impact that the Ontario Court of Appeal's decision in *Aegon Canada Inc. and Transamerica Life Canada versus ING Canada Inc.* or similar decisions in other jurisdictions might have on the validity of this assumption.

After checking with representatives of Hollinger Canadian Publishing Holdings Co., to the best of our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in *Monsanto Canada Inc. versus Superintendent of Financial Services ("Monsanto")*, thereby upholding the requirement to distribute surplus on partial plan wind-ups under *The Pension Benefits Act (Ontario)*. The decision has retroactive application. We are aware of a past partial wind-up of the plan where the Monsanto decision may have application. We are holding a reserve of $266,000 for this distribution of surplus. The actual amount required to be distributed may be materially different than the reserve held in this report. Furthermore, the subsequent declaration of a partial wind-up of the plan in respect of other past events, or disclosure of an additional existing past partial wind-up, could cause an additional claim on plan assets. We are making no representation as to whether the Superintendent might declare a partial wind-up in respect of other events in the plan's history or whether the Superintendent may require additional amounts to be distributed with respect to the past partial wind-up identified above.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice. It has also been prepared in accordance with the funding and solvency standards set by the *Pension Benefits Act (Ontario)*.

The information contained in this report was prepared for Hollinger Canadian Publishing Holdings Co. for its internal use and for filing with the Financial Services Commission of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the plan. This report is not intended or necessarily suitable for other purposes.

This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency.

Respectfully submitted,

Wade E. Schaefer FSA, FCIA	Eileen F. Luxton FSA, FCIA
Date	Date

Hollinger Canadian Publishing Holdings Co. Retirement Plan

Registration number with the Financial Services Commission of Ontario and with the Canada Revenue Agency: 0526947

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Financial Position of the Plan

Valuation Results – Going-concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the plan will be maintained indefinitely.

Financial Position

The results of the valuation as at January 1, 2007, in comparison with those of the previous valuation as at January 1, 2004, are summarized as follows:

Financial Position – Going-concern Basis

	01.01.07	01.01.04
Assets		
Actuarial value of assets (market value)	$342,610,000	$291,662,000
Assets apportioned for prior sales	($301,000)	($273,000)
Assets apportioned for Glacier sale	($21,524,000)	($0)
Assets apportioned for prior wind-ups	($266,000)	($0)
Total assets	$320,519,000	$291,389,000
Actuarial liability		
Present value of accrued benefits for:		
▪ active members	$108,000	$12,876,000
▪ disabled members	$4,990,000	$7,218,000
▪ successor members	$15,747,000	$15,662,000
▪ pensioners and survivors	$229,612,000	$227,721,000
▪ deferred pensioners	$5,470,000	$4,162,000
▪ in-transit members	$2,290,000	$1,817,000
▪ additional voluntary contributions	$0	$9,000
Total liability	$258,217,000	$269,465,000
Funding excess (shortfall)	$62,302,000	$21,924,000

Reconciliation of Financial Position

The plan's financial position, a funding excess of $62,302,000 as at January 1, 2007, is reconciled with its previous position, a funding excess of $21,924,000 as at January 1, 2004, as follows:

Reconciliation of Financial Position

Funding excess as at 01.01.04	$21,924,000
Interest on funding excess at 6.00% per year	$4,188,000
Net experience gains (losses) over 2004-2006*	$67,330,000
Employer's contributions drawn from previous funding excess	($2,911,000)
Impact of changes in assumptions and methods	($28,120,000)
Net impact of other elements of gains and losses	($109,000)
Funding excess (unfunded liability) as at 01.01.07	$62,302,000

* Net experience gains (losses) are detailed below.

Plan Experience

The main assumptions are compared with actual experience since the previous valuation as at January 1, 2004:

Plan Experience

	Impact Gain/(Loss)
Net Investment return	$77,370,000
Loss due to member retirements	($953,000)
Gain due to member terminations	$209,000
Loss due to member mortality	($2,107,000)
Gain due to increases in pensionable earnings & YMPE	$97,000
Loss due to interest credited to employee contributions	($149,000)
Loss due to data adjustments	($963,000)
Assets apportioned for prior wind-ups	($266,000)
Gain on assets apportioned for prior sales	$24,000
Transfer of funding excess in Glacier sale	($5,932,000)
Net experience gains (losses)	$67,330,000

Valuation Results – Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the plan's assets and its liabilities on a solvency basis, determined in accordance with the *Pension Benefits Act (Ontario)*. The values of the plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date. The circumstance in which the plan wind-up is assumed to have taken place is the plan is discontinued as of the valuation date.

We have included the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up.

Financial Position on a Solvency Basis

The plan's solvency position as at January 1, 2007, in comparison with that of the previous valuation as at January 1, 2004, is determined as follows:

Solvency Position

	31.12.06	31.12.03
Assets		
Market value of assets	$342,610,000	$291,662,000
Assets apportioned for prior sales	($301,000)	($273,000)
Assets apportioned for Glacier sale	($21,524,000)	($0)
Assets apportioned for prior wind-ups	($266,000)	($0)
1. Total assets	$320,519,000	$291,389,000
Termination expense provision	($750,000)	($875,000)
2. Solvency assets	$319,769,000	$290,514,000
Actuarial liability		
Present value of accrued benefits for:		
▪ active members	$87,000	$10,799,000
▪ disabled members	$6,488,000	$9,744,000
▪ successor members	$18,020,000	$19,275,000
▪ pensioners and survivors	$232,104,000	$233,303,000
▪ deferred pensioners	$5,726,000	$4,348,000
▪ intransit members	$2,290,000	$1,817,000
▪ additional voluntary contributions	$0	$9,000
3. Solvency liabilities	$264,715,000	$279,295,000
Solvency excess (deficiency) created as at valuation date (2. - 4.)	$55,054,000	$11,219,000
Transfer ratio (1. ÷ 3.)	1.21	1.04

Impact of Plan Wind-up

In our opinion, the value of the plan's assets would be greater than its actuarial liabilities if the plan were to be wound up on the valuation date. Specifically, actuarial liabilities would exceed the market value of plan assets by $55,054,000. This calculation includes a provision for termination expenses that might be payable from the pension fund.

Pension Benefit Guarantee Fund (PBGF) Assessment (Ontario)

The PBGF assessment is calculated as follows:

$1 for each Ontario member	$1,727.00
PLUS	
0.5% of PBGF assessment base up to 10% of PBGF liabilities	$0.00
PLUS	
1.0% of PBGF assessment base up to between 10% and 20% of PBGF liabilities	$0.00
PLUS	
1.5% of PBGF assessment base over 20% of PBGF liabilities	$0.00
PLUS	
2.0% of special PBGF assessment base	$0.00
PBGF assessment (taking into account the limit per member)	$1,727.00

The PBGF assessment base and liabilities are derived as follows:

PBGF Assessment Base and PBGF Liabilities

PBGF liabilities	$159,105,000	(a)
Total solvency liabilities	$264,715,000	(b)
Ontario asset ratio	60.1%	(c) = (a) ÷ (b)
Market value of assets	$320,519,000	(d)
Ontario portion of the fund	$192,645,600	(e) = (c) x (d)
PBGF assessment base	$0	(f) = (a) - (e)

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Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of the active and disabled members during 2007, in comparison with the corresponding value determined in the previous valuation as at January 1, 2004, is summarized below:

Employer's Current Service Cost

	2007	2004
Total current service cost	$210,000	$1,418,000
Estimated members' required contributions	($3,000)	($374,000)
Estimated employer's current service cost	$207,000	$1,044,000
Employer's current service cost expressed as a percentage of members' pensionable earnings	11.59%	7.19%

An analysis of the changes in the employer's current service cost follows:

Changes in Employer's Current Service Cost

Employer's current service cost as at 01.01.04	7.19%
Demographic changes	2.78%
Changes in assumptions	1.62%
Employer's current service cost as at 01.01.07	11.59%

Special Payments

Going-concern Basis

No going-concern special payments are required.

Solvency Basis

No solvency special payments are required.

Total Special Payments

No special payments are required.

Employer Contributions

There is a funding excess of $62,302,000 and no special payments are required for solvency purposes as at January 1, 2007 on the basis of the assumptions and methods described in this report. Thus the employer need not contribute to the plan until after the entire funding excess has been applied towards the employer's current service cost.

Once the entire funding excess has been so applied, monthly employer contributions must resume. We recommend that such employer contributions be determined as 11.59% of members' pensionable earnings. The amount of the employer's current service cost should be monitored in order to ensure that monthly employer contributions resume in a timely manner.

In accordance with Section 147.2 of the *Income Tax Act*, the plan may not retain its registered status if the employer makes a contribution while the funding excess ($62,302,000 as at January 1, 2007) exceeds the lesser of:

- 20% of the going-concern actuarial liability ($51,643,400); and
- the greater of:
  - 10% of the going-concern actuarial liability ($25,821,700); and
  - two years of total current service cost ($420,000).

Since the funding excess exceeds the maximum allowed under Section 147.2 of the *Income Tax Act*, no contribution to the plan by Hollinger Canadian Publishing Holdings Co. is permitted before funding excess has been reduced to less than $36,480,300, or else the plan's registered status may be revoked.

Estimated Maximum Employer Contributions until December 31, 2009

Year Ending	Current Service Cost	Estimated Funding Excess Applicable	Maximum Employer Contributions
2007	$207,000	$207,000	$0
2008	$207,000	$207,000	$0
2009	$208,000	$208,000	$0

At the current level of funding excess, we do not anticipate that an employer contribution will be permitted prior to the next valuation date, or an earlier amendment to the plan.

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Actuarial Opinion

With respect to the Actuarial Valuation as at January 1, 2007
of the Hollinger Canadian Publishing Holdings Co. Retirement Plan
FSCO Registration 0526947
Canada Revenue Agency 0526947

Based on the results of this valuation, we herby certify that, as at January 1, 2007:

- The employer's current service cost for 2007 and subsequent years, up to the next actuarial valuation should be calculated as 11.59% of members' pensionable earnings.

- The employer's current service cost for 2007 is estimated to be $207,000.

- There is a funding excess of $62,302,000 and no special payments are required for solvency purposes as at January 1, 2007 on the basis of the assumptions and methods described in this report. Thus the employer need not contribute to the plan until after the entire funding excess has been applied towards the employer's current service cost. Once the entire funding excess has been so applied, monthly employer contributions must resume.

- The plan has a solvency excess of $55,054,000 as at January 1, 2007. No special payments are required for solvency purposes.

- The solvency liabilities used to determine the solvency status of the plan do not exclude any benefit provided under the plan.

- We have included in the solvency liabilities the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up. The circumstance in which the plan wind-up is assumed to have taken place is the employer's business is discontinued as of the valuation date.

- The Pension Benefits Guarantee Fund annual assessment under Section 37 of the Regulations to the *Pension Benefits Act (Ontario)* is $1 per Ontario Plan Beneficiary. The estimated PBGF assessment for 2007 is $1,727.00 (plus retail sales tax) payable no later than September 30, 2007.

- The solvency ratio of the plan is 1.21. The Prior Year Credit Balance on January 1, 2007 is $0.

- In our opinion,
  - the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
  - the assumptions are, in aggregate, appropriate for the purposes of determining the funded status of the plan as at January 1, 2007 on going-concern and solvency bases, and determining the minimum funding requirements, and
  - the methods employed in the valuation are appropriate for the purposes of determining the funded status of the plan as at January 1, 2007 on going-concern and solvency bases, and determining the minimum funding requirements.

- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

- All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

Wade E. Schaefer Fellow of the Society of Actuaries Fellow of the Canadian Institute of Actuaries	Eileen F. Luxton Fellow of the Society of Actuaries Fellow of the Canadian Institute of Actuaries
Date	Date

Appendix A

Plan Assets

Sources of Plan Asset Data

The pension fund is held in trust by RBC Dexia and is invested in accordance with the investment policy by several investment management firms.

We have relied upon the auditors' report prepared by KPMG, for the period from January 1, 2004 to January 1, 2007.

Reconciliation of Plan Assets

The pension fund transactions for the period from January 1, 2004 to January 1, 2007 are summarized as follows:

Reconciliation of Plan Assets (Market Value)

	2004	2005	2006
January 1	$291,661,682	$317,908,073	$337,800,133
PLUS			
Members' contributions	$400,242	$444,074	$33,281
Company's contributions	$0	$0	$0
Investment income	$59,168,121	$50,599,130	$32,060,168
Transfer of assets	$10,492	$0	$14,716
	$59,578,855	$51,043,204	$32,108,165
LESS			
Pensions paid	$24,308,329	$24,306,967	$23,569,826
Lump-sum refunds	$996,751	$1,535,073	$1,360,320
Administration fees	$8,027,384	$5,309,104	$2,368,466
	$33,332,464	$31,151,144	$27,298,612
December 31	$317,908,073	$337,800,133	$342,609,686

This asset value reflects in-transit contributions and investment income.

We have adjusted the market value by the outstanding residual asset transfers at the valuation date with respect to the Transaction Agreement with CanWest Global Communications Corporation and The National Post Company that resulted in the sale of several of the employers' newspapers. Transfers with respect to these agreements were made in 2003. In accordance with an agreement between the parties, a subsequent transfer would be completed representing the difference between the actual fund rate of return and the assumed return used in the original transaction. In addition, adjustments due to payments made from the fund after the transfer date and any adjustments affecting the original transfer amount have been taken into account.

The outstanding residual asset transfers at January 1, 2007 are as follows:

Sale	Residual Transfer
11/16/2000 CanWest Sale	($303,000)
11/16/2000 National Post Sale	$47,000
01/01/2001 CanWest Sale	($45,000)
	($301,000)

We have also adjusted the market value by the outstanding asset transfer at the valuation date with respect to the Pension and Benefits Agreement with Glacier Ventures International Corp. that resulted in the sale of the remaining employers' newspapers. The amount of the transfer at January 1, 2007 is $21,524,000.

We have also adjusted the market value by $266,000 representing a reserve for surplus distribution in respect of a past partial wind-up as required due to the Supreme Court of Canada's dismissal of the appeal in *Monsanto Canada Inc. versus the Superintendent of Financial Services.*

The resulting market value is $320,518,686.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

Investment Policy

The plan administrator adopted a statement of investment policy and objectives effective March 1, 2003. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix.

The constraints on the asset mix, and the actual asset mix as at January 1, 2007, are provided for information purposes:

Distribution of the Market Value of the Fund by Asset Class

	Investment Policy			Actual Asset Mix
	Minimum	Target	Maximum	as at 01.01.07
Total equities	30.0%	45.0%	60.0%	58.5%
Long-term bonds	35.0%	50.0%	65.0%	35.3%
Cash and cash equivalents	0.0%	5.0%	10.0%	6.2%
		100%		100.0%

Performance of Fund Assets

The performance of fund assets, net of expenses, from January 1, 2004 to January 1, 2007 as per our calculations (which assume that the next cash flow occurred in the middle of each year), are show below:

Year	Return
2004	18.3%
2005	14.8%
2006	9.1%

The average return on the market value, net of expenses, since the last valuation at January 1, 2007 was 14.0% per year. This rate exceeds the assumed investment return of 6.0% by 8.0% per year.

Appendix B

Actuarial Methods and Assumptions

Actuarial Valuation Methods – Going-concern Basis

Valuation of Assets

For this valuation, we have continued to use the market value to determine the actuarial value of plan assets. We have adjusted the market value by the expected asset transfers as at the valuation date in respect of prior sales to CanWest Global Communications Corporation, Osprey Media and Glacier Ventures International Corp.

Valuation of Actuarial Liabilities

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *projected unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits, based on projected final average earnings. This is referred to as the *actuarial liability*.

The *funding excess* or *funding shortfall*, as the case may be, is the difference between the smoothed value of assets and the actuarial liability. An unfunded liability will be amortized over no more than 15 years through special payments as required under the *Pension Benefits Act (Ontario)*. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial funding method aims at keeping the plan fully funded at all times. This promotes benefit security, once any unfunded liabilities and solvency deficiencies have been funded.

Current Service Cost

The *current service cost* is the actuarial present value of projected benefits to be paid under the plan with respect to service during the year following the valuation date.

The employer's current service cost is the total current service cost reduced by the members' required contributions.

The employer's current service cost has been expressed as a percentage of the members' pensionable earnings to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable earnings.

Under the projected unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost of the entire group, expressed as a percentage of the members' pensionable earnings, can be expected to remain stable as long as the average age of the group remains constant.

Employer's Contribution

Accordingly, the employer's contributions for this purpose are determined as follows:

Employer's Contributions

With a funding excess	With an unfunded liability
Current service cost	Current service cost
MINUS	PLUS
Any funding excess applied to cover the employer's current service cost	Payments to amortize any unfunded liability

Actuarial Assumptions – Going-concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary.

In this valuation, we have used the same assumptions as in the previous valuation except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions:

Economic Assumptions

Investment Return

We have assumed that the investment return on the market value of the fund will average 5.25% per year over the long term. We have based this assumption on an expected long-term return on the pension fund less an allowance for investment and administrative expenses and less a margin for adverse deviations, as described below.

We have assumed a gross rate of return of 6.57% consistent with market conditions applicable on the valuation date based on an expected long-term return on the pension fund determined for the target asset mix specified in the plan's investment policy. We have allowed for investment and administrative expenses of 0.67% per year. The margin for adverse deviations is 0.65% per year.

The prior valuation assumed an investment return of 6.00% per year.

Expenses

The assumed Investment Return reflects an implicit provision for expenses.

Increases in Pensionable Earnings

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, we have taken 2006 earnings and assumed that such pensionable earnings will increase at 4.0% per year.

This is based on:

- an assumed inflation rate of 2.5% per year,
- an assumed productivity component of 1.0% per year, and
- an assumed merit and promotional increases component of 0.5% per year.

Earnings for members on disability leave are assumed to remain at the level of earnings at the member's date of disability.

Increases in the YMPE

Since the benefits provided by the plan depend on the final average Year's Maximum Pensionable Earnings (YMPE) under the Canada/Québec Pension Plan, it is necessary to make an assumption about increases in the YMPE for this valuation. We have assumed that the YMPE will increase at the rate of 3.5% per year from its 2007 level of $43,700.

Increases in the Maximum Pension Permitted under the Income Tax Act

The *Income Tax Act* stipulates that the maximum pension that can be provided under a registered pension plan will be increased to specified amounts from 2007 to 2009, and automatically, starting in 2010, in accordance with general increases in the average wage.

We have assumed that the maximum pension payable under the plan will increase as specified in the *Income Tax Act* from 2007 to 2009, and will increase starting in 2010 at the rate of 3.5% per year.

The prior valuation assumed the maximum pension that could be provided under a registered pension plan would increase as specified in 2004 and 2005 and at 3.5% per year starting in 2006.

Interest Credited on Employee-required Contributions

For this valuation, we have assumed that the interest rate to be credited on employee-required contributions will represent, on average, 3.5% per year, over the long term.

The prior valuation assumed the interest credited on employee-required contributions would average 3.0% per year, over the long term.

Demographic Assumptions

Retirement Age

Because early retirement pensions are reduced in accordance with a formula, the retirement age of plan members has an impact on the cost of the plan. We have assumed the following incidence of early retirement:

Retirement Rates

Age	Percentage
55 – 57	5%
58 – 59	10%
60 – 61	15%
62 – 64	25%
65	100%

Deferred vested members and disabled members are assumed to retire on their normal retirement date.

Termination of Employment

We have made an allowance for projected benefits payable on the termination of employment before retirement for reasons other than death.

We have used rates from the Ontario Medium table. Sample rates are shown in the following table:

Termination Rates

Age	Percentage
20	20.0%
25	20.0%
30	11.2%
35	6.3%
40	3.4%
45	1.8%
> 45	0.0%

Mortality

The actuarial value of the pension depends on the life expectancy of the member. We have assumed mortality rates, both before and after retirement, in accordance with the Uninsured Pensioner 1994 generational mortality table with a 19 year mortality improvement projection using projection scale AA. According to this table, the life expectancy at age 65 is 20.8 years for a man and 22.7 years for a woman.

The prior valuation assumed mortality rates in accordance with the Uninsured Pensioner 1994 mortality table projected to 2004 using projection scale AA.

Disability

No explicit allowance has been made for the effect of members becoming disabled prior to retirement.

Family Composition

Benefits in case of death, before and after retirement, do not depend on the plan member's marital status and as such no assumption has been made in respect of family composition.

Actuarial Valuation Methods and Assumptions – Solvency and Impact of Plan Wind-up

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes.

To determine the solvency actuarial liability, we have valued those benefits that would have been paid had the plan been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on January 1, 2007, with all members fully vested in their accrued benefits. The circumstance in which the plan wind-up is assumed to have taken place is the plan is discontinued as of the valuation date. No benefits payable on plan wind-up were excluded from our calculations.

We have considered that members under 55 years of age on that date would be entitled to a deferred pension payable from age 65 or such earlier age for which plan eligibility requirements have been satisfied at January 1, 2007. Members aged 55 and over are considered to be entitled to an immediate pension, reduced in accordance with the plan rules. We have also considered that Ontario and Nova Scotia members whose age plus years of service equal at least 55 at January 1, 2007 would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purpose of determining eligibility for early retirement benefits. For each individual plan member, accumulated contributions with interest plus 50% of the present value of the pension are established as a minimum actuarial liability.

Benefits are assumed to be settled through a lump sum transfer for members not eligible for retirement. The value of the benefits accrued on January 1, 2007, for such members is based on the assumptions described in Section 3800 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for January 1, 2007 for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits are assumed to be settled through the purchase of annuities for members eligible for retirement. The value of the benefits accrued on January 1, 2007, for such members are based on an estimate of the cost of settlement through purchase of annuities.

In accordance with the *Pension Benefits Act (Ontario)*, the benefits for members in receipt of a pension at the wind-up date as well as members who have elected to receive an immediate or deferred annuity must be settled through the purchase of an annuity upon the wind-up of the plan. However, it may not be possible to settle the liabilities through the purchase of annuities due to the size of the plan and the limited annuity market in Canada. In accordance with the Canadian Institute of Actuaries Education Note: Guidance for 2007 Assumptions for Hypothetical Wind-up and Solvency Valuations with

Effective Dates Between December 31, 2006 and December 30, 2007, we have assumed that if the market to purchase a group annuity of this size existed, the annuities would be priced on the same basis as the smaller group annuities that are available in the market.

Assumptions are as follows:

Actuarial Assumptions

Mortality rates:	UP94 projected to 2015
Interest rates for benefits to be settled through lump sum transfer:	4.50% per year for the first 10 years following 01.01.07, 4.75% per year thereafter
Interest rates for benefits to be settled through annuity purchase:	4.60% per year
Final average earnings:	Based on actual pensionable earnings over the averaging period
Maximum pension limit:	\$2,222.22 in 2007 \$2,333.33 in 2008 \$2,444.44 in 2009, thereafter indexed at 3.5%
Termination expenses:	\$750,000

In a solvency valuation, the accrued benefits are based on the member's final average earnings on the valuation date; therefore, no salary projection is used. Also the employment of each member is assumed to have terminated on the valuation date; therefore, no assumption is required for future rates of termination of employment.

The provision for termination expenses payable from the plan's assets is in respect of actuarial, administration and legal expenses that would be incurred in terminating the plan. Also included in the provision are transaction fees related to the liquidation of the plan's assets and any reduction in the value of the plan's equity assets resulting from this liquidation.

Because the settlement of benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of the hypothetical wind-up being contested.

In determining the provision for termination expenses payable from the plan's assets, we have assumed that the plan sponsor would be solvent on the wind-up date.

In accordance with *Pension Benefits Act (Ontario)*, we have not included a provision for adverse deviation in the solvency and wind-up valuations.

Appendix C

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at January 1, 2007, provided by Hollinger Canadian Publishing Holdings Co.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Membership Data

	01.01.07	01.01.04
Active and Suspended Members		
Number	3	229
Total pensionable earnings	$247,900	$11,602,800
Average pensionable earnings for following year	$82,633	$50,667
Average years of pensionable service	2.4 years	9.2 years
Average age	50.0	45.1
Accumulated contributions with interest	$42,343	$4,101,841
Disabled Members		
Number	39	67
Total pensionable earnings	$1,538,200	$2,900,300
Average pensionable earnings for following year	$39,441	$43,288
Average years of pensionable service	24.1 years	22.2 years
Average age	57.8	57.1
Accumulated contributions with interest	$1,431,525	$2,608,128
Successor Members		
Number	472	535
Total annual pension	$1,609,411	$2,046,495
Average annual pension	$3,410	$3,825
Average age	50.5	48.2
Accumulated contributions with interest	$9,440,241	$10,719,155
Pensioners and Survivors		
Number	2,103	2,247
Total annual lifetime pension up to age 65	$23,242,164	$24,675,504
Average annual lifetime pension after age 65	$11,052	$10,981
Total annual lifetime pension after age 65	$23,219,877	$24,294,852
Average annual lifetime pension after age 65	$11,041	$10,812
Average age	75.6	73.9
Deferred Pensioners		
Number	148	133
Total annual pension	$692,923	$708,210
Average annual pension	$4,682	$5,325
Average age	53.5	50.3

In-Transit Payments

There are 83 members who terminated prior to the valuation date and either had not made an election with respect to their benefits or for whom a lump sum settlement was in-transit as at January 1, 2007. The total commuted value of their accrued benefits at the valuation date is $2,290,058.

Membership Reconciliation

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Active and Suspended Members	Disabled Members	Successor Members	Pensioners and Beneficiaries	Deferred Vested	Pending	Total
Total at 01.01.04	229	67	535	2,247	133	106	3,317
New entrants	46						46
Glacier sale	(239)	(3)					(242)
Terminations:							
▪ Pending	(2)					2	-
▪ transfers/refunds	(19)		(20)		(1)	(17)	(57)
▪ deferred pensions	(4)		(11)	(7)	29	(7)	-
Deaths	(2)	(6)	(7)	(209)	(1)		(225)
Retirements	(6)	(18)	(27)	67	(15)	(1)	-
Data		(1)	2	5	3		9
Total at 01.01.07	3	39	472	2,103	148	83	2,848

The distribution of the active, suspended and disabled members by age and pensionable service as at January 1, 2007, is summarized as follows:

Distribution of Active, Suspended and Disabled Members By Age Group and Pensionable Service as at 01.01.07

	Years of Pensionable Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 +**	**Total**
40 - 44	1			1				2
45 - 49			1		2			3
50 - 54		1	1	2	1	1		6
55 - 59		1	1	2	3	3	4	14
60 - 64		1	1	2	4	2	7	17
65 +								
Total	1	3	4	7	10	6	11	42

The distribution of the inactive members by age as at January 1, 2007, is summarized as follows:

Distribution of Inactive Members By Age Group as at 01.01.07

	Successor Members		Deferred Members		Pensioners and Survivors	
Age	**Number**	**Average Pension**	**Number**	**Average Pension**	**Number**	**Average Pension**
< 30			1	N/A		
35 – 40	7	$346.21	8	$1,240.29		
40 - 44	15	$820.31	18	$2,040.75		
45 - 49	88	$1,663.26	32	$3,610.05		
50 - 54	139	$2,498.79	28	$4,373.80	1	N/A
55 - 59	79	$3,451.43	33	$9,289.31	6	$6,485.55
60 - 64	101	$5,294.13	17	$5,321.16	120	$10,302.51
65 - 69	39	$6,815.51	1	N/A	407	$11,120.15
70 - 74	4	$6,952.21	2	N/A	521	$11,920.12
75 - 79			2	N/A	456	$12,755.73
80 - 84			5	$975.65	335	$9,924.48
85 - 89			1	N/A	180	$8,652.53
90 - 94					77	$6,835.87
95 - 99						
100 +						
Total	472	$3,409.77	148	$4,681.91	2,103	$11,051.91

Appendix D

Summary of Plan Provisions

Introduction

This valuation is based on the plan provisions in effect on January 1, 2007.

Since the last valuation of the plan, the plan was amended effective February 6, 2006 to reflect the transfer of the majority of the remaining active plan members to a registered pension plan sponsored by Glacier Ventures International Corp.

The following is a summary of the main provisions of the *Hollinger Canadian Publishing Holdings Co. Retirement Plan* in effect on January 1, 2007. It is not intended as a complete description of the plan.

Effective Date

The effective date of the plan is January 1, 1966.

Eligibility for Membership

Each regular employee, other than an employee for whom a participating employer is contributing to another non-government pension or retirement plan, is eligible to join the plan on the first day of the month coincident with or next following the completion of 3 months of continuous employment.

Part-time employees are also eligible to join the plan after satisfying service, earnings and/or hours requirements as prescribed by the *Pension Benefits Act (Ontario)*.

Contributions

Each member contributes 2-1/2% of annual earnings up to the YMPE, plus 5% of such earnings in excess of the YMPE.

The YMPE, or Year's Maximum Pensionable Earnings, refers to the maximum annual amount of earnings upon which an employee and an employer contribute to the Canada/Québec Pension Plan (C/QPP). The 2007 YMPE is $43,700.

The participating employer contributes the balance of the cost of all benefits. Provision is also made for voluntary member contributions, but these do not attract any employer contributions.

Retirement Dates

Normal Retirement Date

The normal retirement date is the first day of the month coincident with or next following the member's 65th birthday.

Early Retirement Date

A member may retire early on the first day of the month coincident with or next following the member's 55th birthday.

Postponed Retirement Date

An active member may postpone retirement on a year-to-year basis beyond the normal retirement date, but in no event beyond the December 1 of the calendar year in which the member attains age 69.

Retirement Benefits

Normal Retirement

If a member retires on the normal retirement date, the member will be entitled to an annual pension payable in equal monthly instalments, equal to (subject to the provisions below) 1.25% of final average earnings up to the average YMPE and 1.75% of final average earnings over the average YMPE for each year of credited service.

Special provisions apply for members of a prior plan or a prior plan of an acquired employer, as described below. "Prior plan" means a prior plan before the effective date of January 1, 1966, and "prior plan of an acquired employer" refers to all other plans consolidated after January 1, 1966.

1. Members of a Prior Plan

The retirement benefit payable to a member of a prior plan is an annual pension payable in equal monthly instalments, equal to the greater of:

a. the annual retirement income, if any, earned under a prior plan in respect of service on and after the effective date of such prior plan, and on and after January 1, 1966, if the said plan had continued in effect without changes after January 1, 1966; and

b. (i) the annual retirement income which would have been earned in respect of the period of continuous employment between the date a participant joined a prior plan and January 1, 1966 using the formula set out in (ii) below with respect to "final-average earnings over the average YMPE" but applying such percentage to all final-average earnings, i.e. earnings both below and above the average YMPE; plus

(ii) a percentage of final-average earnings for each year of credited service on and after January 1, 1966 equal to 1.25% of final-average earnings up to the average YMPE and 1.75% of final-average earnings over the average YMPE.

2. Members of a Prior Plan of an Acquired Employer

The retirement benefit payable to a member of a prior plan of an acquired company is an annual pension payable in equal monthly instalments equal to:

a. the annual retirement income that would have been earned under the terms of such prior plan, if the said plan had continued in effect without changes after the date such acquired employer was designated as a participating employer; or

b. (i) the annual retirement income earned in respect of credited service prior to the date such acquired employer was designated as a participating employer; plus

(ii) the annual retirement income payable in respect of credited service after that date calculated under formula 1(b)(ii) above; or

c. 75% of the annual retirement income that would have been earned in respect of pensionable service to the date such acquired employer was designated as a participating employer had the formula 1(b)(ii) above been applicable in respect of such period; plus

the annual retirement income payable in respect of credited service after that date calculated under formula 1(b)(ii) above.

"Final-average earnings" means the participant's average earnings during the best 5 calendar years in the last 10 consecutive years of continuous employment or during the sixty month period immediately prior to retirement, whichever is the greater. Special provisions apply to overtime earnings.

"Average YMPE" means the average of the YMPE applicable during the 5 calendar years ending on the December 31st immediately preceding the date of calculation of benefits.

For participants of sold divisions, benefits are based on final average earnings, average YMPE and credited service at the date of sale for their location.

Early Retirement Pension

If a member retires early, the member will be entitled to a pension that is calculated the same way as for normal retirement. The basic pension payable, however, will be reduced by 1/3% for each month before the date on which the member attains age 62 and has 10 years of continuous service. Special provisions apply to female participants covered under the terms of certain prior plans which provided for normal retirement at age 60.

Postponed Retirement Pension

In the case of postponed retirement, benefits under the plan may continue to accrue, provided the member continues to make required contributions.

Special postponed retirement provisions apply to members in the province of Quebec.

Maximum Pension

The total annual pension payable from the plan at pension commencement cannot exceed the lesser of:

- 2% of the average of the best three consecutive years of total compensation paid to the member by the Employer, multiplied by total credited service; and
- $2,111.11 or such greater amount permitted under the *Income Tax Act* (Canada) multiplied by the member's total credited service.

This limit does not apply to any benefit payable from the member's voluntary contributions.

Survivor Benefits

Death Before Retirement

If a member dies before the normal retirement date and before any pension payments have begun, the member's spouse, or beneficiary if there is no spouse, will receive a lump sum settlement equal to:

1. if the member was not vested under the terms of the plan, the member's required contributions with interest plus any additional amount payable under the terms of a prior plan;

2. if the member was vested under the terms of the plan, the value of the benefits to which the member would have been entitled had employment terminated on the date of death.

Death After Retirement

The normal form of payment is a lifetime pension guaranteed for five years. However, the member may elect to receive an optional form of pension on an actuarial equivalent basis.

Termination Benefits

If a member's employment terminates for reasons other than death or retirement, the benefits payable from the plan will depend on the member's length of plan membership, as follows:

Benefits in the event of Termination of Employment

If member has:	The plan will pay:
Not reached the vesting date	A refund of the member's contributions with interest.
Reached the vesting date	A deferred lifetime pension based on the member's earnings, contributions and credited service up to the date of termination.

Deferred pensions are payable commencing at age 65. However, a member may elect to receive an early retirement pension as early as age 55, with an actuarially equivalent pension.

If a member is entitled to a deferred pension, the member may also transfer the commuted value of that pension into another retirement vehicle in accordance with the applicable federal and provincial legislation.

50% Cost Sharing

On retirement, death or termination, as applicable, the excess, if any, of a member's accumulated regular contributions with interest over 50% of the value of the member's retirement income will be refunded to the member or applied to provide additional pension, as permitted by legislation.

For members of certain prior plans, this test only applies to benefits earned on and after January 1, 1987.

Voluntary Contributions

In addition to the benefits described above, at retirement, death or termination as applicable, a benefit is payable equal to the pension that can be provided by the member's voluntary contributions with interest.

Applicable Legislation

The provisions of the plan are subject to the terms of applicable provincial pension legislation where such terms would be more generous.

Appendix E

Employer Certification

With respect to the report on the actuarial valuation of the *Hollinger Canadian Publishing Holdings Co. Retirement Plan*, as at January 1, 2007, I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made up to January 1, 2007, were provided to the actuary,
- the membership data provided to the actuary included a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to January 1, 2007, and
- all events subsequent to January 1, 2007 that may have an impact on the results of the valuation have been communicated to the actuary.

Date

Signed

Name

Hollinger Canadian Publishing Holdings Co. Retirement Plan

Report on the Actuarial Valuation for Funding Purposes as at January 1, 2007

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited
255 Queens Avenue, Suite 2400
London, Ontario
Canada N6A 5R8
519 672 9310

THIS IS EXHIBIT "F" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L. Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

September 2009

Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan

Report on the Actuarial Valuation for Funding Purposes as at January 1, 2009

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Financial Services Commission of Ontario Registration Number: 0208355
Canada Revenue Agency Registration Number: 0208355

Consulting. Outsourcing. Investments.

Contents

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Summary of Results

Going-concern Financial Position	01.01.2009	01.01.2006
Market value of assets	$5,527,500	$7,009,100
Actuarial liability	$3,944,100	$4,500,900
Funding excess	$1,583,400	$2,508,200

Solvency Financial Position	01.01.2009	01.01.2006
Solvency assets	$5,487,500	$6,944,100
Solvency liability	$3,432,900	$4,344,900
Solvency excess (deficiency)	$2,054,600	$2,599,200
Transfer ratio	1.61	1.61

Wind-up Financial Position	01.01.2009	01.01.2006
Market value of assets net of termination expenses	$5,487,500	$6,944,100
Total wind-up liability	$3,432,900	$4,344,900
Wind-up excess (deficiency)	$2,054,600	$2,599,200

Funding Requirements (annualized)	2009	2006
Total current service cost	$5,600	$2,300
Estimated member's required contributions	$0	$0
Estimated employer's current service cost	$5,600	$2,300
Minimum special payments	$0	$0
Estimated minimum employer contribution for year	$0	$0
Estimated maximum employer contribution for year	$0	$0

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Introduction

Report on the Actuarial Valuation as at January 1, 2009

To Hollinger Canadian Publishing Holdings Co.

At the request of Hollinger Canadian Publishing Holdings Co., (the "Company"), we have conducted an actuarial valuation of the Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan as at January 1, 2009. We are pleased to present the results of the valuation.

The purposes of this valuation are to determine:

- the funded status of the plan as at January 1, 2009 on going-concern, solvency and hypothetical wind-up bases, and
- the minimum and maximum funding requirements from 2009.

The information contained in this report was prepared for the internal use of the Company and for filing with the Financial Services Commission of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the plan. This report is not intended or suitable for any other purpose.

This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency.

The next actuarial valuation of the plan will be required as at a date not later than January 1, 2012 or as at the date of an earlier amendment to the plan, in accordance with the minimum requirements of the *Pension Benefits Act (Ontario)*.

This valuation reflects the provisions of the plan as at January 1, 2009. The plan has not been amended since the date of the previous valuation. A summary of the plan provisions is provided in Appendix D.

We have used the same going-concern valuation assumptions and methods as were used for the valuation as at January 1, 2006, except for the following:

- the mortality table was changed from the UP94 mortality table projected to 2015 to the UP94 generational mortality table with a 19 year set forward;
- the assumed investment return was changed from 4.00% to 3.20%; and
- the interest rate to be credited to employee contributions was changed from 2.50% to 2.25%.

These changes have resulted in an increase of $385,300 in the actuarial liability and an increase of $900 in the employer current service cost.

The solvency and wind-up assumptions have been updated to reflect market conditions at the valuation date.

The assumptions used for purposes of this valuation are described in Appendix B. All assumptions made for the purposes of the valuation were independently reasonable at the time the valuation was prepared.

A new Canadian Institute of Actuaries Standard of Practice for determining pension commuted values ("CIA Standard") will become effective on April 1, 2009. The new CIA Standard changes the assumptions to be used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer and for other benefits for which this basis has been used as a proxy to the cost of purchasing annuities. The Financial Services Commission of Ontario permits the use of the new CIA Standard. The financial impact of the new CIA Standard has been reflected in this actuarial valuation.

In 2008, Hollinger Canadian Publishing Holdings Co. commenced implementation of an investment strategy to transition almost all their pension assets to an immunized bond portfolio. This transition was completed in 2009. The bond portfolio will be managed by Northern Trust. The impact of this decision has been reflected in this valuation.

After checking with representatives of Hollinger Canadian Publishing Holdings Co., to the best of our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

This report has been prepared on the assumption that all of the assets in the pension fund are available to meet all of the claims on the pension plan.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. It has also been prepared in accordance with the funding and solvency standards set by the *Pension Benefits Act (Ontario)*.

This valuation report may not be relied upon for any purpose other than those explicitly noted above or by any party other than the Company, the Financial Services Commission of Ontario or the Canada Revenue Agency. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

To prepare this report, *actuarial assumptions*, as described in Appendix B, are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of changes in regulatory requirements, plan experience, changes in expectations about the future and other factors.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

Respectfully submitted,

Wade E. Schaefer	Eileen F. Luxton
Fellow of the Society of Actuaries	Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries	Fellow of the Canadian Institute of Actuaries
Date	Date

Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan
Registration number with the Financial Services Commission of Ontario and with the Canada Revenue Agency: 0208355

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Financial Position of the Plan

Valuation Results – Going-concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the plan will be maintained indefinitely.

Financial Position

The results of the valuation as at January 1, 2009, in comparison with those of the previous valuation as at January 1, 2006, are summarized as follows:

Financial Position – Going-concern Basis

	01.01.2009	01.01.2006
Assets		
▪ market value of assets	$5,527,500	$7,076,500
▪ assets apportioned for prior sales	$0	($67,400)
Total assets	$5,527,500	$7,009,100
Actuarial liability		
Present value of accrued benefits for:		
▪ disabled members	$158,700	$135,700
▪ transferred members	$0	$56,600
▪ pensioners and survivors	$3,749,800	$4,235,300
▪ deferred pensioners	$35,600	$73,300
Total liability	$3,944,100	$4,500,900
Funding excess (shortfall) (A)	$1,583,400	$2,508,200

Reconciliation of Financial Position

The plan's financial position, a funding excess of $1,583,400 as at January 1, 2009, is reconciled with its previous position, a funding excess of $2,508,200 as at January 1, 2006, as follows:

Reconciliation of Financial Position

Funding excess as at 01.01.06	$2,508,200
Interest on funding excess at 4.00% per year to 01.01.09	$313,200
Net experience gains (losses) over 2006-2008*	($839,600)
Employer's contributions drawn from previous funding excess	($7,000)
Impact of changes in assumptions	($385,300)
Impact of final asset transfer for prior sales	($6,000)
Net impact of other elements of gains and losses	($100)
Funding excess as at 01.01.09	$1,583,400

* Net experience gains (losses) are detailed below.

Plan Experience

The main assumptions are compared with actual experience since the previous valuation as at January 1, 2006:

Plan Experience

	Impact Gain/(Loss)
Net Investment return	($1,016,700)
Increases in pensionable earnings and YMPE	($4,100)
Loss due to retirements	($2,800)
Gain due to mortality	$184,000
Net experience gains (losses)	($839,600)

Valuation Results – Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the plan's assets and its liabilities on a solvency basis, determined in accordance with the *Pension Benefits Act (Ontario)*. The values of the plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date. The circumstance in which the plan wind-up is assumed to have taken place is the employer's decision to cease sponsorship of the pension plan.

We have included the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up.

Financial Position on a Solvency Basis

The plan's solvency position as at January 1, 2009, in comparison with that of the previous valuation as at January 1, 2006, is determined as follows:

Solvency Position

	01.01.2009	**01.01.2006**
Market value of assets	$5,527,500	$7,076,500
Assets apportioned for prior sales	$0	($67,400)
1. Total assets	$5,527,500	$7,009,100
Termination expense provision	($40,000)	($65,000)
2. Solvency assets	$5,487,500	$6,944,100
Actuarial liability		
Present value of accrued benefits for:		
▪ disabled members	$130,900	$135,900
▪ transferred members	$0	$54,200
▪ pensioners and survivors	$3,272,100	$4,085,100
▪ deferred pensioners	$29,900	$69,700
3. Solvency liabilities	$3,432,900	$4,344,900
Solvency excess (deficiency) created as at valuation date (2. - 3.)	$2,054,600	$2,599,200
Transfer ratio (1. ÷ 3.)	1.61	1.61

Financial Position on a Wind-up Basis

The plan's hypothetical wind-up position as of January 1, 2009, assuming circumstances producing the maximum wind-up liabilities on the valuation date, is determined as follows:

Wind-up Position

	01.01.09
Market value of assets	\$5,527,500
Termination expense provision	(\$40,000)
Wind-up assets	\$5,487,500
Present value of accrued benefits for:	
▪ disabled members	\$130,900
▪ pensioners and survivors	\$3,272,100
▪ deferred pensioners	\$29,900
Total wind-up liability	\$3,432,900
Wind-up excess (deficiency)	\$2,054,600

Impact of Plan Wind-up

In our opinion, the value of the plan's assets would be greater than its actuarial liabilities if the plan were to be wound up on the valuation date.

Pension Benefit Guarantee Fund (PBGF) Assessment

The PBGF assessment is calculated as follows:

\$1 for each Ontario member	\$98.00
PLUS	
0.5% of PBGF assessment base up to 10% of PBGF liabilities	\$0.00
PLUS	
1.0% of PBGF assessment base up to between 10% and 20% of PBGF liabilities	\$0.00
PLUS	
1.5% of PBGF assessment base over 20% of PBGF liabilities	\$0.00
PBGF assessment (taking into account the limit per member)	\$98.00

The PBGF assessment base and liabilities are derived as follows:

PBGF Assessment Base and PBGF Liabilities

PBGF liabilities	$3,432,900	(a)
Total solvency liabilities	$3,432,900	(b)
Ontario asset ratio	100%	(c) = (a) ÷ (b)
Market value of assets	$5,527,500	(d)
Ontario portion of the fund	$5,527,500	(e) = (c) x (d)
PBGF assessment base	$0	(f) = (a) - (e)

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Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of members accruing benefits during 2009, in comparison with the corresponding value determined in the previous valuation as at January 1, 2006, is summarized below:

Employer's Current Service Cost

	2009	2006
Total current service cost	$5,600	$2,300
Estimated members' required contributions	$0	$0
Estimated employer's current service cost	$5,600	$2,300

An analysis of the changes in the employer's current service cost follows:

Changes in Employer's Current Service Cost

Employer's current service cost as at 01.01.06	$2,300
Demographic changes	$2,400
Changes in assumptions	$900
Employer's current service cost as at 01.01.09	$5,600

Special Payments

Going-concern Basis

No going-concern special payments are required.

Solvency Basis

No solvency special payments are required.

Total Special Payments

No special payments are required.

Employer Contributions

There is a funding excess of $1,583,400 and no special payments are required for solvency purposes as at January 1, 2009 on the basis of the assumptions and methods described in this report. Thus the employer need not contribute to the plan until after the entire funding excess has been applied towards the employer's current service cost.

Once the entire funding excess has been so applied, monthly employer contributions must resume. We recommend that such employer contributions be determined as $467.67 per disabled member per month. The amount of the employer's current service cost should be monitored in order to ensure that monthly employer contributions resume in a timely manner.

In accordance with Section 147.2 of the *Income Tax Act*, the plan may not retain its registered status if the employer makes a contribution while the funding excess ($1,583,400 as at January 1, 2009) exceeds the lesser of:

- 20% of the going-concern actuarial liability ($788,820); and
- the greater of:
  - 10% of the going-concern actuarial liability ($394,410); and
  - two years of total current service cost ($11,200).

Since the funding excess exceeds the maximum allowed under Section 147.2 of the *Income Tax Act*, no contribution to the plan by Hollinger Canadian Publishing Holdings Co. is permitted before funding excess has been reduced to less than $394,410, or else the plan's registered status may be revoked.

Maximum Eligible Contributions

We have estimated the maximum eligible annual contribution from 2009 to 2011 to be as follows:

**Estimated Maximum Employer's Contributions
Until January 1, 2012**

Year Ending	Current Service Cost	Estimated Funding Excess Applied	Maximum Employer's Contributions
2009	$5,600	$5,600	$0
2010	$5,800	$5,800	$0
2011	$6,000	$6,000	$0

Contributions for current service must be made within 30 days following the month to which they apply. Special payments to eliminate a funding shortfall or solvency deficiency must be made in the month to which they apply.

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Actuarial Opinion

**With respect to the Actuarial Valuation as at January 1, 2009
of the Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan
FSCO Registration 0208355
Canada Revenue Agency 0208355**

Based on the results of this valuation, we hereby certify that, as at January 1, 2009:

- The employer's current service cost for 2009 and subsequent years, up to the next actuarial valuation should be calculated as $467.67 per disabled member per month.
- The employer's current service cost 2009 is estimated to be $5,600.
- There is a funding excess of $1,583,400 and no special payments are required for solvency purposes as at January 1, 2009 on the basis of the assumptions and methods described in this report. Thus the employer need not contribute to the plan until after the entire funding excess has been applied towards the employer's current service cost. Once the entire funding excess has been so applied, monthly employer contributions must resume.
- The plan has a solvency excess of $2,054,600 as at January 1, 2009. No special payments are required for solvency purposes.
- The solvency liabilities used to determine the solvency status of the plan do not exclude any benefit provided under the plan.

- We have included in the solvency liabilities the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up. The circumstance in which the plan wind-up is assumed to have taken place is the employer's decision to cease sponsorship of the pension plan.

- The Pension Benefits Guarantee Fund annual assessment under Section 37 of the Regulations to the *Pension Benefits Act (Ontario)* is $1 per Ontario Plan Beneficiary. The estimated PBGF assessment for 2009 is $98.00 plus provincial sales tax payable no later than September 30, 2009.

- The transfer ratio of the plan is 1.61. The Prior Year Credit Balance on January 1, 2009 is $0.

- In our opinion,
  - the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
  - the assumptions are, in aggregate, appropriate for the purposes of determining the funded status of the plan as at January 1, 2009 on going-concem and solvency bases, and determining the minimum funding requirements, and
  - the methods employed in the valuation are appropriate for the purposes of determining the funded status of the plan as at January 1, 2009 on going-concern and solvency bases, and determining the minimum funding requirements.

- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

- All assumptions made for the purposes of the valuation were independently reasonable at the time the valuation was prepared.

Wade E. Schaefer Fellow of the Society of Actuaries Fellow of the Canadian Institute of Actuaries	Eileen F. Luxton Fellow of the Society of Actuaries Fellow of the Canadian Institute of Actuaries
Date	Date

Appendix A

Plan Assets

Sources of Plan Asset Data

The pension fund is held in trust by RBC Dexia. The fund was invested in accordance with the investment policy by several investment management firms.

In 2008, Hollinger Canadian Publishing Holdings Co. commenced implementation of an investment strategy to transition almost all their pension assets to an immunized bond portfolio. This transition was completed in 2009. The bond portfolio will be managed by Northern Trust.

We have relied upon fund statements prepared by RBC Dexia, for the period from January 1, 2006 to December 31, 2008.

Reconciliation of Plan Assets

The pension fund transactions for the period from January 1, 2006 to December 31, 2008 are summarized as follows:

Reconciliation of Plan Assets (Market Value)

	2006	2007	2008
January 1	$7,076,517	$7,126,808	$7,339,705
PLUS			
Members' contributions	$518	$0	$0
Company's contributions	$0	$0	$0
Investment income	$521,700	$487,650	$446,113
Net capital gains (losses) *	$142,504	$251,427	($1,741,769)
	$664,722	$739,077	($1,295,656)
LESS			
Pensions paid	$424,180	$406,015	$402,699
Lump-sum refunds	$0	$21,647	$0
Administration fees	$128,093	$98,518	$101,137
Transfers	$62,158	$0	$12,679
	$614,431	$526,180	$516,515
December 31	$7,126,808	$7,339,705	$5,527,534

* includes realized and unrealized gains

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received or accrued benefits. The results of these tests were satisfactory.

Investment Policy

The plan administrator adopted a statement of investment policy and procedures effective March 1, 2003. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix. In the fourth quarter of 2008, the plan administrator began an immunization process whereby the fund would be predominantly invested in a bond fund that matched the liabilities of the plan. The statement of investment policy and procedures is expected to be amended in 2009 to reflect the new investment policy.

The constraints on the asset mix, and the actual asset mix as at December 31, 2008, are provided for information purposes:

Distribution of the Market Value of the Fund by Asset Class

	Investment Policy 31.12.2007			Investment Policy 31.12.2008	Actual Asset Mix As at 31.12.2008
	Minimum	Target	Maximum		
Equity	30.0%	45.0%	60.0%	0.0%	19.6%
Canadian Fixed Income	35.0%	50.0%	65.0%	95.0%	48.5%
Short Term	0.0%	5.0%	10.0%	5.0%	31.9%
		100.0%		100.0%	100.0%

Performance of Fund Assets

The performance of fund assets, net of expenses, from January 1, 2006 to December 31, 2008 as per our calculations (which assume that the net cash flow occurred in the middle of each year) are show below:

Year	Net Rate of Return
2006	7.85%
2007	9.27%
2008	(19.58%)

The average return on the market value, net of expenses, since the last valuation at January 1, 2006 was (1.78%) per year. This rate is less than the assumed investment return of 4.00% by 5.78% per year.

Appendix B

Actuarial Methods and Assumptions

Actuarial Valuation Methods – Going-concern Basis

Valuation of Assets

For this valuation, we have continued to use the market value of assets.

Valuation of Actuarial Liabilities

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits. This is referred to as the *actuarial liability*.

The *funding excess* or *funding shortfall*, as the case may be, is the difference between the market value of assets and the actuarial liability. A funding shortfall will be amortized over no more than 15 years through special payments as required under the *Pension Benefits Act (Ontario)*. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial funding method aims at keeping the plan fully funded at all times. This promotes benefit security, once any funding shortfalls and solvency deficiencies have been funded.

Current Service Cost

The *current service cost* is the actuarial present value of projected benefits to be paid under the plan with respect to service during the year following the valuation date.

The employer's current service cost has been expressed as a flat dollar amount recognizing that that there are no active members in the plan and that there are no expected fluctuations in membership during the valuation period.

Under the unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement.

Employer's Contribution

Accordingly, the employer's contributions for this purpose are determined as follows:

Employer's Contributions

With a funding excess	With a funding shortfall
Current service cost MINUS Any funding excess applied to cover the employer's current service cost	Current service cost PLUS Payments to amortize any funding shortfall

Actuarial Assumptions – Going-concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary.

In this valuation, we have used the same assumptions as in the previous valuation except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions.

Economic Assumptions

Investment Return

We have assumed that the investment return on the market value of the fund will average 3.20% per year over the long term. We have based this assumption on an expected long-term return on the pension fund less an allowance for investment and administrative expenses and less a margin for adverse deviations, as described below.

We have assumed a gross rate of return of 4.23% consistent with market conditions applicable on the valuation date, based on estimated returns for each major asset class and the target asset mix to be incorporated in the plan's investment policy. We have allowed for investment and administrative expenses of 0.78% per year. We have included a margin for adverse deviations, from all sources, of 0.25% per year.

The prior valuation assumed an investment return of 4.00% per year.

Expenses

The assumed Investment Return reflects an implicit provision for investment and administrative expenses.

Increases in the YMPE

As the only members remaining in the plan accruing service are members on disability and contributions are deemed, no increases in Year's Maximum Pensionable Earnings (YMPE) has been assumed.

The prior valuation assumed increases in the YMPE from the 2006 level of $42,100.

Increases in the Maximum Pension Permitted under the Income Tax Act

The *Income Tax Act* stipulates that the maximum pension that can be provided under a registered pension plan will be increased to specified amounts up to 2009, and automatically, starting in 2010, in accordance with general increases in the average wage.

For this valuation, we have assumed that the maximum pension payable under the plan will remain at $1,722.22 per year, as the plan does not automatically reflect increases to the maximum pension limits.

Increases in Pensionable Earnings

The benefits ultimately paid will depend on each member's future earnings and contributions. To calculate the pension benefits payable on retirement, death or termination of employment, we have assumed no increase in pensionable earnings for disabled members.

Interest Credited on Employee-required Contributions

Interest is credited on employee-required contributions at the 5-year personal fixed-term chartered bank deposit rates. For this valuation, we have assumed that the interest rate to be credited on employee-required contributions will be 2.25% per year, over the long term.

The prior valuation assumed interest credited on employee required contributions would be 2.50% per year.

Demographic Assumptions

Retirement Age

Because early retirement pensions are reduced in accordance with a formula, the retirement age of plan members has an impact on the cost of the plan. As the only member remaining in the plan accruing service is on disability, we have assumed this member will retire on his normal retirement date, which is his 65th birthday.

Termination of Employment

No allowance has been made for termination of employment prior to retirement on the basis that members on disability are assumed to remain on disability until their retirement.

Mortality

The actuarial value of the pension depends on the lifetime of the member. The rates of mortality were developed using the experience of retirees in the Hollinger Canadian Publishing Holdings Co. Retirement Plan. The mortality experience of this group of retirees is expected to be consistent with members of this plan. A generational mortality table provides for an allowance for improvements in mortality consistent with current studies.

The current mortality assumptions are based on a mortality experience study that was conducted in 2006 considering the plan's experience over the years 2001 to 2005. The study suggests that mortality rates are reasonably consistent with the rates of the 1994 Uninsured Pensioner Generational Mortality Table with projection scale AA and a 19 year set forward.

We have assumed mortality rates, after retirement, in accordance with the 1994 Uninsured Pensioner Generational Mortality table with projection scale AA and a 19 year set forward. According to this table, the life expectancy for a member-age age 65 at January 1, 2009 is 20.9 years for a man and 22.7 years for a woman.

The prior valuation used the 1994 Uninsured Pensioner Mortality Table projected to 2015 using projection scale AA.

Disability

No allowance has been made for disability retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results. We have assumed that those current disabled would remain disabled until normal retirement.

Actuarial Valuation Methods and Assumptions – Solvency and Impact of Plan Wind-up

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes.

To determine the solvency actuarial liability, we have valued those benefits that would have been paid had the plan been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on January 1, 2009, with all members fully vested in their accrued benefits. The circumstance in which the plan wind-up is assumed to have taken place is the employer's decision to cease sponsorship of the pension plan. No benefits payable on plan wind-up were excluded from our calculations

We have considered that members under 55 years of age on that date would be entitled to a deferred pension payable from age 65 or such earlier age for which plan eligibility requirements have been satisfied at January 1, 2009. Members aged 55 and over are considered to be entitled to an immediate pension, reduced in accordance with the plan rules. We have also considered that members whose age plus years of service equal at least 55 at January 1, 2009 would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purpose of determining eligibility for early retirement benefits. For each individual plan member, accumulated contributions with interest plus 50% of the present value of the accrued pension are established as a minimum actuarial liability.

Benefits are assumed to be settled through a lump sum transfer for 40% of non-retired members and former members. The value of the benefits accrued on January 1, 2009, for such members is based on the assumptions described in Section 3800 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for January 1, 2009 for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits are assumed to be settled through the purchase of annuities for 60% of non-retired members and former members, as well as all pensioners and survivors eligible to retire. The value of the benefits accrued on January 1, 2009, for such members are based on an estimate of the cost of settlement through purchase of annuities.

We have estimated the cost of settlement through purchase of annuities in accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2008 and December 30, 2009.*

In accordance with the *Pension Benefits Act (Ontario)*, we have not included a provision for adverse deviation in the solvency and wind-up valuations.

Assumptions are as follows:

Actuarial Assumptions

For benefits to be settled through a lump sum	
Mortality rates:	UP94 projected to 2020
Interest rate:	3.80% per year for the first 10 years following 01.01.09, 5.40% per year thereafter
For benefits to be settled through the purchase of an annuity	
Mortality rates:	UP94 projected to 2015
Interest rate:	4.54% per year
For all benefits	
Maximum pension limit:	$1,722.22 per year
Termination expenses:	$40,000

In a solvency valuation, the accrued benefits are based on the member's final average earnings on the valuation date; therefore, no salary projection is used. Also the employment of each member is assumed to have terminated on the valuation date; therefore, no assumption is required for future rates of disability and termination of employment.

To determine both the solvency and hypothetical wind-up position of the plan, a provision has been made for estimated termination expenses payable from the plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the plan and to be charged to the plan.

In addition, for the purpose of determining the financial position of the plan on both a solvency and hypothetical wind-up basis, termination expenses also include a provision for transaction fees related to the liquidation of the plan's assets and for the reduction of the value of the plan's equity assets resulting from their liquidation. Such fees and liquidation impact are difficult to assess and will vary depending on the nature of the assets hold and market conditions at the time assets are liquidated.

Because the settlement of all benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of a wind-up being contested. Expenses associated with the distribution of any surplus assets that might arise on an actual wind-up are also not included in the estimated termination expense provisions.

In determining the provision for termination expenses payable from the plan's assets, we have assumed that the plan sponsor would be solvent on the wind-up date. We have also assumed, without analysis, that the plan's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the plan.

Actual fees incurred on an actual plan wind-up may differ materially from the estimates disclosed in this report.

Appendix C

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at January 1, 2009, provided by Hollinger Canadian Publishing Holdings Co. and maintained by Mercer as third-party administrators for the plan.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Membership Data

	01.01.09	01.01.06
Disabled Members		
Number	1	2
Average age	N/A	61.9
Average years of pensionable service	N/A	31.7 years
Average accrued monthly pension	N/A	$510
Accumulated contributions with interest	N/A	$49,578
Transferred Members		
Number	0	2
Average age	N/A	61.1
Average years of pensionable service	N/A	3.6 years
Average accrued monthly pension	N/A	$193
Deferred Pensioners		
Number	3	7
Average age	60.1	61.1
Total monthly pension	$230	$531
Accumulated contributions with interest	$10,778	$9,882
Pensioners and Survivors		
Number	94	102
Average age	77.6	76.6
Total monthly pension	$31,998	$36,385

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Disabled	Suspended	Pensioners and Beneficiaries	Deferred Vested	Total
Total at 01.01.06	2	2	102	7	113
Deaths		(1)	(21)		(22)
Retirements	(1)	(1)	6	(4)	
Beneficiaries			7		7
Total at 01.01.09	1	-	94	3	98

The distribution of pensioners and survivors by age as at January 1, 2009, is summarized as follows:

Distribution of Pensioners and Survivors as at January 1, 2009

Age	Number	Monthly Pension
60 – 64	1	N/A
65 – 69	14	$2,403.96
70 – 74	20	$6,680.06
75 – 79	28	$10,189.24
80 – 84	18	$5,306.20
85 – 89	8	$6,223.10
90 - 94	4	$934.33
95 - 99	1	N/A
Total	**94**	**$31,997.81**

Appendix D

Summary of Plan Provisions

Introduction

The *Hollinger Canadian Publishing Holdings Co., Windsor Star Employees Pension Plan* became effective July 1, 1969. Certain members of the plan have pension entitlements in respect of service before that date that are provided on a fully paid-up basis from either the Government of Canada Annuities Branch or North American Life Assurance Company (now the Manufacturer's Life Insurance Company). These prior plans are collectively referred to in this summary as the "Annuity Plans".

This valuation is based on the plan provisions in effect on January 1, 2009. Since the previous valuation, the plan has not been amended. The following is a summary of the plan's main provisions in effect on January 1, 2009. It is not intended as a complete description of the plan.

Eligibility for Membership

A full-time employee may join the plan and become a member following completion of 24 months of continuous service.

A part-time employee may join the plan and become a member following completion of 24 months of continuous service provided that in each of the 2 consecutive calendar years preceding eligibility for membership, the employee had either:

- earned at least 35% of the YMPE; or
- worked at least 700 hours.

An employee who joins the plan will automatically become a non-contributing member and may elect to become a contributing member.

Contributions

Member

Each member who is a contributing member is required to contribute 5% of earnings which exceed the YMPE. Members who are in receipt of long term disability benefits are not required to contribute while in receipt of such benefits.

A member may not make additional voluntary contributions to the plan.

Company

The company contributes such amounts as are required, based on advice by the plan's actuary, to provide the balance of the cost of the benefits of the plan after taking account of the contributions of members, the assets of the plan and all other relevant factors.

Retirement Dates

Normal Retirement Date

A member's normal retirement date is the first day of the month coincident with or next following the member's 65^{th} birthday.

Early Retirement Date

A member may retire on the first day of any month within 10 years prior to his normal retirement date.

Postponed Retirement Date

A member may, with company consent, postpone retirement on a year by year basis to any age up to, but not beyond, age 71. The member will continue to accrue benefits under the plan during the postponement period and, if a contributing member, will continue to contribute to the plan during the postponement period.

Disability Retirement Date

A member who has attained age 50, who has completed 15 years of credited service and who suffers a total and permanent disability may retire on the first day of any month following the date he becomes totally and permanently disabled and will be entitled to receive a disability retirement pension.

Retirement Benefits

Normal Retirement Pension

A member who retires on his normal retirement date will receive an annual pension, payable monthly, equal to:

1. For service prior to July 1, 1969

   An annuity provided by the total of the member's credits, if any, in the Annuity Plans as of June 30, 1969. The annuity will be payable from and in accordance with the provisions of the Annuity Plans; plus

2. For service on and after July 1, 1969

   (a) Non-Contributing Pension

   $60.00 for each year of credited service; plus

   (b) Contributing Pension

   30% of the required contributions, if any, the member has made to the plan;

   (c) Pension Improvements

   i. Effective January 1, 1983, the non-contributing pension earned to December 31, 1982 was increased by 2,5% multiplied by the member's period while an active member of the plan from July 1, 1969 to December 31, 1982, plus 5.0% multiplied by the member's period while a suspended member of the plan during the same time frame.
   ii. Effective January 1, 1983, the contributing pension earned to December 31, 1982 was improved by
      i. 3.0% multiplied by the member's period while an active member of the plan from July 1, 1969 to December 31, 1982, plus 6.0% multiplied b the member's period while a suspended member of plan during the same time frame; plus
      ii. 125% multiplied by the member's pension, as of July 1, 1969 earned under the prior North American Life group annuity contract NA 2119, if any

3. Suspended Members

For former active members who ceased active participation in the plan and elected to transfer to the Southam Inc. Retirement Plan on January 1, 1976, the total pension provided from the plan as outlined above in (2) will not be less than the following:

(a) Former Non-Contributing Members

For persons who, while in the plan, were non-contributing members, the minimum annual pension is 0.625% of final average earnings up to the final average YMPE, plus 0.875% of final average earnings in excess of the final average YMPE, for each year of credited service during the period from July 1, 1969 to January 1, 1976.

(b) Former Contributing Members

For persons who, while in the plan, were contributing members, the minimum annual pension is 0.625% of final average earnings up to the final average YMPE, plus 1.75% of final average earnings in excess of the final average YMPE, for each year of credited service during the period from July 1, 1969 to January 1, 1976.

Early Retirement

If a member retires from active service with the company prior to normal retirement date, he is eligible to receive either:

1. a deferred pension, commencing on normal retirement date, equal to the pension he had earned to early retirement date; or

2. a pension commencing on the first day of any month on or following early retirement date, equal to the pension he had earned to early retirement date, reduced by 1/2% for each month that pension commencement precedes normal retirement date.

Postponed Retirement Pension

A member who remains employed by the company beyond his normal retirement date will continue to accrue benefits and, if a contributing member, may continue to make required contributions during his continued employment. He will ultimately receive a pension commencing on his postponed retirement date equal to the pension he had accrued to that date.

Disability Retirement Pension

A member who is totally and permanently disabled may retire prior to normal retirement date provided he has attained age 50 and has completed 15 years of credited service. The amount of pension will be equal to the pension the member had earned to disability retirement date, reduced by 1/4% for each month by which pension commencement precedes normal retirement date.

Maximum Pension

The total annual pension payable from the plan upon retirement, death or termination of employment cannot exceed the lesser of:

- 2% of the average of the best three consecutive years of remuneration paid to the member by the company, multiplied by total credited service; and
- $1,722.22 multiplied by the member's total credited service.

Death Benefits

Prior to Pension Commencement

If a member dies while in the service of the company, his spouse or, if none, his beneficiary will receive the commuted value of the pension the member had accrued to date of death. If upon the member's death, he had not completed 2 years of plan membership, the commuted value of the member's pension will not be paid. Rather, the member's required contributions, if any, with interest, will be paid to his beneficiary.

After Pension Commencement

The normal form of pension provides that upon retirement, the member's pension will be paid as a life annuity with a guarantee of 120 monthly payments in any event. Optional forms of payment are available to the member. However, if the member has a spouse at retirement, he is required by law to receive his pension in the form of a joint and 60% survivor annuity unless both the member and the member's spouse waive their right to such form of payment in writing.

When a member dies following commencement of pension, the balance of payments, if any, will be continued in accordance with the form of payment elected by the member on retirement.

Termination Benefits

If a member has less than 2 years of plan membership upon termination of employment he will receive a refund of his required contributions, if any, with interest.

If a member has 2 or more years of plan membership upon termination of employment he will receive a deferred pension commencing at normal retirement date equal to the pension accrued to date of termination. The member may elect to commence receiving his deferred pension prior to normal retirement date but the pension would be actuarially reduced to reflect early commencement.

Minimum Contributions

If, upon the member's death, termination of employment or retirement, the member's required contributions plus interest exceed 50% of the commuted value of his vested contributory pension, the excess contributions will be refunded to the member or, in the case of the member's death, will be refunded to the member's spouse or, if none, beneficiary.

Appendix E

Employer Certification

With respect to the report on the actuarial valuation of the *Hollinger Canadian Publishing Holdings Co., Windsor Star Employees' Pension Plan*, as at January 1, 2009, I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made up to January 1, 2009, were provided to the actuary,
- the membership data provided to the actuary included a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to January 1, 2009, and
- all events subsequent to January 1, 2009 that may have an impact on the results of the valuation have been communicated to the actuary.

Date

Signed

Name

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited
255 Queens Avenue
Suite 2400
London, Ontario N6A 5R8
519 672 9310

Consulting. Outsourcing. Investments.

THIS IS EXHIBIT "G" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

September 2009

Hollinger Canadian Publishing Holdings Co. Pension Plan For The Employees Of Newspapers Formerly Owned By Thomson Newspapers

Report on the Actuarial Valuation for Funding Purposes as at December 31, 2008

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Financial Services Commission of Ontario Registration Number: 1033786
Canada Revenue Agency Registration Number: 1033786

Consulting. Outsourcing. Investments.

Contents

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Summary of Results

Going-Concern Financial Position	12.31.2008	12.31.2007
Market value of assets	$628,300	$654,900
Actuarial liability	$1,001,100	$822,500
Funding excess (shortfall)	($372,800)	($167,600)

Solvency Financial Position	12.31.2008	12.31.2007
Adjusted solvency assets	$861,900	$840,200
Adjusted solvency liability	$880,400	$874,300
Solvency excess (deficiency)	($18,500)	($34,100)
Transfer ratio	0.696	0.749

Wind-up Financial Position	12.31.2008	12.31.2007
Market value of assets net of termination expense	$583,300	$609,900
Total wind-up liability	$880,400	$874,300
Wind-up excess (deficiency)	($297,100)	($264,400)

Funding Requirements (annualized)	2009	2008
Total Employer's current service cost	$43,600	$42,800
Minimum special payments	$117,072	$92,784
Estimated minimum employer contribution for year	$160,672	$135,584
Estimated maximum employer contribution for year	$416,400	$307,200

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Introduction

Report on the Actuarial Valuation as at December 31, 2008

To Hollinger Canadian Publishing Holdings Co.

At the request of Hollinger Canadian Publishing Holdings Co. (the 'Company'), we have conducted an actuarial valuation of the Hollinger Canadian Publishing Holdings Co. Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers as at December 31, 2008. We are pleased to present the results of the valuation.

The purposes of this valuation are to determine:

- the funded status of the plan as at December 31, 2008 on going-concern, solvency and hypothetical wind-up bases; and
- the minimum and maximum funding requirements from 2009.

The information contained in this report was prepared for the internal use of the Company and for filing with Financial Services Commission of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the plan. This report is not intended or suitable for any other purpose.

This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency.

The next actuarial valuation of the plan will be required as at a date not later than December 31, 2009 or as at the date of an earlier amendment to the plan, in accordance with the minimum requirements of the *Pension Benefits Act (Ontario)*.

The minimum contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous valuation report. Upon filing this report, Hollinger Canadian Publishing Holdings Co. must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following December 31, 2008. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

The Plan is not fully funded on a wind-up basis. Even if the sponsor contributes in accordance with the funding requirements described in this valuation report, the assets of the Plan may be less than the liabilities of the Plan upon wind-up as emerging experience, including the growth of wind-up liabilities compared to the plans assets (including future contributions and investment returns), will affect the wind-up funded position of the Plan.

This valuation reflects the provisions of the plan as at December 31, 2008. The plan has not been amended since the date of the previous valuation. A summary of the plan provisions is provided in Appendix D.

The Employer entered into a Pension and Benefits Agreement with CanWest Global Communications Corporation that has resulted in the transfer of assets and liabilities with respect to the CanWest employees, as described in the asset transfer report as at January 1, 2001. The bulk of this transfer was completed February 28, 2007 and a payment of $66,543 was made on March 14, 2008 to complete the transaction.

We have used the same going-concern valuation assumptions and methods as were used for the valuation as at December 31, 2007, except for the following:

- the assumed investment return was changed from 5.00% to 3.50%; and
- the interest rate to be credited to employee contributions was changed from 3.00% to 2.25%.

These changes have resulted in an increase of $140,700 in the actuarial liability and of $600 in the employer current service cost.

The solvency and wind-up assumptions have been updated to reflect market conditions at the valuation date.

The assumptions used for the purposes of this valuation are described in detail in Appendix B. All assumptions made for the purposes of the valuation were independently reasonable at the time the valuation was prepared.

A new Canadian Institute of Actuaries Standard of Practice for determining pension commuted values ("CIA Standard") became effective on April 1, 2009. The new CIA Standard changes the assumptions to be used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer and for other benefits for which this basis has been used as a proxy to the cost of purchasing annuities. The Financial Services Commission of Ontario permits the use of the new CIA Standard. The financial impact of the new CIA Standard has been reflected in this actuarial valuation.

In 2008, Hollinger Canadian Publishing Holdings Co. commenced implementation of an investment strategy to transition almost all their pension assets to an immunized bond portfolio. This transition was completed in 2009. The bond portfolio will be managed by Northern Trust. The impact of this decision has been reflected in this valuation.

After checking with representatives of Hollinger Canadian Publishing Holdings Co., to the best of our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

We have assumed that all plan assets are available to cover the plan liabilities presented in this report.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. It has also been prepared in accordance with the funding and solvency standards set by the *Pension Benefits Act (Ontario)*.

This valuation report may not be relied upon for any purpose other than those explicitly noted above or by any party other than the Pension Committee, the Company, the Financial Services Commission of Ontario or the Canada Revenue Agency. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

To prepare this report, *actuarial assumptions*, as described in Appendix B, are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of changes in regulatory requirements, plan experience, changes in expectations about the future and other factors.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

Respectfully submitted,

Wade E. Schaefer
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Eileen F. Luxton
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Date

Date

Hollinger Canadian Publishing Holdings Co. Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers
Registration number with the Financial Services Commission of Ontario and with the Canada Revenue Agency: 1033786

3

Financial Position of the Plan

Valuation Results — Going-Concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the plan will be maintained indefinitely.

Financial Position

The results of the valuation as at December 31, 2008, in comparison with those of the previous valuation as at December 31, 2007, are summarized as follows:

Financial Position — Going-Concern Basis

	12.31.2008	**12.31.2007**
Assets		
▪ market value of assets	$498,100	$598,500
▪ assets apportioned for prior sales	$0	($66,000)
▪ contributions/transfers in transit	$77,800	$122,400
▪ market value of defined contribution accounts*	$52,400	N/A
Total assets	$628,300	$654,900
Actuarial liability		
Present value of accrued benefits for:		
▪ disabled and suspended members	$79,500	$60,700
▪ pensioners and survivors	$701,700	$634,700
▪ deferred pensioners	$165,000	$123,200
▪ outstanding termination payments	$2,500	$3,900
▪ defined contribution account balances*	$52,400	N/A
Total Liabilities	$1,001,100	$822,500
Funding excess (shortfall) (A)	($372,800)	($167,600)
Present value of existing going-concern funding shortfall special payments (B)	$136,900	$167,600
Going-concern funding shortfall created at this valuation (maximum of 0 and A+B)	($235,900)	$0

* Defined contribution account balances remain from non-active members who were not active at time of prior sales. These account balances were not available at the previous valuation.

Reconciliation of Financial Position

The plan's financial position, a funding shortfall of $372,800 as at December 31, 2008, is reconciled with its previous position, a funding shortfall of $167,600 as at December 31, 2007, as follows:

Reconciliation of Financial Position

Funding shortfall as at 12.31.2007	($167,600)
Interest on funding shortfall at 5.00% per year to 31.12.2008	($8,400)
Employer's special payments to eliminate the funding shortfall and/or solvency deficiencies	$94,100
Net experience gains (losses) over valuation period *	($145,500)
Impact of changes in assumptions	($140,700)
Net impact of other elements of gains and losses	($4,700)
Funding shortfall as at 12.31.2008	($372,800)

* Net experience gains (losses) are detailed below.

Plan Experience

The main assumptions are compared with the actual experience since the previous valuation as at December 31, 2007:

Plan Experience

	Impact Gain (Loss)
Net investment return	($150,600)
Gain due to mortality	$4,000
Gain due to termination	$1,100
Net experience gains (losses)	($145,500)

Valuation Results — Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the plan's assets and its liabilities on a solvency basis, determined in accordance with the *Pension Benefits Act (Ontario)*. The values of the plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date. The circumstance in which the plan wind-up is assumed to have taken place is the employers' decision to cease sponsorship of the pension plan.

We have included the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up.

Financial Position on a Solvency Basis

The plan's solvency position as at December 31, 2008, in comparison with that of the previous valuation as at December 31, 2007, is determined as follows:

Solvency Position

	12.31.2008	**12.31.2007**
Market value of assets	$498,100	$598,500
Assets apportioned for prior sales	$0	($66,000)
Contributions/transfers in transit	$77,800	$122,400
1. Total defined benefit assets	$575,900	$654,900
Market value of defined contribution accounts*	$52,400	N/A
Termination expenses	($45,000)	($45,000)
2. Solvency assets	$583,300	$609,900
Solvency asset adjustment:		
Present value of payments for the next five years	$278,600	$230,300
3. Adjusted solvency assets	$861,900	$840,200
Actuarial liability		
Present value of accrued benefits for:		
▪ disabled and suspended members	$69,900	$67,700
▪ pensioners and survivors	$616,600	$666,900
▪ deferred pensioners	$139,000	$135,800
▪ outstanding termination payments	$2,500	$3,900
4. Defined benefit liabilities	$828,000	$874,300
Defined contribution account balances*	$52,400	N/A
5. Solvency liabilities	$880,400	$874,300
Solvency excess (deficiency) created as at valuation date (3. – 5.)	($18,500)	($34,100)
Transfer ratio (1. ÷ 4.)	.696	.749

* Defined contribution account balances remain from non-active members who were not active at time or prior sales. These account balances were not available at the previous valuation.

Payment of Benefits

Since the transfer ratio is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the *Pension Benefits Act (Ontario)* to allow for the full payment of benefits. Otherwise, the plan administrator should take the actions prescribed by the *Act*.

Financial Position on a Wind-Up Basis

The plan's hypothetical wind-up position as of December 31, 2008, assuming circumstances producing the maximum wind-up liabilities on the valuation date, is determined as follows:

Wind-Up Position

	12.31.2008
Market value of assets	$498,100
Contributions/transfers in transit	$77,800
Market value of defined contribution accounts	$52,400
Termination expense provision	($45,000)
Wind-up assets	$583,300
Present value of accrued benefits for:	
▪ disabled and suspended members	$69,900
▪ pensioners and survivors	$616,600
▪ deferred pensioners	$139,000
▪ outstanding termination payments	$2,500
▪ defined contribution account balances	$52,400
Total wind-up liability	$880,400
Wind-up excess (deficiency)	($297,100)

Impact of Plan Wind-up

In our opinion, the value of the plan's assets would be less than its actuarial liabilities if the plan were to be wound up on the valuation date. Specifically, actuarial liabilities would exceed the market value of plan assets by $297,100. This calculation includes a provision for termination expenses that might be payable from the pension fund.

Pension Benefit Guarantee Fund (PBGF) Assessment

The PBGF assessment is calculated as follows:

$1 for each Ontario member	$14.00
PLUS	
0.5% of PBGF assessment base up to 10% of PBGF liabilities	$99.70
PLUS	
1.0% of PBGF assessment base up to between 10% and 20% of PBGF liabilities	$199.40
PLUS	
1.5% of PBGF assessment base over 20% of PBGF liabilities	$312.30
PBGF assessment (before application of limit per member)	$625.40
Maximum assessment ($100 per member)	$1,400.00
PBGF assessment (taking into account the limit per member)	$625.40

The PBGF assessment base and liabilities are derived as follows:

PBGF Assessment Base and PBGF Liabilities

PBGF liabilities	$199,400	(a)
Total solvency liabilities	$828,000	(b)
Ontario asset ratio	24.08%	(c) = (a) ÷ (b)
Market value of assets	$575,900	(d)
Ontario portion of the fund	$138,700	(e) = (c) x (d)
PBGF assessment base	$60,700	(f) = (a) - (e)

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Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of members accruing benefits during 2009, in comparison with the corresponding value determined in the previous valuation as at December 31, 2007, is summarized below:

Employer's Current Service Cost

	2009	2008
Total current service cost	$3,600	$2,800
Estimated members' required contributions	$0	$0
Expense provision	$40,000	$40,000
Estimated employer's current service cost	$43,600	$42,800

An analysis of the changes in the employer's current service cost follows:

Changes in Employer's Current Service Cost

Employer's current service cost as at 12.31.2007	$42,800
Demographic changes	$200
Changes in Assumptions	$600
Employer's current service cost as at 12.31.2008	$43,600

Special Payments

Going Concern Basis

The present value, as at December 31, 2008, of the monthly special payments that were determined in the previous valuation, is as follows:

**Present Value of Monthly Special Payments
Determined as at 12.31.2007**

Effective Date	Current Special Payment	Last Payment	Present Value of Remaining Payments as at 12.31.2008
12.31.2004	$3,079	12.31.2009	$36,300
12.31.2006	$801	12.31.2021	$100,600
	$3,880		$136,900

Due to the experience loss arising since the previous valuation offset by employer funding toward the plan's solvency deficiency, a going-concern funding shortfall of $235,900 was created as at December 31, 2008.

In accordance with the *Pension Benefits Act (Ontario),* the going-concern funding shortfall needs to be amortized over a period not exceeding 15 years. As such, special payments must be increased by $1,680 per month, until December 31, 2023 to amortize this going-concern funding shortfall.

Solvency Basis

In accordance with the *Pension Benefits Act (Ontario)*, each solvency deficiency must be eliminated by special payments within five years of the respective effective date. The present values as at December 31, 2008 of the special payments established to eliminate the solvency deficiencies determined in the previous valuation are as follows:

Present Value of Monthly Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment	Present Value of Remaining Payments as at 12.31.2008
Going Concern	12.31.2004	$3,079	12.31.2009	$36,100
Going Concern	12.31.2006	$801	12.31.2011	$43,100
Going Concern	12.31.2008	$1,680	12.31.2013	$90,400
Solvency	12.31.2004	$754	12.31.2009	$8,800
Solvency	12.31.2005	$991	12.31.2010	$22,700
Solvency	12.31.2006	$1,477	12.31.2011	$49,800
Solvency	12.31.2007	$630	12.31.2012	$27,700
		$9,412		$278,600

Since there is a solvency deficiency created as at December 31, 2008, special payments have been increased by $344 per month until December 31, 2013 to eliminate this new solvency deficiency.

Total Special Payments

The following minimum monthly special payments must be made to the plan to eliminate the going concern funding shortfall and any solvency deficiency as at December 31, 2008, within the periods prescribed by the *Pension Benefits Act (Ontario)*.

Minimum Monthly Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment
Going Concern	12.31.2004	$3,079	12.31.2009
Going Concern	12.31.2006	$801	12.31.2021
Going Concern	12.31.2008	$1,680	12.31.2023
Solvency	12.31.2004	$754	12.31.2009
Solvency	12.31.2005	$991	12.31.2010
Solvency	12.31.2006	$1,477	12.31.2011
Solvency	12.31.2007	$630	12.31.2012
Solvency	12.31.2008	$344	12.31.2013
Total		$9,756	

Employer Contributions

There is a funding shortfall of $372,800 and solvency liabilities exceed solvency assets by $297,100 as at December 31, 2008. As such, the minimum monthly contribution that Hollinger Canadian Publishing Holdings Co. must make to the plan for the year commencing December 31, 2008 is as follows:

Minimum Funding Requirements

The minimum monthly required contributions for 2009 are as follows:

Monthly Employer Contributions
For current service: $3,633 per month
Minimum special payments for funding shortfall: $5,560
Minimum additional special payments for solvency: $4,196

We have estimated the minimum total employer contribution for the period from December 31, 2008 to December 31, 2009 to be $160,672, or $13,389 per month.

Maximum Eligible Contributions

The maximum eligible employer contribution is equal to the current service cost including the expense allowance plus the greater of the going-concern funding shortfall and the wind-up deficiency. We have estimated the maximum eligible contribution for 2009 to be $416,400 as at December 31, 2008. The portion of this contribution representing the going concern funding shortfall ($372,800) can be increased with interest at 3.50% per year, from December 31, 2008 to the date the payment is made.

Contributions for current service must be made within 30 days following the month to which they apply. Special payments to eliminate a funding shortfall or solvency deficiency must be made in the month to which they apply.

The minimum contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous valuation report. Upon filing this report, Hollinger Canadian Publishing Holdings Co. must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following December 31, 2008. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

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Actuarial Opinion

**With respect to the Actuarial Valuation as at December 31, 2008
of the Hollinger Canadian Publishing Holdings Co. Pension Plan for Employees of
Newspapers Formerly Owned by Thomson Newspapers
FSCO Registration 1033786
Canada Revenue Agency 1033786**

Based on the results of this valuation, we hereby certify that, as at December 31, 2008,

- The employer's current service cost from the effective date of the valuation upon which this Certificate is based to the effective date of the next valuation is $3,633 per month.

- The employer's current service cost for the year following the valuation date is estimated to be $43,600.

- The plan would be fully funded on a going-concern basis if its assets were augmented by $372,800. In order to comply with the provisions of the *Pension Benefits Act (Ontario)*, the funding shortfall must be liquidated by monthly special payments at least equal to the amounts indicated, and for the periods set forth, below:

Monthly Funding shortfall Special Payments

Effective Date	Special Payment	Last Payment
12.31.2004	$3,079	12.31.2009
12.31.2006	$801	12.31.2021
12.31.2008	$1,680	12.31.2023
Total	$5,560	

- The plan would be fully funded on a solvency basis if its assets were augmented by $297,100. In order to comply with the provisions of the *Pension Benefits Act (Ontario)*, the solvency deficiency must be liquidated by monthly special payments at least equal to the amounts indicated, and for the periods set forth, below:

Monthly Solvency Special Payments

Effective Date	Special Payment	Last Payment
12.31.2004	$754	12.31.2009
12.31.2005	$991	12.31.2010
12.31.2006	$1,477	12.13.2011
12.31.2007	$630	12.31.2012
12.31.2008	$344	12.31.2013
Total	$4,196	

- The solvency liabilities used to determine the solvency status of the plan do not exclude any benefit provided under the plan.

- We have included in the solvency liabilities the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up. The circumstance in which the plan wind-up is assumed to have taken place is the employer's decision to cease sponsorship of the pension plan.

- The Pension Benefits Guarantee Fund annual assessment under Section 37 of the Regulations to the Pension Benefits Act (Ontario) for the 2008 plan year is $625.40 plus provincial sales tax payable no later than September 30, 2009. The PBGF assessment base is $60,700. The PBGF liabilities are $199,400.

Appendix A

Plan Assets

Sources of Plan Asset Data

The pension fund that supports the defined benefit provisions of the plan is held in trust by RBC Dexia under account number 554-118986-001. The fund was invested in accordance with the investment policy by several investment management firms.

In 2008, Hollinger Canadian Publishing Holdings Co. commenced implementation of an investment strategy to transition almost all their pension assets to an immunized bond portfolio. This transition was completed in 2009. The bond portfolio will be managed by Northern Trust.

We have relied upon fund statements prepared by RBC Dexia for the period from January 1, 2008 to December 31, 2008.

The assets that support the defined contribution provisions of the plan are held in trust by Great-West Life.

Reconciliation of Assets

The pension fund transactions for the defined benefit provisions of the plan for the period from January 1, 2008 to December 31, 2008 are summarized as follows:

Reconciliation of Plan Assets (Market Value)

	2008
January 1	$598,503
PLUS	
Employer contributions	$180,345
Investment income*	($110,793)
	$69,552
LESS	
Pensions paid	$49,759
Lump-sum refunds	$2,185
Transfers	$66,543
Expenses	$51,484
	$169,971
December 31	$498,084

* Includes realized and unrealized gains.

This asset value is adjusted to reflect an in-transit transfer of $77,789 representing a payment for fees inadvertently paid on behalf of a different pension plan.

The resulting market value is $575,873.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received or accrued benefits. The results of these tests were satisfactory.

The market value of the remaining defined contribution accounts held by Great-West Life is $52,426.41.

Investment Policy

The plan administrator adopted a statement of investment policy and procedures effective March 1, 2003 for the pension fund that supports the defined benefit provisions of the plan. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix. In the fourth quarter of 2008, the plan administrator began an immunization process whereby the fund would be predominantly invested in a bond fund that matched liabilities of the plan. The statement of investment policy and procedures is expected to be amended in 2009 to reflect the new investment policy.

The constraints on the asset mix, and the actual asset mix as at December 31, 2008, are provided for information purposes.

Distribution of the Market Value of the Fund by Asset Class

	Investment Policy 31.12.2007			Investment Policy 31.12.2008	Actual Asset Mix As at 31.12.2008
	Minimum	**Target**	**Maximum**		
Equity	30.0%	45.0%	60.0%	0.0%	19.6%
Canadian Fixed Income	35.0%	50.0%	65.0%	95.0%	48.5%
Short Term	0.0%	5.0%	10.0%	5.0%	31.9%
		100.0%		100.0%	100.0%

Performance of Fund Assets

The performance of fund assets, net of expenses from December 31, 2007 to December 31, 2008 as per our calculations (which assume that the net cash flow occurred in the middle of the year) was -25.78%.

The performance of defined benefit fund assets, net of expenses and adjusted for the explicit expense allowance, from December 31, 2007 to December 31, 2008 is -20.06%. This rate is less than the assumed investment return of 5.0% by -25.06%, which has resulted in net investment losses of ($150,700). The return on the market value net of investment and custodial fees attributable to the assets to be transferred to CanWest Global Communications Corporation was a loss of $100. Hence, the loss attributable to the pension fund is ($150,600).

Appendix B

Actuarial Methods and Assumptions

Actuarial Valuations Methods — Going-Concern Basis

Valuation of Assets

For this valuation, we have continued to use the market value of assets.

Valuation of Actuarial Liabilities

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits. This is referred to as the *actuarial liability*.

The *funding excess* or *funding shortfall*, as the case may be, is the difference between the actuarial value of assets and the actuarial liability. A funding shortfall will be amortized over no more than 15 years through special payments as required under the *Pension Benefits Act (Ontario)*. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial funding method aims at keeping the plan fully funded at all times. This promotes benefit security, once any funding shortfalls and solvency deficiencies have been funded.

Actuarial Assumptions — Going-Concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation, we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them if necessary.

In this valuation, we have used the same assumptions as in the previous valuation except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions:

Economic Assumptions

Investment Return

We have assumed that the investment return on the market value of the fund, net of expenses charged to the fund, will average 3.50% per year over the long term. We have based this assumption on an expected long-term return on the pension fund less an allowance for investment and administrative expenses and less a margin for adverse deviations as described below.

We have assumed a gross rate of return of 4.23% consistent with market conditions applicable on the valuation date based on estimated returns for each major asset class and the target asset mix to be specified in the plan's amended investment policy. We have allowed for investment and administrative expenses of 0.48% per year. We have included a margin for adverse deviations from all sources of 0.25% per year.

The prior valuation at December 31, 2007 assumed an investment return of 5.0% per year.

Expenses

The assumed Investment Return reflects an implicit provision for expenses. The current service cost includes an additional allowance of $40,000 for expected annual expenses. The assumed level of expenses is based on the average of expenses paid over the last three calendar years adjusted for fees paid in respect of prior asset transfers not expected to be paid on a go forward basis.

Increases in Pensionable Earnings

The benefits ultimately paid will depend on each member's future earnings. To calculate the pension benefits payable on retirement, death or termination of employment, we have assumed no increase in pensionable earnings for disabled members.

Increases in the Maximum Pension Permitted Under the Income Tax Act

No assumption is necessary as the pension accrued will not in any situation be greater than the maximum pension permitted to be paid under the Income Tax Act.

Interest Credited on Employee-required Contributions

Interest is credited on employee-required contributions at the 5-year personal fixed-term chartered bank deposit rates. For this valuation, we have assumed that the interest rate to be credited on employee-required contributions will be 2.25% per year, over the long term.

The prior valuation at December 31, 2007 assumed interest would be credited at a rate, of 3.00% per year.

Demographic Assumptions

Retirement Age

Because early retirement pensions are reduced in accordance with a formula, the retirement age of plan members has an impact on the cost of the plan. Retirement rates are typically developed taking into account the past experience of the plan. However, considering the size of the plan and that there are no active members, the rates of retirement have been developed as our expectation of the best-estimate rates of retirement based on the plan provisions and our experience with other similar plans. It is expected that disabled members will retire once entitlement to disability benefits ceases.

It has been assumed that suspended members, disabled members and members with deferred benefit entitlements will retire upon attainment of age 65, or immediately if that age has been obtained.

Termination of Employment

No allowance has been made for termination of employment prior to retirement on the basis that members on disability are assumed to remain on disability until their retirement.

Mortality

The actuarial value of the pension depends on the lifetime of the member. The rates of mortality were developed using the experience of retirees in the Hollinger Canadian Publishing Holdings Co. Retirement Plan. The mortality experience of this group of retirees is expected to be consistent with members of this plan. A generational mortality table provides for an allowance for improvements in mortality consistent with current studies.

The current mortality assumptions are based on a mortality experience study that was conducted in 2006 considering the plan's experience over the years 2001 to 2005. The study suggests that mortality rates are reasonably consistent with the rates of the 1994 Uninsured Pensioner Generational Mortality Table with projection scale AA and a 19 year set forward.

We have assumed mortality rates, after retirement, in accordance with the 1994 Uninsured Pensioner Generational Mortality table with projection scale AA and a 19 year set forward. According to this table, the life expectancy for a member-age age 65 at December 31, 2008 is 20.9 years for a man and 22.7 years for a woman.

Disability

No allowance has been made for disability retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results. We have assumed that those currently disabled would remain disabled until retirement.

Actuarial Valuation Methods and Assumptions — Solvency and Impact of Plan Wind-up

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes.

To determine the solvency actuarial liability, we have valued those benefits that would have been paid had the plan been wound up on the valuation date, with all members fully vested in their accrued benefits. The circumstance in which the plan wind-up is assumed to have taken place is the employer's decision to cease sponsorship of the pension plan. No benefits payable on plan wind-up were excluded from our calculations

Members aged 55 and over are considered to be entitled to an immediate pension, reduced in accordance with the plan rules. All members under age 55 except for Non-Bargaining Participants and Bargaining Participants of the Victoria Times Columnist would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purpose of determining eligibility for early retirement benefits. For each individual plan member, accumulated contributions with interest plus 50% of the present value of the pension are established as a minimum actuarial liability.

Benefits are assumed to be settled through a lump sum transfer for 70% of members not eligible for retirement on December 31, 2008 and 40% of members eligible for retirement on December 31, 2008. The value of the benefits accrued on December 31, 2008 for such members is based on the assumptions described in *Section 3800 – Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for December 31, 2008, for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits are assumed to be settled through the purchase of annuities for 30% of members not eligible for retirement on December 31, 2008, 60% of members eligible for retirement on December 31, 2008 and all pensioners and survivors. The value of the benefits accrued on December 31, 2008, for such members are based on an estimate of the cost of settlement through purchase of annuities.

We have estimated the cost of settlement through purchase of annuities in accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2008 and December 30, 2009.*

In accordance with the Pension Benefits Act (Ontario), we have not included a provision for adverse deviation in the solvency and wind-up valuations.

Assumptions are as follows:

Actuarial Assumptions

For benefits to be settled through a lump sum	
Mortality rates	UP94 projected to 2020
Interest rate:	4.20% per year for the first 10 years following 12.31.2008, 5.70% per year thereafter
For benefits to be settled through the purchase of an immediate annuity	
Mortality rates:	UP94 projected to 2015
Interest rate:	4.47% per year
For benefits to be settled through the purchase of a deferred annuity	
Mortality rates:	UP94 projected to 2015
Interest rate:	4.45% per year
For all benefits	
Interest rates used to determine the present value of the special payments	4.44% per year
Termination expenses	$45,000

In a solvency valuation, the accrued benefits are based on the member's accrued benefits at the valuation date. Also, the employment of each member is assumed to have terminated on the valuation date; therefore, no assumption is required for future rates of termination of employment.

To determine both solvency and hypothetical wind-up position of the plan, a provision has been made for the estimated termination expenses payable from the plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the plan and to be charged to the plan.

In addition, for the purpose of determining the financial position of the plan on both a solvency and hypothetical wind-up basis, termination expenses also include a provision for transaction fees related to the liquidation of the plan's assets and for the reduction in the value of the plan's equity assets resulting from their liquidation. Such fees and liquidation impact are difficult to assess and will vary depending on the nature of the assets held and market conditions at the time assets are liquidated.

Because the settlement of all benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of a wind-up being contested. Expenses associated with the distribution of any surplus assets that might arise on an actual wind-up are also not included in the estimated termination expense provisions.

In determining the provision for termination expenses payable from the plan assets, we have assumed that the plan sponsor is solvent on the wind-up date. We have also assumed, without analysis, that the plan's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the plan.

Actual fees incurred on as actual plan wind-up may differ materially from the estimates disclosed in this report.

Appendix C

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2008, provided by Hollinger Canadian Publishing Holdings Co. and maintained by Mercer as third-party administrators for the plan.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Membership Data

	12.31.2008	12.31.2007
Disabled/Suspended Members		
▪ Number	3	4
▪ Average age	60.4	58.2
▪ Average years of pensionable service	12.2 years	8.5 years
▪ Average monthly accrued pension	$174	$129
▪ Total contributions with interest	$6,161	$6,604
Pensioners and Survivors		
▪ Number	22	22
▪ Average age	69.1	68.1
▪ Total monthly lifetime pension	$4,147	$4,147
▪ Average monthly lifetime pension	$188	$188
Deferred Pensioners		
▪ Number	15	15
▪ Average age	51.8	50.8
▪ Total monthly lifetime pension	$1,255	$1,255
▪ Average monthly lifetime pension	$84	$84
▪ Total contributions with interest	$32,083	$31,121

In-Transit Payments

There are 3 members who terminated prior to the valuation date and either had not made an election with respect to their benefits or a lump sum settlement was in-transit at December 31, 2008. The commuted value of their accrued benefits at the valuation date is $2,498.

Membership Reconciliation

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Disabled/ Suspended Members	Pensioners and Survivors	Deferred Pensioners	Pending	Total
Total at 12.31.2007	4	22	15	4	45
Terminations	(1)			(1)	(2)
Total at 12.31.2008	3	22	15	3	43

The distribution of the inactive members by age as at December 31, 2008, is summarized as follows:

Distribution of Inactive Members by Age Group as at 12.31.2008

	Deferred Pensioners			Pensioners & Survivors	
Age	**Number**	**Monthly Pension**	**Contributions with Interest**	**Number**	**Monthly Pension**
25 – 34	1	N/A	N/A	0	0
35 – 39	0	$0	$0	0	0
40 – 44	2	N/A	N/A	0	0
45 – 49	2	N/A	N/A	0	0
50 – 54	4	$471	$11,316	0	0
55 – 59	4	$223	$6,922	0	0
60 – 64	2	N/A	N/A	4	$784
65 – 69	0	$0	$0	9	$946
70 – 74	0	$0	$0	9	$2,417
Total	15	$1,255	$32,083	22	$4,147

Appendix D

Summary of Plan Provisions

Introduction

The Hollinger Canadian Publishing Holdings Co. Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers became effective September 17, 1996.

This valuation is based on the plan provisions in effect on December 31, 2008. The following is a summary of the main provisions of the plan in effect on December 31, 2008. It is not intended as a complete description of the plan.

Eligibility for Membership

Each employee who was participating in the Thomson Newspapers Employees' Retirement Plan automatically became a member of the plan on the effective date. Full-time employees became eligible for membership on January 1 of the calendar year coincident with or next following the employee's commencement of continuous service, provided that such employee had not attained the age of 65 years.

Member Required Contributions

No members are currently required to make contributions to the plan, as they have either suspended plan membership or are in receipt of disability benefits. Members on disability leave are deemed to have made the required contributions and will accrue benefits accordingly.

Retirement Dates

Normal Retirement Date

The Normal Retirement Date shall be the first day of the month coincident with or next following the date on which the member attains the age of 65.

Early Retirement Date

A member may retire as early as age 55.

Postponed Retirement Date

An active member may postpone retirement beyond the normal retirement date but no later than the end of the calendar year in which he attains age 71.

Retirement Benefits

Normal Retirement

For members formerly employed by Maritime and Ontario Newspapers, the amount of annual pension payable to a member shall equal 50% of the member's required contributions made subsequent to his date of entry.

For those members formerly employed with Vancouver Island Newspapers, the amount of annual retirement pension payable shall be calculated as follows:

(i) Non-Bargaining Participants:	1.4% of earnings up to the YMPE, and 2% of that portion of earnings, if any, in excess thereof, subject to income tax restrictions.
(ii) Bargaining Participants of Victoria Times Colonist:	1.2% of earnings up to the YMPE, and 1.8% of that portion of earnings, if any, in excess thereof, subject to income tax restrictions.
(iii) Other Bargaining Participants:	50% of the member's required contributions.

Early Retirement

An active member may retire as early as the age of 55 years. Former Vested Members are those members who terminated employment prior to age 55 but who left their benefit entitlement in the plan.

With the exception of Former Vested Members covered under (i) or (ii) above, the pension payable to an active or Former Vested Member who retires early is reduced by:

1. 1/3% for each complete month, to a maximum of sixty months, by which the date of commencement of his retirement benefit precedes his Normal Retirement Date; plus

2. 1/2% for each complete month in excess of sixty months by which the date of commencement of his retirement benefits precedes his Normal Retirement Date.

The pension payable to Former Vested Members covered under (i) or (ii) above who retire early shall be determined on an actuarial equivalent basis.

Postponed Retirement

If a Member remains in continuous service after his Normal Retirement Date and is not in receipt of a pension from the plan, he may elect to postpone retirement until December 31 in the calendar year in which he attains age 71.

A member who remains in continuous service after his Normal Retirement Date may elect either:

1. to receive his basic retirement income accrued as at his Normal Retirement Date; or

2. to continue to accrue pension until his postponed retirement date. His basic retirement income as of that date shall not be less than the actuarial equivalent of the basic retirement income that he would have been entitled to receive had he retired on his Normal Retirement Date.

Maximum Pension

The total annual pension payable from the plan upon retirement, death or termination of employment cannot exceed the lesser of:

- 2% of the average of the best three consecutive years of total compensation paid to the member by the Employer; and

- $2,444.44 in 2009 (automatically increased, starting in 2010, in accordance with general increases in the average wage),

multiplied by total credited service.

Survivor Benefits

Death Before Retirement

If a member dies before completion of two years of continuous plan membership, his spouse, or if he has no spouse, his estate or appointed beneficiary will receive a return of his contributions with interest, plus the value of his voluntary contributions, if any.

If a member dies after completion of two years of continuous plan membership but before his Normal Retirement Date, his spouse, or if he has no spouse, his estate or appointed beneficiary shall receive a cash payment equal to the value of his earned pension to the date of death, plus the value of his voluntary contributions, if any.

Death After Retirement

The normal form of pension payable is for life with payments guaranteed for five years. The member may elect to receive an optional form of pension on an actuarial equivalent basis. However, if the member has a spouse at retirement, he is required by law to receive his pension in the form of a joint and 60% survivor annuity unless both the member and the member's spouse wave their right to such form of payment in writing.

Termination of Employment

As of the valuation date, all plan members are fully vested in their accrued benefits.

On termination of employment, a vested member can elect to receive a deferred pension payable from the age of 65 years, a reduced deferred pension payable from as early as age 55, or a lump sum cash equivalent.

Employer Cost Sharing

If, on death, termination or retirement of the member, the required contributions accumulated with interest exceed 50% of the commuted value of the member's accrued vested pension, the excess is payable to the member.

Appendix E

Employer Certification

With respect to the report on the actuarial valuation of the *Hollinger Canadian Publishing Holdings Co. Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers*, as at December 31, 2008, I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made up to December 31, 2008, were provided to the actuary;
- the membership data provided to the actuary include a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to December 31, 2008; and
- all events subsequent to December 31, 2008 that may have an impact on the results of the valuation have been communicated to the actuary.

Date

Signed

Michael J. Krupa
Corporate Accounting Manager
Name and Title

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited
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Consulting. Outsourcing. Investments.

THIS IS EXHIBIT "H" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L. Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

September 2008

Sterling Newspapers Ltd. and Associated Companies Pension Plan

Report on the Actuarial Valuation for Funding Purposes as at December 31, 2007

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

B.C. Financial Institutions Commission Registration Number: P085060
Canada Revenue Agency Registration Number: 0399444

Contents

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Summary of Results

Going-concern Financial Position	31.12.2007	31.12.2004
Market value of assets	$1,392,200	$1,131,400
Actuarial liability	$1,752,100	$1,218,900
Funding excess (unfunded liability)	($359,900)	($87,500)

Solvency Financial Position	31.12.2007	31.12.2004
Adjusted solvency assets	$1,566,200	$1,172,000
Adjusted solvency liability	$1,721,500	$1,229,800
Solvency excess (deficiency)	($155,300)	($57,800)
Solvency ratio	80.9%	92.0%

Wind-up Financial Position	31.12.2007	31.12.2004
Market value of assets net of termination expenses	$1,362,200	$1,121,400
Total wind-up liability	$1,721,500	$1,229,800
Wind-up excess (deficiency)	($359,300)	($108,400)

Funding Requirements (annualized)	2008	2005
Total current service cost	$6,049	$35,084
Estimated member's required contributions	($0)	($8,632)
Estimated employer's current service cost	$6,049	$26,452
Minimum special payments	$85,528	$24,300
Estimated minimum employer contribution for year	$91,577	$50,752
Estimated maximum employer contribution for year	$365,949	$134,852

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Introduction

Report on the Actuarial Valuation as at December 31, 2007

To: Hollinger Canadian Publishing Holdings Co.

At the request of Hollinger Canadian Publishing Holdings Co. (the 'Employer'), we have conducted an actuarial valuation of the Sterling Newspapers Ltd. and Associated Companies Pension Plan as at December 31, 2007. We are pleased to present the results of the valuation.

The purposes of this valuation are to determine:

- the funded status of the plan as at December 31, 2007 on going-concern, solvency and hypothetical wind-up bases, and
- the minimum and maximum funding requirements from 2008.

The next actuarial valuation of the plan will be required as at a date not later than December 31, 2010 or as at the date of an earlier amendment to the plan, in accordance with the minimum requirements of the *B.C. Pension Benefit Standards Act and Regulations.*

The Plan is not fully funded on a wind-up basis. Even if the sponsor contributes in accordance with the funding requirements described in this valuation report, the assets of the Plan may be less than the liabilities of the Plan upon wind-up as emerging experience, including the growth of wind-up liabilities compared to the plan's assets (including future contributions and investment returns), will affect the wind-up funded position of the Plan.

The minimu contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous valuation report. Upon filing this report, Hollinger Canadian Publishing Holdings Co. must contribute the excess, if any, of the minimum contribution with an allowance for interest recommended in this report over contributions actually made in respect of the period following December 31, 2007.

This valuation reflects the provisions of the plan as at December 31, 2007. Effective February 6, 2006, the Limited Partnership and Publications Company were sold to Glacier Ventures International Inc. As a result of this transaction, the plan was amended to transfer responsibility for future service accruals of active members to Glacier. Final average earnings were frozen at the date of the transaction. A summary of the plan provisions is provided in Appendix D.

We have used the same going-concern valuation assumptions and methods as were used for the valuation as at December 31, 2004 except for the following:

- the discount rate was changed from 6.50% per year to 4.50% per year;
- the interest on contributions was changed from 6.50% per year to 4.50% per year;
- the inflation rate was changed from 2.50% per year to 2.25% per year;
- the assumed maximum pension was changed from $1,722.22 in 2005 increased at 3.0% per year to $2,444.44 in 2009 increased at 3.0% per year;
- the salary and YMPE scales were eliminated; and
- the mortality table was changed from UP94 with future projected mortality improvements to 2015 to UP94 with generational mortality improvements with a 19 year set forward.

These changes have resulted in an increase of $400,700 in the actuarial liability and of $1,921 in the employer current service cost.

The solvency and wind-up assumptions have been updated to reflect market conditions at the valuation date.

The assumptions used for purposes of this valuation are described in Appendix B. All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

A new Canadian Institute of Actuaries Standard of Practice for Determining Pension Commuted Values ("CIA Standard") became effective on February 1, 2005. The new CIA Standard changed the assumptions used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer and for other benefits for which this basis has been used as a proxy to the cost of purchasing annuities. The financial impact of the new CIA Standard has been reflected in this actuarial valuation.

This report has been prepared on the assumption that all of the assets in the pension fund are available to meet all the claims on the pension plan.

Since the valuation date there have been significant fluctuations in the financial markets. Consequently, it is likely that the financial position of the Plan has deteriorated since the valuation date. We have reflected the financial position of the plan as of the valuation date, December 31, 2007 and have not taken into account any experience after the valuation date.

After checking with representatives of Sterling Newspapers Ltd., to the best of our knowledge there have been no other events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice. It has also been prepared in accordance with the funding and solvency standards set by the *B.C. Pension Benefit Standards Act and Regulations*.

The information contained in this report was prepared for Hollinger Canadian Publishing Holdings Co. for its internal use and for filing with the B.C. Financial Institutions Commission and with the Canada Revenue Agency in connection with our actuarial valuation of the plan. This report is not intended or necessarily suitable for other purposes.

This report will be filed with the B.C. Financial Institutions Commission and with the Canada Revenue Agency.

Respectfully submitted,

Wade E. Schaefer
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Septmbr 26, 2008
Date

Eileen F. Luxton
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

September 25 2008
Date

Sterling Newspapers Ltd. and Associated Companies Pension Plan
Registration number with the B.C. Financial Institutions Commission: P085060
Registration number with the Canada Revenue Agency: 0399444

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Financial Position of the Plan

Valuation Results — Going-concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the plan will be maintained indefinitely.

Financial Position

The results of the valuation as at December 31, 2007, in comparison with those of the previous valuation as at December 31, 2004, are summarized as follows:

Financial Position — Going-concern Basis

	31.12.2007	31.12.2004
Assets		
▪ actuarial value of assets (market value)	$1,388,200	$1,130,000
▪ contributions/transfers in transit	$4,000	$1,400
Total assets	$1,392,200	$1,131,400
Actuarial liability		
Present value of accrued benefits for:		
▪ active members	$683,100	$573,800
▪ disabled members	$137,600	$156,900
▪ pensioners and survivors	$931,400	$245,800
▪ deferred pensioners	$0	$219,100
▪ additional voluntary contributions	$0	$23,300
Total liability	$1,752,100	$1,218,900
Funding excess (unfunded liability)	($359,900)	($87,500)

Reconciliation of Financial Position

The plan's financial position, an unfunded liability of $359,900 as at December 31, 2007, is reconciled with its previous position, an unfunded liability of $87,500 as at December 31, 2004, as follows:

Reconciliation of Financial Position

Funding excess (unfunded liability) as at 31.12.2004	($87,500)
Interest on unfunded liability at 6.50% per year to 31.12.2007	($18,200)
Employer's special payments to eliminate the unfunded liability and solvency deficiencies	$80,400
Net experience gains (losses) over valuation period *	$30,500
Impact of plan amendments	$77,400
Impact of changes in assumptions	($400,700)
Impact of program refinements	($41,700)
Net impact of other elements of gains and losses	($100)
Funding excess (unfunded liability) as at 31.12.2007	($359,900)

* *Net experience gains (losses) are detailed below.*

Plan Experience

The main assumptions are compared with actual experience since the previous valuation as at December 31, 2004:

Plan Experience

	Impact Gain/(Loss)
Net investment return	$78,400
Loss due to retirements	($30,300)
Loss due to mortality	($43,300)
Gain due to disability	$50,700
Loss due to increase in earnings and YMPE	($15,200)
Loss due to interest credited on employee contributions	($9,800)
Net experience gains (losses)	$30,500

Valuation Results — Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the plan's assets and its liabilities on a solvency basis, determined in accordance with the *B.C. Pension Benefit Standards Act and Regulations.* The values of the plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date. The circumstance in which the plan wind-up is assumed to have taken place is that the employer has chosen to discontinue the pension plan at the valuation date.

We have included the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up. The postulated plan wind-up produces the maximum liabilities.

The plan's solvency position as at December 31, 2007, in comparison with that of the previous valuation as at December 31, 2004 is determined as follows:

Solvency Position

	31.12.2007	**31.12.2004**
Market value of assets	$1,388,200	$1,130,000
Contributions/transfers in transit	$4,000	$1,400
1. Total assets	$1,392,200	$1,131,400
Termination expenses	($22,000)	($10,000)
2. Solvency assets	$1,370,200	$1,121,400
Solvency asset adjustment:		
Present value of payments for the next five years	$196,000	$50,600
3. Adjusted solvency assets	$1,566,200	$1,172,000
Actuarial liability		
Present value of accrued benefits for:		
▪ active members	$656,500	$516,800
▪ disabled members	$141,700	$173,300
▪ pensioners and survivors	$923,300	$268,600
▪ deferred pensioners	$0	$247,800
▪ additional voluntary contributions	$0	$23,300
4. Solvency liabilities	$1,721,500	$1,229,800
Solvency excess (deficiency) created as at valuation date (3. – 4.)	($155,300)	($57,800)
Solvency ratio (1. ÷ 4.)	80.9%	92.0%

Payment of Benefits

Since the solvency ratio is less than 100%, the plan administrator should ensure that the quarterly special payments are sufficient to meet the requirements of the *B.C. Pension Benefit Standards Act and Regulations* to allow for the full payment of benefits. Otherwise, the plan administrator should take the actions prescribed by the *B.C. Pension Benefit Standards Act and Regulations*.

Financial Position on a Wind-up Basis

The plan's hypothetical wind-up position as of December 31, 2007, assuming circumstances producing the maximum wind-up liabilities on the valuation date, is determined as follows:

Wind-up Position

	31.12.2007
Market value of assets	$1,388,200
Contributions/transfer in transit	$4,000
Termination expense provision	($30,000)
Wind-up assets	$1,362,200
Present value of accrued benefits for:	
▪ active members	$656,500
▪ disabled members	$141,700
▪ pensioners and survivors	$923,300
Total wind-up liability	$1,721,500
Wind-up excess (deficiency)	($359,300)

Impact of Plan Wind-up

In our opinion, the value of the plan's assets would be less than its actuarial liabilities if the plan were to be wound up on the valuation date. Specifically, actuarial liabilities would exceed the market value of plan assets by $359,300. This calculation includes a provision for termination expenses that might be payable from the pension fund.

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Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of the active members accruing benefits during 2008, in comparison with the corresponding value determined in the previous valuation as at December 31, 2004, is summarized below:

Employer's Current Service Cost

	2008	**2005**
Total current service cost	$6,049	$35,084
Estimated members' required contributions	($0)	($8,632)
Estimated employer's current service cost	$6,049	$26,452
Employer's current service cost expressed as a percentage of members' pensionable earnings	N/A	7.81%

Special Payments

Going-concern Basis

The present value, as at December 31, 2007, of the quarterly special payments that were determined in the previous valuation, is as follows:

Present Value of Quarterly Special Payments Determined as at 31.12.2004

Effective Date	Current Special Payment	Last Payment	Present Value of Remaining Payments as at 31.12.2007
31.12.2004	$2,850	31.12.2014	$68,300

Due to the experience loss and assumption changes arising since the previous valuation offset by the impact of plan amendments during the inter-valuation period, a going-concern unfunded liability of $291,600 was created as at December 31, 2007.

In accordance with the *B.C. Pension Benefit Standards Act and Regulations,* the going-concern unfunded liability needs to be amortized over a period not exceeding 15 years. As such, special payments must be increased by $6,676 per quarter, until December 31, 2022 to amortize this going-concern unfunded liability.

Solvency Basis

In accordance with the *B.C. Pension Benefit Standards Act and Regulations,* each solvency deficiency must be eliminated by special payments within five years of the respective effective date. The present values as at December 31, 2007 of the special payments established to eliminate the solvency deficiencies determined in the previous valuation are as follows:

Present Value of Quarterly Special Payments Determined as at 31.12.2004

Effective Date	Special Payment	Last Payment	Present Value of Remaining Payments as at 31.12.2007
31.12.2004	$3,225	31.12.2009	$24,600

Since there is a solvency deficiency created as at December 31, 2007, special payments have been increased by $8,631 per quarter until December 31, 2012 to eliminate this new solvency deficiency.

Total Special Payments

The following minimum quarterly special payments must be made to the plan to eliminate the going-concern unfunded liability and any solvency deficiency as at December 31, 2007, within the periods prescribed by the *B.C. Pension Benefit Standards Act and Regulations*.

Minimum Quarterly Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment
Going-concern	31.12.2004	$2,850	31.12.2014
Going-concern	31.12.2007	$6,676	31.12.2022
Solvency	31.12.2004	$3,225	31.12.2009
Solvency	31.12.2007	$8,631	31.12.2012
Total		$21,382	

Employer Contributions

There is an unfunded liability of $359,900 and solvency liabilities exceed solvency assets by $351,300 as at December 31, 2007. As such, the minimum quarterly contribution that Hollinger Canadian Publishing Holdings Co. must make to the plan from 2008 to 2010 is as follows:

Minimum Funding Requirements

The minimum quarterly required contributions from 2008 to 2010 are as follows:

Quarterly Employer Contributions

For current service:	$1,512.25 for 2008 $1,580.31 for 2009 $1,651.42 for 2010
Minimum special payments for unfunded liability:	$9,526
Minimum additional special payments for solvency:	$11,856 until 31.12.2009 $8,631 from 31.12.2009

On the basis of estimated plan membership, we have estimated the minimum total employer contribution for the period for 2008 to be $91,577, or $22,894 per quarter. We have estimated the total members' contributions for 2008 to be nil.

Maximum Eligible Contributions

The maximum eligible employer contribution is equal to the current service cost plus the greater of the going-concern unfunded liability and the wind-up deficiency. We have estimated the maximum eligible contribution for 2008 to be $365,894 as at December 31, 2007. The portion of this contribution representing the payment of the going-concern deficit ($359,900) can be increased with interest at 4.50% per year, from December 31, 2007 to the date the payment is made.

Contributions for current service and special payments to eliminate an unfunded liability or solvency deficiency must be made no less frequently than quarterly.

The minimum contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous valuation report. Upon filing this report, Hollinger Canadian Publishing Holdings Co. must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following December 31, 2007. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

5

Actuarial Opinion

With respect to the Actuarial Valuation as at December 31, 2007
of the Sterling Newspapers Ltd. and Associated Companies Pension Plan
B.C. Financial Institutions Commission Registration: P085060
Canada Revenue Agency Registration: 0399444

Based on the results of this valuation, we hereby certify that, as at December 31, 2007,

- The employer's current service cost for 2008 and subsequent years, up to the next actuarial valuation should be calculated as follows:
  - $1,512.25 per quarter in 2008
  - $1,580.31 per quarter in 2009
  - $1,651.42 per quarter in 2010.

- The employer's current service cost for 2008 is estimated to be $6,049.

- The plan would be fully funded on a going-concern basis if its assets were augmented by $359,900. In order to comply with the provisions of the *B.C. Pension Benefit Standards Act and Regulations,* the unfunded liability must be liquidated by quarterly special payments at least equal to the amounts indicated, and for the periods set forth, below:

Quarterly Unfunded Liability Special Payments

Effective Date	Special Payment	Last Payment
31.12.2004	$2,850	31.12.2014
31.12.2007	$6,676	31.12.2022
Total	$9,526	

- The plan would be fully funded on a solvency basis if its assets were augmented by $351,300. In order to comply with the provisions of the *B.C. Pension Benefit Standards Act and Regulations*, the solvency deficiency must be liquidated by quarterly special payments at least equal to the amounts indicated, and for the periods set forth, below:

Quarterly Solvency Special Payments

Effective Date	Special Payment	Last Payment
31.12.2004	$3,225	31.12.2009
31.12.2007	$8,631	31.12.2012
Total	$11,856	

- The solvency liabilities used to determine the solvency status of the plan do not exclude any benefit provided under the plan.

- We have included in the solvency liabilities the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up. The circumstance in which plan wind-up is assumed to have taken place is the employer's business is discontinued at the location at which plan members are employed.

- The solvency ratio of the plan is 80.9%.

- In our opinion,
  - the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
  - the assumptions are, in aggregate, appropriate for the purposes of determining the funded status of the plan as at December 31, 2007 on going-concern and solvency bases, and determining the minimum funding requirements, and
  - the methods employed in the valuation are appropriate for the purposes of determining the funded status of the plan as at December 31, 2007 on going-concern and solvency bases, and determining the minimum funding requirements.

- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

- All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared.

Wade E. Schaefer
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

September 26, 2008
Date

Eileen F. Luxton
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

September 25 2008
Date

Appendix A

Plan Assets

Sources of Plan Asset Data

The pension fund is held in trust by RBC Dexia under account number 554-144706-001 and is invested in accordance with the investment policy by several investment managers. Funds were transferred from Canadian Western Trust in January 2006.

We have relied upon fund statements prepared by RBC Dexia for the period from December 31, 2005 to December 31, 2007. Demner Consulting Ltd. provided the information for the 2005 calendar year.

Reconciliation of Plan Assets

The pension fund transactions for the plan for the period from December 31, 2004 to December 31, 2007 are summarized as follows:

Reconciliation of Plan Assets (Market Value)

	2005	2006	2007
January 1	$1,130,036	$1,260,317	$1,318,440
PLUS			
Members' contributions	$4,056	$0	$0
Employer contributions	$51,200	$32,540	$24,300
Investment Income*	$120,527	$120,173	$137,869
	$175,783	$152,713	$162,169
LESS			
Pensions paid	$31,766	$35,647	$69,426
Lump-sum refunds	$0	$30,198	$0
Expenses	$13,736	$28,745	$23,019
	$45,502	$94,590	$92,445
December 31	$1,260,317	$1,318,440	$1,388,164

* Includes realized and unrealized gains.

This asset value is adjusted to reflect in-transit contributions of $3,989. The resulting market value is $1,392,153.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

Investment Policy

The plan administrator adopted a statement of investment policy and objectives effective January 1, 2007. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix.

The constraints on the asset mix, and the actual asset mix, as at December 31, 2007, are provided for information purposes:

Distribution of the Market Value of the Fund by Asset Class

	Investment Policy			Actual Asset Mix As at 31.12.2007
	Minimum	**Target**	**Maximum**	
Equity	30.0%	45.0%	60.0%	56.9%
Canadian Fixed Income	35.0%	50.0%	65.0%	38.6%
Short Term	0.0%	5.0%	10.0%	4.5%
		100.0%		100.0%

Performance of Fund Assets

The performance of fund assets, net of expenses, from December 31, 2004 to December 31, 2007 as per our calculations (which assume that the net cash flow occurred in the middle of each year), are show below:

Year	Return
2005	9.35%
2006	7.35%
2007	8.86%

The average return on the market value, net of expenses, since the last valuation at December 31, 2007 was 8.52% per year. This rate exceeds the assumed investment return of 6.50% by 2.02% per year.

Appendix B

Actuarial Methods and Assumptions

Actuarial Valuations Methods — Going-concern Basis

Valuation of Assets

For this valuation, we have continued to use the market value of the plan's assets as the actuarial value of plan assets.

Valuation of Actuarial Liabilities

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *projected unit credit actuarial cost method.* Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits, based on projected final average earnings. This is referred to as the *actuarial liability.*

The *funding excess or unfunded liability*, as the case may be, is the difference between the market value of assets and the actuarial liability. An unfunded liability will be amortized over no more than 15 years through special payments as required under the *B.C. Pension Benefit Standards Act and Regulations.* A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial funding method aims at keeping the plan fully funded at all times. This promotes benefit security, once any unfunded liabilities and solvency deficiencies have been funded.

When actuarial liabilities on a solvency basis exceed actuarial liabilities on a going-concern basis and the plan has a solvency deficiency, as are both true in this valuation, contribution requirements will be largely determined by the solvency funded position. This has several implications:

- Special payments are required to amortise solvency deficiencies over a maximum of 5 years; and
- During the amortisation period the plan is not expected to be 100% solvent.

In addition, the growth in solvency liabilities resulting from the additional accrual of benefits and development of the plan membership may be different than the growth of plan assets including future contributions and investment returns. This may result in further losses being revealed in future solvency valuations.

Current Service Cost

The *current service cost* is the actuarial present value of projected benefits to be paid under the plan with respect to service during the year following the valuation date.

The employer's current service cost is the total current service cost reduced by the members' required contributions.

The employer's current service cost has been expressed as a flat dollar amount recognizing that all members' earnings are frozen at the valuation date and that there are no expected fluctuations in membership during the valuation period.

Under the projected unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement.

Employer's Contribution

Accordingly, the employer's contributions for this purpose are determined as follows:

Employer's Contributions

With a funding excess	With an unfunded liability
Current service cost	Current service cost
MINUS	PLUS
Any funding excess applied to cover the employer's current service cost	Payments to amortize any unfunded liability

Actuarial Assumptions — Going-Concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation, we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them if necessary.

In this valuation, we have used the same assumptions as in the previous valuation except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions:

Economic Assumptions

Investment Return

We have assumed that the investment return on the market value of the fund will average 4.50% per year over the long term. We have based this assumption on an expected long-term return on the pension fund less an allowance for investment and administrative expenses and less a margin for adverse deviations as described below.

We have assumed a gross rate of return of 6.54% consistent with market conditions applicable on the valuation date, based on estimated returns for each major asset class and the target asset mix specified in the plan's investment policy. Additional returns of 0.23% are assumed to be achievable due to active management.

We have allowed for investment and administrative expenses of 1.56% per year.

We have included a margin for adverse deviations, from all sources, of 0.71% per year.

The prior valuation assumed an investment return of 6.5% per year.

Expenses

The assumed Investment Return reflects an implicit provision for investment and administrative expenses.

Inflation

The benefits ultimately paid depend on the level of inflation. We assumed inflation will be 2.25% per year. This assumption reflects our best estimate of future inflation considering the Bank of Canada's inflation target and market expectations of long-term inflation implied by the yields on nominal and real return bonds.

The prior valuation assumed an inflation rate of 2.50% per year.

Increases in the YMPE

All members' benefits are based on frozen final average Year's Maximum Pensionable Earnings (YMPE) under the Canada/Quebec Pension Plan. As such, no assumption is necessary.

The prior valuation assumed increases in the YMPE of 3.00% per year.

Increases in the Maximum Pension Permitted Under the Income Tax Act.

The *Income Tax Act* stipulates that the maximum pension that can be provided under a registered pension plan will be increased to specified amounts up to 2009, and automatically, starting in 2010, in accordance with general increases in the average wage.

For this valuation, we have assumed that the maximum pension payable under the plan will increase as specified in the *Income Tax Act* in 2008 and 2009, and will increase starting in 2010 at the assumed rate of inflation of 2.25% plus an allowance of 0.75% per year for the effect of real economic growth and productivity gains in the Canadian economy, which is consistent with historical real economic growth.

The prior valuation assumed increases in the maximum of pension of 3.00% per year from a current maximum of $1,715 per year.

Increases in Pensionable Earnings

All members' benefits are based on frozen final average earnings. As such, no assumption is necessary.

The prior valuation assumed an increase in pensionable earnings of 3.50% per year.

Interest Credited on Employee-required Contributions

Interest is credited on employee-required contributions at the rate of return of the pension fund, with a guaranteed minimum of 4.00% per year. For this valuation, we have assumed that the interest rate to be credited on employee-required contributions will be 4.50% per year, over the long term. This rate is consistent with the assumptions underlying the investment return assumption.

The prior valuation assumed interest credited on employee required contributions would average 6.50% per year.

Demographic Assumptions

Retirement Age

Because early retirement pensions are reduced by 6.0% per annum, the retirement age of plan members does not have a material impact on the cost of the plan. Therefore, considering the size of the plan, it has been assumed that active and disabled members will retire upon attainment of age 65, or immediately if that age has been obtained.

Termination of Employment

No allowance has been made for termination of employment prior to retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results.

Mortality

The actuarial value of the pension depends on the lifetime of the member. The rates of mortality were developed using the experience of retirees in the Hollinger Canadian Publishing Holdings Co. Retirement Plan. The mortality experience of this group of retirees is expected to be consistent with members of this plan. A generational mortality table provides for an allowance for improvements in mortality consistent with current studies.

The current mortality assumptions are based on a mortality experience study that was conducted in 2006 considering the plan's experience over the years 2001 to 2005. The study suggests that mortality rates are reasonably consistent with the rates of the 1994 Uninsured Pensioner Generational Mortality Table with projection scale AA and a 19 year set forward.

We have assumed mortality rates, after retirement, in accordance with the Uninsured Pensioner 1994 Generational Mortality table (UP1994) with projection scale AA and a 19 year set forward. According to this table, the life expectancy for a member-age age 65 in 2008 is 20.8 years for a man and 22.7 years for a woman.

The prior valuation assumed mortality rates before and after retirement in accordance with the Uninsured Pensioner 1994 mortality table with projected future mortality improvements to the year 2015. In addition, a loading of 5% of liabilities was added to provide for the 60% pre-retirement spousal pension.

Disability

No allowance has been made for disability retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results. We have assumed that those currently disabled would remain disabled until retirement and would continue to accrue benefits until retirement in accordance with the plan terms.

Actuarial Valuation Methods and Assumptions — Solvency Basis

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes.

To determine the solvency actuarial liability, we have valued those benefits that would have been paid had the plan been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on December 31, 2007 with all members fully vested in their accrued benefits. No benefits payable on plan wind-up were excluded from our calculations.

We have considered that members under 55 years of age on that date would be entitled to a deferred pension payable from age 65 or such earlier age for which plan eligibility requirements have been satisfied at December 31, 2007. Members aged 55 and over are considered to be entitled to an immediate pension, reduced in accordance with the plan rules. For each individual plan member, accumulated contributions with interest plus 50% of the present value of the pension accumulated after January 1, 1993 are established as a minimum actuarial liability for benefits earned after January 1, 1993. Benefits are assumed to be settled through a lump sum transfer for members not eligible for retirement. The value of the benefits accrued on December 31, 2007, for such members is based on the assumptions described in Section 3800 – Pension Commuted Values of the Canadian Institute of Actuaries Standards of Practice applicable for December 31, 2007 for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits are assumed to be settled through the purchase of annuities for members eligible for retirement on December 31, 2007. The value of the benefits accrued on December 31, 2007 for such members is based on an estimate of the cost of settlement through purchase of annuities.

We have estimated the cost of settlement through purchase of annuities in accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2007 and December 30, 2008.*

Assumptions are as follows:

Actuarial Assumptions

Mortality rates:	UP94 projected to 2015
Interest rates for benefits to be settled through lump sum transfer:	4.75% per year for the first 10 years following 31.12.2007, 5.00% per year thereafter
Interest rates for benefits to be settled through annuity purchase:	4.14% per year
Interest rates used to determine the present value of the special payments:	4.18% per year
Final average earnings:	Based on actual pensionable earnings over the averaging period
Maximum pension limit:	$2,333.33 for 2008
	$2,444.44 for 2009
	Indexed at 3.24% per year thereafter
Termination expenses:	$22,000

In a solvency valuation, the accrued benefits are based on the member's final average earnings on the valuation date; therefore no salary projection is used. Also, the employment of each member is assumed to have terminated on the valuation date; therefore, no assumption is required for future rates of disability and termination of employment.

To determine the solvency position of the plan, the provision for expenses payable from the plan's assets is in respect of actuarial, administration and legal expenses that would be incurred in terminating the plan. For the purposes of determining the financial position of the plan upon wind-up, the provision for termination expenses also includes transaction fees related to the liquidation of the plan's assets and any reduction in the value of the plan's equity assets resulting from this liquidation.

Because the settlement of benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of the hypothetical wind-up being contested.

In determining the provision for termination expenses payable from the plan assets, we have assumed that the plan sponsor would be solvent on the wind-up date.

In accordance with the *B.C. Pension Benefit Standards Act and Regulations*, we have not included a provision for adverse deviation in the solvency and wind-up valuations.

Appendix C

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2007, provided by Hollinger Canadian Publishing Holdings Co. and maintained by Mercer as third-party administrators for the plan.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Membership Data

	31.12.2007	31.12.2004
Active/Disabled Members		
Number	5	6
Average age	51.3	50.7
Average years of pensionable service	15.0 yrs.	13.6 yrs.
Total monthly lifetime pension	$7,090.50	N/A
Total pensionable earnings	N/A	$338,400
Average pensionable earnings	N/A	$56,400
Total contributions with interest	$314,936	$237,250
Pensioners and Survivors		
Number	8	6
Average age	78.1	79.3
Total monthly lifetime pension	$6,546	$2,647
Average monthly lifetime pension	$818	$441
Deferred Pensioners*		
Number	0	2
Average age	0.0	61.2
Total monthly lifetime pension	$0	$3,358
Average monthly lifetime pension	$0	$1,679

* A Limited Member is entitled to a portion of an active member's benefits due to a marital breakdown. This member's demographic statistics were shown with the deferred members in the previous valuation.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Active/Disabled Members	Pensioners and Survivors	Deferred Pensioners	Total
Total at 31.12.2004	6	6	2	14
Retirements:	(1)	2	(1)	–
Terminations:	–	–	–	–
Adjustments	–	–	(1)	(1)
Total at 31.12.2007	5	8	–	13

Appendix D

Summary of Plan Provisions

Introduction

Sterling Newspapers Ltd. and Associated Companies Pension Plan became effective September 1, 1976. The plan was last amended effective February 6, 2006.

This valuation is based on the plan provisions in effect on December 31, 2007. The following is a summary of the main provisions of the plan in effect on December 31, 2007. It is not intended as a complete description of the plan.

Eligibility for Membership

Each employee who was employed on September 1, 1976, was eligible to become a participant provided that he had attained the age of 21. Any other employee who was first employed on or after September 1, 1976 shall be eligible for membership provided that he shall have completed 2 years of continuous service with the employer.

Member Required Contributions

Annual contributions shall amount to 5% of the member's annual earnings less any amount which the member is required to contribute to the Canada/Québec Pension Plan.

Retirement Dates

Normal Retirement Date

The Normal Retirement Date shall be the last day of the month coincident with or next following the date on which the member attains the age of 65.

Early Retirement Date

A member may retire as early as age 55.

Postponed Retirement Date

An active member may postpone retirement beyond the Normal Retirement Date but not later that the end of the year in which the member attains age 71.

Retirement Benefits

Normal Retirement

The amount of annual pension payable to a member shall be equal to 1.25% of Final Average Earnings plus 1.75% of the excess, if any, of Final Average Earnings over Final Government Maximum Earnings. Final Average Earnings and Final Government Maximum Earnings for active members are frozen as at February 6, 2006.

Early Retirement Pension

The normal retirement pension is reduced by 1/2% for each month by which the date of early retirement precedes the Normal Retirement Date.

Postponed Retirement Pension

If a member postpones retirement, no benefits will be paid under the plan as long as he remains in the service of the employer and has not attained the age of 71. As of his postponed retirement date, the member's basic retirement income shall not be less than the actuarial equivalent of the basic retirement income that he would have been entitled to receive had he retired on his Normal Retirement Date.

Maximum Pension

The total annual pension payable from the plan upon pension commencement cannot exceed the lesser of:

- 2% of the average of the best three consecutive years of total compensation paid to the member by the Employer, and;
- $2,333.33 in 2008 and $2444.44 in 2009 (automatically increased, starting in 2010, in accordance with general increases in the average wage, multiplied by total credited service.

Survivor Benefits

Death Before Retirement

If a member dies while in service of the employer but prior to his Normal Retirement Date, and who has not completed a total of 5 years of Pensionable Past Service and Pensionable Future Service, his spouse or, in absence of a spouse, his appointed beneficiary will receive a return of his required and voluntary contributions with credited interest.

The death benefit payable to the Spouse with respect to Credited Service after December 31, 1992, shall be 60% of the commuted value of the member's accrued pension.

Death After Retirement

The normal form of pension payable is for life with payments guaranteed for five years. However, the member may elect to receive an optional form of pension on an actuarial equivalent basis.

Termination of Employment

If a member terminates before he has completed 5 years of credited service, he will receive a return of his contributions with interest. On termination after vesting, the member can elect to receive a deferred pension payable from age 55. If a terminated members elects to receive a deferred pension payable earlier than the member's Normal Retirement Age, the pension will be reduced in the same manner as for early retirement.

Employer Cost Sharing

If, on death, termination or retirement of the member, the required contributions made on or after January 1, 1993 accumulated with interest exceed 50% of the commuted value of the member's accrued vested pension, the excess is payable to the member.

Appendix E

Employer Certification

With respect to the report on the actuarial valuation of the *Sterling Newspapers Ltd. and Associated Companies Pension Plan*, as at December 31, 2007. I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made up to December 31, 2007, were provided to the actuary;
- the membership data provided to the actuary include a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to December 31, 2007; and
- all events subsequent to December 31, 2007 that may have an impact on the results of the valuation have been communicated to the actuary.

September 30, 2008
Date

Michael E. Krupa
Signed

Michael E Krupa
Corporate Accounting Manager
Name and Title

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer(Canada) Ltd.
255 Queens Avenue, Suite 2400
London, Ontario
Canada N6A 5R8
519 672 9310

Consulting. Outsourcing. Investments.

THIS IS EXHIBIT "I" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

September 2009

Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers

Report on the Actuarial Valuation for Funding Purposes as at December 31, 2008

MERCER

MMC MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Financial Services Commission of Ontario Registration Number: 1024744
Canada Revenue Agency Registration Number: 1024744

Consulting. Outsourcing. Investments.

Contents

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Summary of Results

Going-concern Financial Position	31.12.2008	12.31.2007
Market value of assets	$319,700	$324,900
Actuarial liability	$454,900	$448,400
Funding excess (shortfall)	($135,200)	($123,500)

Solvency Financial Position	31.12.2008	12.31.2007
Adjusted solvency assets	$411,600	$462,900
Adjusted solvency liability	$443,600	$472,300
Solvency excess (deficiency)	($32,000)	($9,400)
Transfer ratio	0.721	0.688

Wind-up Financial Position	31.12.2008	12.31.2007
Market value of assets net of termination expenses	$269,700	$279,900
Total wind-up liability	$443,600	$472,300
Wind-up excess (deficiency)	($173,900)	($192,400)

Funding Requirements (annualized)	2009	2008
Total Employer's current service cost	$56,100	$41,000
Minimum special payments	$60,900	$73,140
Estimated minimum employer contribution for year	$117,000	$114,140
Estimated maximum employer contribution for year	$230,000	$233,400

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Introduction

Report on the Actuarial Valuation as at December 31, 2008

To Hollinger Canadian Publishing Holdings Co.

At the request of Hollinger Canadian Publishing Holdings Co., (the "Company"), we have conducted an actuarial valuation of the Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers as at December 31, 2008. We are pleased to present the results of the valuation.

The purposes of this valuation are to determine:

- the funded status of the plan as at December 31, 2008 on going-concern, solvency and hypothetical wind-up bases, and
- the minimum and maximum funding requirements from 2009.

The information contained in this report was prepared for the internal use of the Company and for filing with Financial Services Commission of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the plan. This report is not intended or suitable for any other purpose.

This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency.

The next actuarial valuation of the plan will be required as at a date not later than December 31, 2009 or as at the date of an earlier amendment to the plan, in accordance with the minimum requirements of the *Pension Benefits Act (Ontario)*.

The minimum contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous valuation report. Upon filing this report, Hollinger Canadian Publishing Holdings Co. must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following December 31, 2008. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

The plan is not fully funded on a wind-up basis. Even if the sponsor contributes in accordance with the funding requirements described in this valuation report, the assets of the plan may be less than the liabilities of the plan upon wind-up as emerging experience, including the growth of wind-up liabilities compared to the plan's assets (including future contributions and investment returns), will also affect the wind-up funded position of the plan.

This valuation reflects the provisions of the plan as at December 31, 2008. The plan has not been amended since the date of the previous valuation. A summary of the plan provisions is provided in Appendix D.

The Employer entered into a Pension and Benefits Agreement with CanWest Global Communications Corporation that resulted in the transfer of assets and liabilities with respect to the CanWest employees, as described in the asset transfer report as at January 1, 2001. The bulk of this transfer occurred March 16, 2007, and a payment of $3,327 was received on March 14, 2008 to complete the transaction.

In addition, the Employer entered into a Pension and Benefits Agreement with Osprey Media Inc. that resulted in the transfer of assets and liabilities with respect to the Osprey employees, as described in the asset transfer report as at July 31, 2001. As of the valuation date, this transaction has not been completed. On July 31, 2009 approval of the transfer was received from the Financial Services Commission of Ontario. The transfer is expected to take place in the fourth quarter of 2009.

We have used the same going-concern valuation assumptions and methods as were used for the valuation as at December 31, 2007, except for the following:

- the assumed investment return was changed from 5.00% to 4.50%;
- the explicit expense assumption was changed from $40,000 per annum to $55,000 per annum; and the
- the interest rate to be credited to employee contributions was changed from 3.00% to 2.25%.

These changes have resulted in an increase of $21,400 in the actuarial liability and of $15,100 in the employer current service cost.

The solvency and wind-up assumptions have been updated to reflect market conditions at the valuation date.

The assumptions used for the purposes of this valuation are described in detail in Appendix B. All assumptions made for the purposes of the valuation were independently reasonable at the time the valuation was prepared.

A new Canadian Institute of Actuaries Standard of Practice for determining pension commuted values ("CIA Standard") became effective on April 1, 2009. The new CIA Standard changes the assumptions to be used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer and for other benefits for which this basis has been used as a proxy to the cost of purchasing annuities. The Financial Services Commission of Ontario permits the use of the new CIA Standard. The financial impact of the new CIA Standard has been reflected in this actuarial valuation.

After checking with representatives of Hollinger Canadian Publishing Holdings Co., to the best of our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

We have assumed that all plan assets are available to cover the plan liabilities presented in this report.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. It has also been prepared in accordance with the funding and solvency standards set by the *Pension Benefits Act (Ontario)*.

This valuation report may not be relied upon for any purpose other than those explicitly noted above or by any party other than the Pension Committee, the Company, the Financial Services Commission of Ontario or the Canada Revenue Agency. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

To prepare this report, *actuarial assumptions*, as described in Appendix B, are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of changes in regulatory requirements, plan experience, changes in expectations about the future and other factors.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

Respectfully submitted,

Wade E. Schaefer
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Eileen F. Luxton
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Date

Date

Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers

Registration number with the Financial Services Commission of Ontario and with the Canada Revenue Agency: 1024744

3

Financial Position of the Plan

Valuation Results – Going-concern Basis

When conducting a valuation on a going-concern basis, we determine the relationship between the respective values of assets and accumulated benefits, assuming the plan will be maintained indefinitely.

Financial Position

The results of the valuation as at December 31, 2008, in comparison with those of the previous valuation as at December 31, 2007, are summarized as follows:

Financial Position – Going-concern Basis

	31.12.08	**12.31.2007**
Assets		
▪ market value of assets	$1,484,900	$1,774,100
▪ assets apportioned for prior sales	($1,087,400)	($1,403,200)
▪ contributions/transfers in transit	($77,800)	($46,000)
Total assets	$319,700	$324,900
Actuarial liability		
Present value of accrued benefits for:		
▪ disabled members	$31,700	$27,400
▪ pensioners and survivors	$323,200	$320,800
▪ deferred pensioners	$91,600	$81,600
▪ outstanding termination payments	$8,400	$18,600
Total liability	$454,900	$448,400
Funding excess (shortfall) (A)	($135,200)	($123,500)
Present value of existing going-concern funding shortfall special payments (B)	$120,100	$123,500
Going-concern funding shortfall created at this valuation (maximum of 0 and A+B)	($15,100)	$0

Reconciliation of Financial Position

The plan's financial position, a funding shortfall of $135,200 as at December 31, 2008, is reconciled with its previous position, a funding shortfall of $123,500 as at December 31, 2007, as follows:

Reconciliation of Financial Position

Funding shortfall as at 31.12.2007	($123,500)
Interest on funding shortfall at 5.00% per year to 31.12.2008	($6,200)
Net experience gains (losses) over valuation period*	($99,000)
Employer's special payments to eliminate the funding shortfall and/or solvency deficiencies	$74,100
Impact of changes in assumptions	($21,400)
Impact of change in assets apportioned for prior sales	$40,600
Net impact of other elements of gains and losses	$200
Funding shortfall as at 31.12.2008	($135,200)

* Net experience gains (losses) are detailed below.

Plan Experience

The main assumptions are compared with actual experience since the previous valuation as at December 31, 2007:

Plan Experience

	Impact Gain (Loss)
Net investment return	($97,100)
Loss due to mortality	($800)
Interest on contributions and in-transit payments	($1,100)
Net experience gains (losses)	($99,000)

Valuation Results – Solvency Basis

When conducting a solvency valuation, we determine the relationship between the respective values of the plan's assets and its liabilities on a solvency basis, determined in accordance with the *Pension Benefits Act (Ontario)*. The values of the plan's assets and liabilities on a solvency basis are related to the corresponding values calculated as though the plan were wound up and settled on the valuation date. The circumstance in which the plan wind-up is assumed to have taken place is the employers' decision to cease sponsorship of the pension plan.

We have included the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up.

Financial Position on a Solvency Basis

The plan's solvency position as at December 31, 2008, in comparison with that of the previous valuation as at December 31, 2007, is determined as follows:

Solvency Position

	31.12.2008	**12.31.2007**
Market value of assets	$1,484,900	$1,774,100
Assets apportioned for prior sales	($1,087,400)	($1,403,200)
Contributions/transfers in transit	($77,800)	($46,000)
1. Total assets	$319,700	$324,900
Termination expenses	($50,000)	($45,000)
2. Solvency assets	$269,700	$279,900
Solvency asset adjustment:		
Present value of payments for next five years	$141,900	$183,000
3. Adjusted solvency assets	$411,600	$462,900
Actuarial liability		
Present value of accrued benefits for:		
▪ disabled members	$32,500	$31,700
▪ pensioners and survivors	$311,000	$332,600
▪ deferred pensioners	$91,700	$89,400
▪ outstanding termination payments	$8,400	$18,600
4. Solvency liabilities	$443,600	$472,300
Solvency excess (deficiency) created as at valuation date (3. - 4.)	($32,000)	($9,400)
Transfer ratio (1. ÷ 4.)	0.721	.688

Payment of Benefits

Since the transfer ratio is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the *Pension Benefits Act (Ontario)* to allow for the full payment of benefits. Otherwise, the plan administrator should take the actions prescribed by the *Act*.

Financial Position on a Wind-up Basis

The plan's hypothetical wind-up position as of December 31, 2008, assuming circumstances producing the maximum wind-up liabilities on the valuation date, is determined as follows:

Wind-up Position

	31.12.2008
Market value of assets	$1,484,900
Assets apportioned for prior sales	($1,087,400)
Contributions/transfers in transit	($77,800)
Termination expense provision	($50,000)
Wind-up assets	$269,700
Present value of accrued benefits for:	
▪ disabled members	$32,500
▪ pensioners and survivors	$311,000
▪ deferred pensioners	$91,700
▪ outstanding termination payments	$8,400
Total wind-up liability	$443,600
Wind-up excess (deficiency)	($173,900)

Impact of Plan Wind-up

In our opinion, the value of the plan's assets would be less than its actuarial liabilities if the plan were to be wound up on the valuation date. Specifically, actuarial liabilities would exceed the market value of plan assets by $173,900. This calculation includes a provision for termination expenses that might be payable from the pension fund.

Pension Benefit Guarantee Fund (PBGF) Assessment

The PBGF assessment is calculated as follows:

$1 for each Ontario member	$38.00
PLUS	
0.5% of PBGF assessment base up to 10% of PBGF liabilities	$186.00
PLUS	
1.0% of PBGF assessment base up to between 10% and 20% of PBGF liabilities	$372.00
PLUS	
1.5% of PBGF assessment base over 20% of PBGF liabilities	$442.50
PBGF assessment (before application of limit per member)	$1,038.50
Maximum assessment ($100 per member)	$3,800.00
PBGF assessment (taking into account the limit per member)	$1,038.50

The PBGF assessment base and liabilities are derived as follows:

PBGF Assessment Base and PBGF Liabilities

PBGF liabilities	$372,000	(a)
Total solvency liabilities	$443,600	(b)
Ontario asset ratio	83.86%	(c) = (a) ÷ (b)
Market value of assets	$319,700	(d)
Ontario portion of the fund	$268,100	(e) = (c) x (d)
PBGF assessment base	$103,900	(f) = (a) - (e)

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Funding Requirements

Current Service Cost

The estimated value of the benefits that will accrue on behalf of members accruing benefits during 2009, in comparison with the corresponding value determined in the previous valuation as at December 31, 2007, is summarized below:

Employer's Current Service Cost

	2009	2008
Total current service cost	$1,100	$1,000
Estimated members' required contributions	$0	$0
Expense allowance	$55,000	$40,000
Total	$56,100	$41,000

An analysis of the changes in the employer's current service cost follows:

Changes in Employer's Current Service Cost

Employer's current service cost as at 31.12.07	$41,000
Changes in assumptions	$15,100
Employer's current service cost as at 31.12.08	$56,100

Special Payments

Going-concern Basis

The present value, as at December 31, 2008, of the monthly special payments that were determined in the previous valuation, is as follows:

Present Value of Monthly Special Payments
Determined as at 31.12.2007

Effective Date	Current Special Payment	Last Payment	Present Value of Remaining Payments as at 31.12.2008
12.31.2005	\$624	12.31.2020	\$69,700
12.31.2006	\$425	12.31.2021	\$50,400
	\$1,049		\$120,100

Due to the experience loss arising since the previous valuation offset by employer funding toward the plan's solvency deficiency, a going-concern funding shortfall of \$15,100 was created as at December 31, 2008.

In accordance with the *Pension Benefits Act (Ontario)*, the going-concern funding shortfall needs to be amortized over a period not exceeding 15 years. As such, special payments must be increased by \$115 per month, until December 31, 2023 to amortize this going-concern funding shortfall.

Solvency Basis

In accordance with the *Pension Benefits Act (Ontario)*, each solvency deficiency must be eliminated by special payments within five years of the respective effective date. The present values as at December 31, 2008 of the special payments established to eliminate the solvency deficiencies determined in the previous valuations are as follows:

Present Value of Monthly Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment	Present Value of Remaining Payments as at 31.12.2008
Going Concern	12.31.2005	$624	12.31.2010	$33,600
Going Concern	12.31.2006	$425	12.31.2011	$22,900
Going Concern	12.31.2008	$115	12.31.2013	$6,200
Solvency	12.31.2004	$290	12.31.2009	$3,400
Solvency	12.31.2005	$2,608	12.31.2010	$59,900
Solvency	12.31.2006	$248	12.31.2011	$8,400
Solvency	12.31.2007	$171	12.31.2012	$7,500
		$4,481		$141,900

Since there is a solvency deficiency created as at December 31, 2008, special payments have been increased by $594 per month until December 31, 2013 to eliminate this new solvency deficiency.

Total Special Payments

The following minimum monthly special payments must be made to the plan to eliminate any going-concern funding shortfall and any solvency deficiency as at December 31, 2008, within the periods prescribed by the *Pension Benefits Act (Ontario)*.

Minimum Monthly Special Payments

Type of Deficit	Effective Date	Special Payment	Last Payment
Going Concern	12.31.2005	$624	12.31.2020
Going Concern	12.31.2006	$425	12.31.2021
Going Concern	12.31.2008	$115	12.31.2023
Solvency	12.31.2004	$290	12.31.2009
Solvency	12.31.2005	$2,608	12.31.2010
Solvency	12.31.2006	$248	12.31.2011
Solvency	12.31.2007	$171	12.31.2012
Solvency	12.31.2008	$594	12.31.2013
Total		$5,075	

Employer Contributions

There is a funding shortfall of $135,200 and solvency liabilities exceed solvency assets by $173,900 as at December 31, 2008. As such, the minimum monthly contribution that Hollinger Canadian Publishing Holdings Co. must make to the plan for the year commencing December 31, 2008 is as follows.

Minimum Funding Requirements

The minimum monthly required contributions from December 31, 2008 to December 31, 2009 are as follows:

Monthly Employer Contributions
For current service: $4,675 per month
Minimum special payments for funding shortfall: $1,164
Minimum additional special payments for solvency: $3,911

We have estimated the minimum total employer contribution for 2009 to be $117,000 or $9,750 per month.

Maximum Eligible Contributions

The maximum eligible employer contribution is equal to the Hollinger Canadian Publishing Holdings Co. current service cost including the expense allowance plus the greater of the funding shortfall and the wind-up deficiency. We have estimated the maximum eligible annual contribution for 2009 to be $230,000 as at December 31, 2008. The portion of this contribution representing the payment of the wind-up deficiency, $173,900, can be increased with interest at 4.42% per year, from December 31, 2008 to the date the payment is made.

Contributions for current service including the expense allowance must be made within 30 days following the month to which they apply. Special payments to eliminate a funding shortfall or solvency deficiency must be made in the month to which they apply.

The minimum contribution requirements based on this report exceed the minimum contribution requirements recommended in the previous valuation report. Upon filing this report, Hollinger Canadian Publishing Holdings Co. must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following December 31, 2008. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

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Actuarial Opinion

With respect to the Actuarial Valuation as at December 31, 2008
of the Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers
FSCO Registration 1024744
Canada Revenue Agency 1024744

Based on the results of this valuation, we hereby certify that, as at December 31, 2008:

- The employer's current service cost for 2009 and subsequent years, up to the next actuarial valuation should be calculated as $4,675 per month.
- The employer's current service cost for 2009 is estimated to be $56,100.
- The plan would be fully funded on a going-concern basis if its assets were augmented by $135,200. In order to comply with the provisions of the *Pension Benefits Act (Ontario)*, the funding shortfall must be liquidated by monthly special payments at least equal to the amounts indicated, and for the periods set forth, below:

Monthly Funding shortfall Special Payments

Effective Date	Special Payment	Last Payment
12.31.2005	$624	12.31.2020
12.31.2006	$425	12.31.2021
12.31.2008	$115	12.31.2023
	$1,164	

- The plan would be fully funded on a solvency basis if its assets were augmented by \$173,900. In order to comply with the provisions of the *Pension Benefits Act (Ontario)*, the solvency deficiency must be liquidated by monthly special payments at least equal to the amounts indicated, and for the periods set forth, below:

Monthly Solvency Special Payments

Effective Date	Special Payment	Last Payment
12.31.2004	\$290	12.31.2009
12.31.2005	\$2,608	12.31.2010
12.31.2006	\$248	12.31.2011
12.31.2007	\$171	12.31.2012
12.31.2008	\$594	12.31.2013
	\$3,911	

- The solvency liabilities used to determine the solvency status of the plan do not exclude any benefit provided under the plan.

- We have included in the solvency liabilities the value of all benefits that may be contingent upon the circumstances of the postulated plan wind-up. The circumstance in which the plan wind-up is assumed to have taken place is the employers' decision to cease sponsorship of the pension plan.

- The Pension Benefits Guarantee Fund annual assessment under Section 37 of the Regulations to the *Pension Benefits Act (Ontario)* for 2008 is \$1,038.50 plus provincial sales tax payable no later than September 30, 2009. The PBGF assessment base is \$103,900. The PBGF liabilities are \$372,000.

- The transfer ratio of the plan is 0.721. The Prior Year Credit Balance on December 31, 2008 is \$0.

- In our opinion,
  - the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
  - the assumptions are, in aggregate, appropriate for the purposes of determining the funded status of the plan as at December 31, 2008 on going-concern and solvency bases, and determining the minimum funding requirements, and
  - the methods employed in the valuation are appropriate for the purposes of determining the funded status of the plan as at December 31, 2008 on going-concern and solvency bases, and determining the minimum funding requirements.

- This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.
- All assumptions made for the purposes of the valuation were independently reasonable at the time the valuation was prepared.

Wade E. Schaefer
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Eileen F. Luxton
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Date

Date

Appendix A

Plan Assets

Sources of Plan Asset Data

The pension fund is held in trust by CIBC Mellon and is invested in accordance with the investment policy by YMG Capital Management.

We have relied upon fund statements prepared by CIBC Mellon, for the period from December 31, 2007 to December 31, 2008.

Reconciliation of Plan Assets

The pension fund transactions for the period from December 31, 2007 to December 31, 2008 are summarized as follows:

Reconciliation of Plan Assets (Market Value)

	2008
Opening date	$1,774,062
PLUS	
Company's contributions	$146,014
Investment income	$68,755
Net capital gains (losses)	($325,717)
	($110,948)
LESS	
Pensions paid	$41,214
Lump-sum refunds	$68,002
Expenses	$72,313
Transfers	($3,327)
	$178,202
Closing date	$1,484,912

This asset value is adjusted to reflect an in-transit transfer of $77,789 representing a reimbursement of fees inadvertently paid from a different pension fund.

We have also adjusted the market value by the outstanding asset transfers at the valuation date with respect to the Transaction Agreement with CanWest Global Communications Corporation and Osprey Media Inc. that resulted in the sale of several of the Employers' newspapers. In accordance with an agreement between the parties, a transfer would be completed representing the amount specified in the respective asset transfer reports rolled forward using the net return earned on the pension fund. In addition, adjustments due to payments made from the fund after the transfer date would be taken into account. With respect to the CanWest sale, a final transfer from CanWest to Hollinger of $3,300 plus interest was made on March 14, 2008 completing the sale.

The outstanding asset transfer at December 31, 2007 is as follows:

Sale	Transfer
07/31/2001 Osprey Sale	$1,087,400

The resulting market value is $319,723.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received or accrued benefits. The results of these tests were satisfactory.

Investment Policy

The plan administrator adopted a statement of investment policy and procedures effective October 5, 1995. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plan's investment objectives. A significant component of this investment policy is the asset mix.

The constraints on the asset mix, and the actual asset mix as at December 31, 2008, are provided for information purposes:

Distribution of the Market Value of the Fund by Asset Class

	Investment Policy			Actual Asset Mix at
	Minimum	**Target**	**Maximum**	**December 31, 2008**
Canadian Equity		39%		39.0%
International Equity		9%		7.5%
US Equity		9%		7.8%
Total Equity	45%	57%	65%	54.3%
Canadian Fixed Income	35%	43%	55%	42.6%
Cash/Short Term		0%		3.1%
		100%		100.0%

Performance of Fund Assets

The performance of fund assets, net of expenses from December 31, 2007 to December 31, 2008 as per our calculations (which assume that the net cash flow occurred in the middle of the year) was -18.35%.

The approximate return on the market value, net of expenses and adjusted for the explicit expense allowance, from December 31, 2007 to December 31, 2008 is -16.31%. This rate is less than the assumed investment return of 5.0% by 21.31% per year, which has resulted in a net investment loss of $372,100. The return on the market value net of investment and custodial fees attributable to the assets to be transferred to CanWest Global Communications Corporation and Osprey Media Inc. was a loss of $275,000. Hence, the loss attributable to the pension fund is $97,100.

Appendix B

Actuarial Methods and Assumptions

Actuarial Valuation Methods – Going-concern Basis

Valuation of Assets

For this valuation, we have continued to use the market value of assets.

We have also adjusted the market value by the expected asset transfers as at the valuation date in respect of sales of certain newspapers at January 1, 2001 and July 31, 2001 to CanWest Global Communications Corporation and Osprey Media Inc.

Valuation of Actuarial Liabilities

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the *unit credit actuarial cost method*. Under this method, we determine the actuarial present value of benefits accrued in respect of service prior to the valuation date, including ancillary benefits. This is referred to as the *actuarial liability*.

The *funding excess* or *funding shortfall*, as the case may be, is the difference between the market value of assets and the actuarial liability. A funding shortfall will be amortized over no more than 15 years through special payments as required under the *Pension Benefits Act (Ontario)*. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

This actuarial funding method produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial funding method aims at keeping the plan fully funded at all times. This promotes benefit security, once any funding shortfalls and solvency deficiencies have been funded.

When actuarial liabilities on a solvency basis exceed actuarial liabilities on a going-concern basis and the plan has a solvency deficiency, as are both true in this valuation, contribution requirements will be largely determined by the solvency funded position. This has several implications:

- Special payments are required to amortize solvency deficiencies over a maximum of 5 years; and
- During the amortization period the plan is not expected to be 100% solvent.

In addition, the growth in solvency liabilities resulting from the additional accrual of benefits and development of the plan membership may be different than the growth of plan assets including future contributions and investment returns. This may result in further losses being revealed in future solvency valuations.

Current Service Cost

The *current service cost* is the actuarial present value of projected benefits to be paid under the plan with respect to service during the year following the valuation date.

The employer's current service cost has been expressed as a flat dollar amount recognizing that that there are no active members in the plan and that there are no expected fluctuations in membership during the valuation period

Under the unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement.

Employer's Contribution

Accordingly, the employer's contributions for this purpose are determined as follows:

Employer's Contributions

With a funding excess	With an funding shortfall
Current service cost	Current service cost
MINUS	PLUS
Any funding excess applied to cover the employer's current service cost	Payments to amortize any funding shortfall

Actuarial Assumptions – Going-concern Basis

The actuarial value of benefits is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary.

In this valuation, we have used the same assumptions as in the previous valuation except as noted. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations. For this valuation, we have used the following assumptions.

Economic Assumptions

Investment Return

We have assumed that the investment return on the market value of the fund will average 4.5% per year over the long term. We have based this assumption on an expected long-term return on the pension fund less an allowance for investment and administrative expenses and less a margin for adverse deviations, as described below.

We have assumed a gross rate of return of 7.40% consistent with market conditions applicable on the valuation date, based on estimated returns for each major asset class and the target asset mix specified in the plan's investment policy. Additional returns of 0.29% are assumed to be achievable due to active management (net of investment expenses). We have allowed for investment and administrative expenses of 2.15% per year. We have included a margin for adverse deviations, from all sources, of 1.04% per year.

The prior valuation at December 31, 2007 assumed an investment return of 5.0% per year.

Expenses

The assumed Investment Return reflects an implicit provision for expenses. The current service cost provides an additional $55,000 for expected annual expenses. The assumed level of expenses is equal to the average of expenses paid over the last three calendar years adjusted for fees paid in respect of prior asset transfers not expected to be paid on a go forward basis.

The prior valuation at December 31, 2007 had an explicit provision of $40,000 for expected annual expenses.

Increases in Pensionable Earnings

The benefits ultimately paid will depend on each member's future earnings. To calculate the pension benefits payable on retirement, death or termination of employment, we have assumed no increase in pensionable earnings for disabled members.

Increases in the Maximum Pension Permitted Under the Income Tax Act.

No assumption is necessary as the pensions accrued will not in any situation be greater than the maximum pension permitted to be paid under the Income Tax Act.

Interest Credited on Employee-required Contributions

Interest is credited on employee-required contributions at the 5-year personal fixed-term chartered bank deposit rates. For this valuation, we have assumed that the interest rate to be credited on employee-required contributions will be 2.25% per year, over the long term.

The prior valuation at December 31, 2007 assumed interest would be credited at a rate, of 3.0% per year.

Demographic Assumptions

Retirement Age

Because early retirement pensions are reduced in accordance with a formula, the retirement age of plan members has an impact on the cost of the plan. Retirement rates are typically developed taking into account the past experience of the plan. However, considering the size of the plan and that there are no active members, the rates of retirement have been developed as our expectation of the best-estimate rates of retirement based on the plan provisions and our experience with other similar plans. It is expected that disabled members will retire once entitlement to disability benefits cease.

It has been assumed that disabled members and members with deferred benefit entitlements will retire upon attainment of age 65, or immediately if that age has been obtained.

Termination of Employment

No allowance has been made for termination of employment prior to retirement on the basis that members on disability are assumed to remain on disability until their retirement.

Mortality

The actuarial value of the pension depends on the lifetime of the member. The rates of mortality were developed using the experience of retirees in the Hollinger Canadian Publishing Holdings Co. Retirement Plan. The mortality experience of this group of retirees is expected to be consistent with members of this plan. A generational mortality table provides for an allowance for improvements in mortality consistent with current studies.

The current mortality assumptions are based on a mortality experience study that was conducted in 2006 considering the plan's experience over the years 2001 to 2005. The study suggests that mortality rates are reasonably consistent with the rates of the 1994 Uninsured Pensioner Generational Mortality Table with projection scale AA and a 19 year set forward.

We have assumed mortality rates, after retirement, in accordance with the 1994 Uninsured Pensioner Generational Mortality table with projection scale AA and a 19 year set forward. According to this table, the life expectancy for a member-age age 65 at December 31, 2008 is 20.9 years for a man and 22.7 years for a woman.

Disability

No allowance has been made for disability retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results. We have assumed that those currently disabled would remain disabled until retirement.

Actuarial Valuation Methods and Assumptions – Solvency and Impact of Plan Wind-up

We have used the market value of the plan's assets in our valuation of the plan for solvency purposes.

To determine the solvency actuarial liability, we have valued those benefits that would have been paid had the plan been wound up on the valuation date, with all members fully vested in their accrued benefits. We have assumed that the plan wind-up would occur as a result of the employers' decision to cease sponsorship of the registered pension plan. No benefits payable on plan wind-up were excluded from our calculations.

We have considered that members under 55 years of age on that date would be entitled to a deferred pension payable from age 65 or such earlier age for which plan eligibility requirements have been satisfied at December 31, 2007. Members aged 55 and over are considered to be entitled to an immediate pension, reduced in accordance with the plan rules. We have also considered that members would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purpose of determining eligibility for early retirement benefits. For each individual plan member, accumulated contributions with interest plus 50% of the present value of the pension are established as a minimum actuarial liability

Benefits are assumed to be settled through a lump sum transfer for 70% of members not eligible for retirement on December 31, 2008 and 40% of members eligible for retirement on December 31, 2008. The value of the benefits accrued on December 31, 2008 for such members is based on the assumptions described in *Section 3800 – Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for December 31, 2008, for benefits expected to be settled through transfer in accordance with relevant portability requirements.

Benefits are assumed to be settled through the purchase of annuities for 30% of members not eligible for retirement on December 31, 2008, 60% of members eligible for retirement on December 31, 2008 and all pensioners and survivors. The value of the benefits accrued on December 31, 2008, for such members are based on an estimate of the cost of settlement through purchase of annuities.

We have estimated the cost of settlement through purchase of annuities in accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2008 and December 30, 2009.*

In accordance with the Pension Benefits Act (Ontario), we have not included a provision for adverse deviation in the solvency and wind-up valuations.

Assumptions are as follows:

Actuarial Assumptions

For benefits to be settled through a lump sum	
Mortality rates:	UP94 projected to 2020
Interest rate:	4.20% per year for the first 10 years following 31.12.208, 5.70% per year thereafter
For benefits to be settled through the purchase of an immediate annuity	
Mortality rates:	UP94 projected to 2015
Interest rate:	4.46% per year
For benefits to be settled through the purchase of an deferred annuity	
Mortality rates:	UP94 projected to 2015
Interest rate:	4.45% per year
For all benefits	
Interest rates used to determine the present value of the special payments	4.42% per year
Termination expenses:	$50,000

In a solvency valuation, the accrued benefits are based on the member's accrued benefits at the valuation date. Also, the employment of each member is assumed to have terminated on the valuation date; therefore, no assumption is required for future rates of termination of employment.

To determine both the solvency and hypothetical wind-up position of the plan, a provision has been made for estimated termination expenses payable from the plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the plan and to be charged to the plan.

In addition, for the purpose of determining the financial position of the plan on both a solvency and hypothetical wind-up basis, termination expenses also include a provision for transaction fees related to the liquidation of the plan's assets and for the reduction in the value of the plan's equity assets resulting from their liquidation. Such fees and liquidation impact are difficult to assess and will vary depending on the nature of the assets held and market conditions at the time assets are liquidated.

Because the settlement of benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of the hypothetical wind-up being contested. Expenses associated with the distribution of any surplus assets that might arise on an actual wind-up are also not included in the estimated termination expense provisions.

In determining the provision for termination expenses payable from the plan assets, we have assumed that the plan sponsor is solvent on the wind-up date. We have also assumed, without analysis, that the plan's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the plan.

Actual fees incurred on as actual plan wind-up may differ materially from the estimates disclosed in this report.

Appendix C

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2008, provided by Hollinger Canadian Publishing Holdings Co. and maintained by Mercer as third-party administrators for the plan.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Membership Data

	31.12.2008	**12.31.2007**
Disabled Members		
▪ Number	2	2
▪ Average age	52.3	51.3
▪ Average years of pensionable service	6.79 years	6.21 years
▪ Average monthly lifetime pension	$119	$115
▪ Total contributions with interest	$577	$559
Pensioners and Survivors		
▪ Number	19	19
▪ Average age	70.7	69.8
▪ Total monthly lifetime pension	$2,242	$2,242
▪ Average monthly lifetime pension	$118	$118
Deferred Pensioners		
▪ Number	9	9
▪ Average age	47.5	46.5
▪ Total monthly lifetime pension	$1,070	$1,070
▪ Average monthly lifetime pension	$119	$119
▪ Total contributions with interest	$38,448	$37,296

In-Transit Payments

There are 13 members who terminated prior to the valuation date and either had not made an election with respect to their benefits or a lump sum settlement was in-transit as at December 31, 2008. The commuted value of their accrued benefits at the valuation date is $8,416.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Disabled Members	Deferred Pensioners	Pensioners and Beneficiaries	Pending Members	Total
Total at 31.12.07	2	9	19	23	53
Terminations:					
▪ transfers/refunds				(10)	(10)
Deaths			(1)		(1)
Beneficiaries			1		1
Total at 31.12.08	2	9	19	13	43

The distribution of the inactive members by age as at December 31, 2008, is summarized as follows:

Distribution of Inactive Members
By Age Group as at 31.12.2008

	Deferred Pensioners			Pensioners and Survivors	
Age	**Number**	**Average Pension**	**Contributions with Interest**	**Number**	**Average Pension**
35 - 39	1	N/A	N/A	0	
40 - 44	5	$120	$21,466	0	
45 - 49	0	$0	$0	0	
50 - 54	1	N/A	N/A	0	
55 - 59	2	N/A	N/A	0	
60 - 64	0	$0	$0	1	N/A
65 – 69	0	$0	$0	7	$93
70 – 74	0	$0	$0	9	$123
75 - 79	0	$0	$0	2	N/A
Total	9	$119	$38,448	19	$118

Appendix D

Summary of Plan Provisions

Introduction

The Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers became effective October 5, 1995. The plan was last amended effective May 1, 2007.

This valuation is based on the plan provisions in effect on December 31, 2008. The following is a summary of the main provisions of the plan in effect on December 31, 2008. It is not intended as a complete description of the plan.

Eligibility for Membership

Each employee who was participating in the Thomson Newspapers Employees' Retirement Plan amended and consolidated as of January 1, 1992 automatically became members of the Sterling Newspapers Company Pension Plan for the employees of Newspapers formerly owned by Thomson Newspapers on the Effective Date. Any other employee shall be eligible for membership on the entry date coincident with or next following his date of continuous employment provided that such employee has not attained the age of sixty-five.

Member Required Contributions

No members are currently required to make contributions to the plan as they are in receipt of disability benefits.

Members on disability leave are deemed to have made the required contributions and will accrue benefits accordingly.

Retirement Dates

Normal Retirement Date

The Normal Retirement Date shall be the first day of the month coincident with or next following the date on which the member attains the age of 65.

Early Retirement Date

A member may retire as early as age 55.

Postponed Retirement Date

An active member may postpone retirement beyond the normal retirement date but no later than the calendar year in which he attains age 71.

Retirement Benefits

Normal Retirement

The amount of annual pension payable to a member shall equal 50% of the member's required contributions made subsequent to his date of entry.

A member's annual pension for a calendar year shall in no event be greater than 2% of his earnings for that year.

Early Retirement Pension

If a member retires early, the normal retirement pension is reduced by:

(a) 1/3% for each complete month, to a maximum of sixty months, by which the date of commencement of his retirement benefit precedes his Normal Retirement Date; plus

(b) 1/2% for each complete month in excess of sixty months by which the date of commencement of his retirement benefit precedes his Normal Retirement Date.

Postponed Retirement Pension

If a member postpones retirement, he may continue to accrue pension credits or he may become a pensioner at his Normal Retirement Date and commence payment of his pension at that date. In any event, his basic retirement income as of his postponed retirement date shall not be less than the actuarial equivalent of the basic retirement income that he would have been entitled to receive had he retired on his Normal Retirement Date.

Maximum Pension

The total annual pension payable from the plan upon retirement, death or termination of employment cannot exceed the lesser of:

- 2% of the average of the best three consecutive years of total compensation paid to the member by the Employer, and;
- $2444.44 in 2009 (automatically increased, starting in 2010, in accordance with general increases in the average wage,

multiplied by total credited service.

Survivor Benefits

Death Before Retirement

If a member dies before completion of two years of continuous plan membership, his spouse, or if he has no spouse, his estate or appointed beneficiary will receive a return of his contributions with interest, plus the value of his voluntary contributions, if any.

If a member dies after completion of two years of continuous plan membership but before his Normal Retirement Date, his spouse, or if he has no spouse, his estate or appointed beneficiary shall receive a cash payment equal to the value of his earned pension to the date of death, plus the value of his voluntary contributions, if any.

Death After Retirement

The normal form of pension payable is for life with payments guaranteed for five years. However, the member may elect to receive an optional form of pension on an actuarial equivalent basis. However, if the member has a spouse at retirement, he is required by law to receive his pension in the form of a joint and 60% survivor annuity unless both the member and the member's spouse waive their right to such form of payment in writing.

Termination of Employment

As of the valuation date, all plan members are fully vested in their accrued benefits. On termination after vesting, the member can elect to receive a deferred pension payable from age 65, a reduced deferred pension (as described in Early Retirement Pension) payable from as early as age 55 or a lump sum cash equivalent.

Employer Cost Sharing

If, on death, termination or retirement of the member, the required contributions accumulated with interest exceed 50% of the commuted value of the member's accrued vested pension, the excess is payable to the member.

Appendix E

Employer Certification

With respect to the report on the actuarial valuation of the *Sterling Newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers*, as at December 31, 2008, I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made up to December 31, 2008, were provided to the actuary,
- the membership data provided to the actuary included a complete and accurate description of every person who is entitled to benefits under the terms of the plan for service up to December 31, 2008, and
- all events subsequent to December 31, 2008 that may have an impact on the results of the valuation have been communicated to the actuary.

Date

Signed

Michael J. Krupa
Corporate Accounting Manager
Name and Title

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited
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London, Ontario N6A 5R8
519 672 9310

Consulting. Outsourcing. Investments.

THIS IS EXHIBIT "J" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC. STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

23 January 2009

Hollinger Canadian Publishing Holdings Co.

Actuarial Valuation Report

Expense and Disclosure for the Fiscal Year Ending December 31, 2008 under CICA Section 3461, FAS 87 and FAS 132 (R) (as modified by FAS158)

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Contents

Report Highlights

Mercer has prepared this report for Hollinger Canadian Publishing Holdings Co. to provide reporting and disclosure information for financial statements, governmental agencies and other interested parties, pursuant to CICA Section 3461, FAS 87 and FAS 88 as modified by FAS 132(R) and FAS 158 relating to the following Hollinger Canadian Publishing Holdings Co. retirement arrangements:

1. Hollinger Canadian Publishing Holdings Co. Retirement Plan (*HCPHC*);
2. Hollinger Canadian Publishing Holdings Co. Windsor Star Employees' Pension Plan (*Windsor Star*);
3. Executive Retirement Arrangements (*ERA*);
4. Divisional Allowances (*DA*);
5. Hollinger Canadian Publishing Holdings Co. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (*Hollinger Thomson*);
6. Sterling Newspapers Company Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (*Sterling Thomson*);
7. Journal Publishing Limited Employees Pension Plan (*JPL*); and the
8. Hollinger Canadian Publishing Holdings Co. Plan for Employees of Newspapers Formerly Owned by Sterling Newspapers (*Sterling Hollinger*).

Applicable income tax effects under FAS 109 are ***not*** shown in this report. All amounts are in Canadian dollars.

Accounting Results

The net periodic pension cost (NPPC), calculated in accordance with Financial Accounting Standards Board Statement No. 87 for the fiscal year ending December 31, 2008 was a credit of $5,101,000. The net periodic pension cost, calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2008 was a credit of $54,211 including an amount of $49,110 attributable to the decrease in the valuation allowance provided against the accrued benefit asset as of December 31, 2008.

Other comprehensive income for the fiscal year ending December 31, 2008 was a charge of $52,310,000 and the net asset to recognize in the year-end statement of financial position amounts to $21,791,000.

Change in Plan Provisions

There were no changes in plan provisions since the last disclosure at December 31 2007.

Changes in Actuarial Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2007. Please see the Summary of Actuarial Assumptions in the Actuarial Basis section for a description of these changes.

Changes in Actuarial Methods

There were no changes in actuarial methods since the last disclosure at December 31, 2007.

Report Highlights *(continued)*

Changes in Accounting Standards

During 2006, the Financial Accounting Standards Board (FASB) issued Statement 158. For fiscal years ending after December 15, 2006 (June 15, 2007 for non-publicly traded companies), it requires all companies to reflect each defined benefit and other postretirement benefit plan's funded status on the company balance sheet. To achieve this, FAS 158 first required a one-time adjustment to accumulated other comprehensive income (AOCI) in shareholders' equity as at December 31, 2006 such that all amounts not yet recognized in net periodic pension cost were recognized in AOCI. FAS 158 then requires other comprehensive income in subsequent periods to include prior service costs/credits and gains/losses arising in subsequent periods, net of amounts amortized from AOCI into net periodic pension cost, FAS 158 does not change the calculation of net income.

Principal Valuation Results

A summary of principal valuation results, as required for disclosure purposes pursuant to CICA 3461, from the current valuation and the prior valuation follows.

Components of Net Periodic Pension Cost Under CICA 3461 ($000s)	**Fiscal Year Ending December 31, 2008**	**Fiscal Year Ending December 31, 2007**
Service cost	$ 227	$ 218
Interest cost	14,184	14,160
Actual return on plan assets	61,913	(32,234)
Actuarial loss (gain) on benefit obligation	(29,115)	(12,984)
Settlement loss (gain)	304	0
Cost arising in the period	$ 47,513	$ (30,840)
Differences between the costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	(82,227)	10,045
▪ Actuarial loss (gain)	29,460	14,731
▪ Prior service cost	153	153
Net periodic pension cost recognized before adjustment for valuation allowance	**$ (5,101)**	**$ (5,911)**
Increase (decrease) in valuation allowance provided against accrued benefit asset	(49,110)	31,298
Net periodic pension cost recognized	**$ (54,211)**	**$ 25,387**

A summary of principal valuation results, as required for disclosure purposes pursuant to FAS132(R) as modified by FAS158, from the current valuation and the prior valuation follows.

Components of Net Periodic Pension Cost ($000s)	**Fiscal Year Ending December 31, 2008**	**Fiscal Year Ending December 31, 2007**
Service cost	$ 227	$ 218
Interest cost	14,184	14,160
Expected return on plan assets	(20,314)	(22,189)
Amortizations:		
▪ Prior service cost (credit)	153	153
▪ (Gain)/loss	345	1,747
Net periodic pension cost	**$ (5,405)**	**$ (5,911)**
Settlement	304	0
Total pension cost	**$ (5,101)**	**$ (5,911)**

Principal Valuation Results *(continued)*

Other Changes Recognized in Other Comprehensive Income	Fiscal Year Ending December 31, 2008	Fiscal Year Ending December 31, 2007
Prior service credit/(cost) arising during the period	0	0
Net (gain)/loss arising during the period	53,112	(23,029)
Amortizations		
▪ Prior service credit/(cost)	(153)	(153)
▪ Gain/(loss)	(345)	(1,747)
▪ Gain/(loss) recognized due to settlement	(304)	0
Total changes recognized in other comprehensive loss (income)	$ **52,310**	$ **(24,929)**

The estimated prior service cost and net loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $153,000 and $4,183,000 respectively.

Weighted-Average Assumptions to determine net cost	Fiscal Year Ending December 31, 2008	Fiscal Year Ending December 31, 2007
Discount rate	5.50%	5.00%
Average compensation increase	3.00%	3.00%
Expected rate of return on plan assets	6.25%	7.00%

Weighted-Average Assumptions to determine disclosure	Fiscal Year Ending December 31, 2008	Fiscal Year Ending December 31, 2007
Discount rate	7.20%	5.50%
Average compensation increase	3.00%	3.00%

Principal Valuation Results *(continued)*

	Fiscal Year Ending December 31, 2008	Fiscal Year Ending December 31, 2007
Change in Benefit Obligation ($000s)		
Projected benefit obligation at end of prior year	**$ 272,543**	**$ 297,912**
Service cost	227	218
Interest cost	14,184	14,160
Plan participants' contributions	2	5
Benefits paid	(26,747)	(26,768)
Settlement	(1,871)	0
Actuarial (gain)/loss	(29,115)	(12,984)
Projected benefit obligation at end of year	**$ 229,223**	**$ 272,543**
Change in Plan Assets ($000s)		
Fair value of plan assets at end of prior year	**$ 337,133**	**$ 329,062**
Actual return on plan assets net of expenses	(61,913)	32,234
Employer contributions	4,410	2,600
Plan participants' contributions	2	5
Transfers	0	0
Benefits paid	(26,747)	(26,768)
Settlement	(1,871)	0
Fair value of plan assets at end of year	**$ 251,014**	**$ 337,133**
FAS 158 Net asset (liability) recognized in statement of financial position	**$ 21,791**	**$ 64,590**
Unrecognized prior service cost / (credit)	1,068	1,221
Unrecognized net loss / (gain)	92,509	40,046
CICA 3461 Net asset (liability) amount recognized in statement of financial position before CICA 3461 valuation allowance	**$ 115,368**	**$ 105,857**
Valuation allowance against accrued benefit asset	(39,011)	(88,121)
CICA 3461 net asset (liability) amount recognized net of valuation allowance	**$ 76,357**	**$ 17,736**

Principal Valuation Results *(continued)*

Amounts ($000s) recognized in statement of financial position consist of:		**Fiscal Year Ending December 31, 2008**		**Fiscal Year Ending December 31, 2007**
Non current assets	$	40,201		88,371
Current liabilities		(2,011)		(3,758)
Non current liabilities		(16,399)		(20,023)
Net asset (liability) recognized in statement of financial position	**$**	**21,791**		**64,590**

Amounts ($000s) not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income (AOCI):		**Fiscal Year Ending December 31, 2008**		**Fiscal Year Ending December 31, 2007**
Prior service credit (cost)	$	(1,068)		(1,221)
Accumulated gain (loss)		(92,509)		(40,046)
Accumulated other comprehensive income (AOCI)	**$**	**(93,577)**	**$**	**(41,267)**
Cumulative employer contributions in excess of net periodic benefit cost		115,368		105,857
Net asset (liability) recognized in statement of financial position	**$**	**21,791**	**$**	**64,590**

Principal Valuation Results *(continued)*

	Fiscal Year Ending December 31, 2008		Fiscal Year Ending December 31, 2007	
Measurement date		December 31		December 31
Additional disclosure for all defined benefit plans ($000s)				
Accumulated benefit obligation	$	229,223	$	272,543

Additional year-end information for plans with accumulated benefit obligation in excess of plan assets ($000s)	Fiscal Year Ending December 31, 2008		Fiscal Year Ending December 31, 2007	
Projected benefit obligation	$	20,379	$	24,704
Accumulated benefit obligation		20,379		24,704
Fair value of Assets		1,969		923

Additional year-end information for plans with projected benefit obligation in excess of plan assets ($000s)	Fiscal Year Ending December 31, 2008		Fiscal Year Ending December 31, 2007	
Projected benefit obligation	$	20,379	$	24,704
Fair value of Assets		1,969		923

Expected cash flows ($000s)	**Year**		**Amount**
Expected return of assets to employer in next year	2008	$	0
Expected employer contributions for next fiscal year	2009	$	2,433
Expected benefit payments for fiscal year ending in:	2009	$	25,222
	2010		24,603
	2011		24,032
	2012		23,505
	2013		22,883
	Next 5 years		103,092

Principal Valuation Results *(continued)*

The assets supporting the provisions of the majority of Hollinger Canadian Publishing Holding Co.'s funded retirement arrangements are held under a trust arrangement with RBC Global and CIBC Mellon. The trust assets are allocated to a number of fund managers. The allocation of plan assets is as follows:

Plans Participating in Master Trust

Asset Category	Target Allocation as of December 31, 2008	As of December 31, 2008	As of December 31, 2007
Equity securities	45%	20%	57%
Debt securities	50%	48%	39%
Other	5%	32%	4%
Total	100%	100%	100%

Sterling Thomson Plan

Asset Category	Target Allocation as of December 31, 2008	As of December 31, 2008	As of December 31, 2007
Equity securities	57%	54%	53%
Debt securities	43%	43%	43%
Other	0%	3%	4%
Total	100%	100%	100%

Description of Investment Policies and Strategies

These assets are invested in accordance with the Company's Statement of Investment Policies and Procedures last amended June 2003. This policy is intended to provide guidelines for the fund managers as to the level of risk commensurate with the plan's investment objectives.
In developing the Statement, the Company considered factors such as the:

- Nature of the liabilities,
- Allocation of the liabilities between active and retired members,
- Financial position of the plans,
- Net cash flow positions of the plans,
- Investment horizon of the plans,
- Historical and expected capital market returns, and
- Benefits of investment diversification.

Principal Valuation Results *(continued)*

Description of Basis used to determine Overall Expected Long-term Rate of Return Assumption:

To develop the expected long-term rate of return on assets assumption, the company considered the current and historical level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. Since the company's investment policy is to actively manage certain asset classes where the potential exists to outperform the broader market, the expected returns for those asset classes were adjusted to reflect the expected additional returns. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.25% assumption.

Certification

We have prepared actuarial valuations of the Hollinger Canadian Publishing Holdings Co. retirement arrangements as at the following dates and extrapolated those results to December 31, 2007 and December 31, 2008 as appropriate to enable the plan sponsor to satisfy the accounting requirements under CICA Section 3461 and under Statements of Financial Accounting Standards Nos. 87, 88, 132(R) and 158.

	Valuation Date	
Plan	2008 NPPC	2008 Year End Benefit Obligation
HCPHC	January 1, 2007	January 1, 2007
Windsor Star	January 1, 2006	January 1, 2006
ERA	December 31, 2007	December 31, 2008
DA	December 31, 2007	December 31, 2008
Hollinger Thomson	December 31, 2006	December 31, 2007
Sterling Thomson	December 31, 2006	December 31, 2007
JPL	December 31, 2007	December 31, 2008
Sterling Hollinger	December 31, 2004	December 31, 2007

The results of the valuations are set forth in this report which reflects the provisions of the plans in effect as at December 31, 2008.

This report has been prepared exclusively for Hollinger Canadian Publishing Holdings Co. Mercer is not responsible for consequences arising from the use of any elements of this report for any reason other than its intended purpose. Determinations for other purposes, such as judging benefit security on plan termination, may be significantly different from the results shown in this report.

In preparing this report, we have relied on the work of Yves Plourde of Mercer with respect to the Journal Publishing Limited Pension Plan. We have reviewed the calculations for overall reasonableness.

Data

We used and relied upon financial data submitted by the trustee without further audit. We have also used and relied upon participant data supplied by the plan sponsor; this data would customarily not be verified by a plan's actuary. We have reviewed the participant data for internal consistency and reasonableness and have no reason to doubt its substantial accuracy. Finally, we have also used and relied upon the plan documents supplied by the plan sponsor. The plan sponsor is solely responsible for the validity and completeness of this information.

The pension funds are held in trust by RBC Global and CIBC Mellon and are invested in accordance with the investment policies of Hollinger Canadian Publishing Holdings Co.

Certification *(continued)*

Subsequent Events

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in Monsanto Canada Inc. v. Superintendent of financial Services (*"Monsanto"*), thereby upholding the requirement to distribute surplus on partial plan wind ups under the *Pension Benefits Act (Ontario)*. The decision has retroactive application. We are aware of a past partial wind-up of the plan where the *Monsanto* decision may have application. A provision of $200,000 attributable to the HCPHC has been made at December 31, 2008 for this potential claim on plan assets. A subsequent distribution of plan assets in excess of this reserve in respect of the past partial wind-up will cause a deterioration of the financial position of the plan and may increase the employer's net periodic pension cost and may increase the contribution requirements. These consequences will be addressed in a subsequent report when the actual amount to be distributed to the company and the affected members becomes known. Furthermore, the subsequent declaration of a partial wind-up of the plan in respect of other past events, or disclosure of an additional existing past partial wind-up, could cause an additional claim on plan assets, the consequences of which would be addressed in a subsequent report. We note the discretionary nature of the power of the Superintendent of Financial Services to declare partial wind ups and the lack of clarity with respect to the retroactive scope of that power. We are making no representation as to whether the Superintendent might declare a partial wind-up in respect of other events in the plan's history.

After checking with representatives of Hollinger Canadian Publishing Holdings Co., to our knowledge there have been no events subsequent to December 31, 2008 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

Accounting Results

The accounting calculations reported herein are consistent with our understanding of Hollinger Canadian Publishing Holdings Co.'s interpretation of the provisions of the requirements of Section 3461 of the CICA Handbook and FAS Nos. 87, 88 and 132(R) as modified by FAS 158. The actuarial assumptions were selected by the company. We are not expressing any opinion on these assumptions.

Certification *(continued)*

Professional Qualifications

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any relationship, including investments or other services that could create a conflict-of-interest that would impair our objectivity.

Respectfully submitted,

Wade Schaefer

Wade Schaefer
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 23, 2009
Date

Eileen Luxton

Eileen F. Luxton
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 23, 2009
Date

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

Development of Costs

This section shows the liabilities for plan benefits and the calculation of the various components of plan costs.

Reconciliation of Benefit Obligations and Assets ($000s)

Change in Benefit Obligation	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
Projected benefit obligation at end of prior year[1]	$242,793	$3,761	$15,545	$7,725	$768	$427	$239	$1,285	$272,543
Service cost	214	4	0	0	3	1	0	5	227
Interest cost	12,704	196	721	403	41	23	13	83	14,184
Plan participants' contributions	2	0	0	0	0	0	0	0	2
Benefits paid	(24,049)	(403)	(1,300)	(812)	(52)	(38)	(9)	(84)	(26,747)
Settlement	0	0	(1,871)	0	0	0	0	0	(1,871)
Actuarial (gain)/loss	(26,026)	(352)	(1,512)	(1,052)	(100)	(54)	(40)	(21)	(29,115)
Projected benefit obligation at end of year[2]	**$205,638**	**$3,206**	**$11,583**	**$6,264**	**$660**	**$359**	**$203**	**$1,310**	**$229,223**

Change in Plan Assets	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
Fair value of plan assets at end of prior year	$327,482	$7,340	$0	$0	$610	$311	$2	$1,388	$337,133
Actual return on plan assets net of expenses	(59,918)	(1,409)	0	0	(162)	(133)	(1)	(290)	(61,913)
Employer contributions	0	0	3,171	812	180	146	9	92	4,410
Plan participants' contributions	2	0	0	0	0	0	0	0	2
Benefits paid	(24,049)	(403)	(1,300)	(812)	(52)	(38)	(9)	(84)	(26,747)
Settlement	0	0	(1,871)	0	0	0	0	0	(1,871)
Fair value of plan assets at end of year	**$243,517**	**$5,528**	**$0**	**$0**	**$576**	**$286**	**$1**	**$1,106**	**$251,014**

[1] Based on data as of December 31, 2006(Hollinger Thomson, Sterling Thomson), January 1, 2006 (Windsor Star), January 1, 2007 (HCPHC), January 1, 2005 (Sterling Hollinger) and January 1, 2008 (ERA, DA, and JPL) projected to the measurement date.
[2] Based on data as of December 31, 2007(Hollinger Thomson, Sterling Thomson, Sterling Hollinger), January 1, 2006 (Windsor Star), January 1, 2007 (HCPHC) and January 1, 2009 (ERA, DA, and JPL) projected to the measurement date.

Development of Costs *(continued)*

Disclosures as at December 31, 2008 ($000s)

Funded Status	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
1. Accumulated benefit obligation (ABO)	($205,638)	($3,206)	($11,583)	($6,264)	($660)	($359)	($203)	($1,310)	($229,223)
2. Effect of future salary increases	0	0	0	0	0	0	0	0	0
3. Projected benefit obligation (PBO) (1. + 2.)	($205,638)	($3,206)	($11,583)	($6,264)	($660)	($359)	($203)	($1,310)	($229,223)
4. Fair value of plan assets	243,517	5,528	0	0	576	286	1	1,106	251,014
5. Funded status (3. + 4.)	$37,879	$2,322	($11,583)	($6,264)	($84)	($73)	($202)	($204)	$21,791
6. Unrecognized prior service cost	0	0	1,068	0	0	0	0	0	1,068
7. Unrecognized (gain)/loss	91,319	1,399	664	(2,689)	733	653	(35)	465	92,509
8. Cumulative employer contributions in excess of net periodic pension cost (5. + 6. + 7.)	**$129,198**	**$3,721**	**($9,851)**	**($8,953)**	**$649**	**$580**	**($237)**	**$261**	**$115,368**
9. CICA 3461 valuation allowance	(36,695)	(2,316)	0	0	0	0	0	0	(39,011)
10. Net amount recognized net of CICA 3461 valuation allowance (8. + 9.)	**$92,503**	**$1,405**	**($9,851)**	**($8,953)**	**$649**	**$580**	**($237)**	**$261**	**$76,357**

Development of Costs *(continued)*

Net Periodic Pension Cost under CICA 3461 ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
1. Service cost	$214	$4	$0	$0	$3	$1	$0	$5	$227
2. Interest cost	12,704	196	721	403	41	23	13	83	14,184
3. Actual return on assets	59,918	1,409	0	0	162	133	1	290	61,913
4. Actuarial loss (gain) on benefit obligation	(26,026)	(352)	(1,512)	(1,052)	(100)	(54)	(40)	21	(29,115)
5. Amount of settlement loss (gain) recognized			304						304
6. Costs arising in the period (1. + 2. + 3. + 4. +5.)	**$46,810**	**$1,257**	**($487)**	**($649)**	**$106**	**$103**	**($26)**	**$399**	**$47,513**
Differences between costs arising in the period and costs recognized in the period in respect of:									
7. Return on plan assets	(79,634)	(1,855)	0	0	(204)	(156)	(1)	(377)	(82,227)
8. Actuarial loss (gain)	26,336	352	1,570	980	122	72	40	(12)	29,460
9. Prior Service Cost	0	0	153	0	0	0	0	0	153
10. Net periodic pension cost recognized before adjustment for valuation allowance (6. +7. +8. +9.)	($6,488)	($246)	$1,236	$331	$24	$19	$13	$10	($5,101)
11. Increase (decrease) in valuation allowance provided against accrued benefit asset	(47,955)	(1,155)	0	0	0	0	0	0	(49,110)
12. Net periodic pension cost recognized (10. + 11.)	($54,443)	($1,401)	$1,236	$331	$24	$19	$13	$10	($54,211)

Development of Costs *(continued)*

Net Periodic Pension Cost under FAS 87 ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
1. Service cost	$214	$4	$0	$0	$3	$1	$0	$5	$227
2. Interest cost	12,704	196	721	403	41	23	13	83	14,184
3. Expected return on assets	(19,716)	(446)	0	0	(42)	(23)	0	(87)	(20,314)
4. Amortizations									
a. Past service costs	0	0	153	0	0	0	0	0	153
b. Net actuarial loss (gain)	310	0	58	(72)	22	18	0	9	345
5 Net periodic pension cost (1.+2.+3.+4.)	**($6,488)**	**($246)**	**$932**	**$331**	**$24**	**$19**	**$13**	**$10**	**($5,405)**
6. Amount of settlement (gain) loss recognized	0	0	304	0	0	0	0	0	304
7. Total pension cost (5.+6.)	**($6,488)**	**($246)**	**$1,236**	**$331**	**$24**	**$19**	**$13**	**$10**	**($5,101)**

Development of Costs *(continued)*

Additional Items for Net Periodic Benefit Calculation ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
Fair value of assets – January 1, 2008	$327,482	$7,340	$0	$0	$610	$311	$2	$1,388	$337,133
Projected benefit obligation – January 1, 2008	242,793	3,761	15,545	7,725	775	428	239	1,553	272,819
Expected annual benefit payments	24,049	403	1,248	812	52	38	9	84	26,695
Expected benefit payments weighted for timing	12,025	202	616	406	26	19	5	42	13,341
Expected annual employee contributions	2	0	0	0	0	0	0	0	2
Expected employee contributions weighted for timing	1	0	0	0	0	0	0	0	1
Expected employer contributions	0	0	1,248	812	180	146	9	92	2,487
Expected employer contributions weighted for timing	0	0	616	406	90	73	5	46	1,236

Obligations at December 31, 2007 for the Hollinger Thomson, Sterling Thomson and Sterling Hollinger Plans were based on new valuations at December 31, 2007. An experience gain or loss was determined to account for the difference between this obligation and that disclosed at the end of fiscal 2007.

Development of Costs *(continued)*

Amortization Amounts ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
Prior service costs									
a. Unrecognized amount at January 1, 2008	$0	$0	$1,221	$0	$0	$0	$0	$0	$1,221
b. New Prior Service Cost	0	0	0	0	0	0	0	0	0
c. Amortization amount	$0	$0	$153	$0	$0	$0	$0	$0	$153

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
a. Net (gain)/loss at January 1, 2008	$38,021	($104)	$2,538	($1,709)	$651	$569	$4	$76	$40,046
b. (Gain)/loss at January 1, 2008 due to new valuation	0	0	0	0	7	1	0	268	276
c. Adjusted (gain)/loss at January 1, 2008 (a. + b.)	$38,021	($104)	$2,538	($1,709)	$658	$570	$4	$344	
d. Corridor	32,748	(734)	1,555	(773)	77	43	24	155	
e. Amount subject to amortization (c. – d.)	$5,273	$0	$983	($936)	$581	$527	$0	$189	
f. Average years of future service	17	12	15	13	26	29	20	20	
Amortization amount (e. + f.)	$310	$0	$58*	($72)	$22	$18	$0	$9	$345
Amount recognized due to settlement			$304						$304

* Amount shown results from settlement at January 5, 2008

Development of Costs *(continued)*

Other Changes Recognized in Other Comprehensive Income ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
1. Prior service (credit)/cost arising during the period	$0	$0	$0	$0	$0	$0	$0	$0	$0
2. Net (gain)/loss arising during the period	53,608	1,503	(1,512)	(1,052)	104	102	(39)	398	53,112
3. Amortization of prior service credit/(cost)	0	0	(153)	0	0	0	0	0	(153)
4. Amortization of gain/(loss)	(310)	0	(58)	72	(22)	(18)	0	(9)	(345)
5. Settlement	0	0	(304)	0	0	0	0	0	(304)
6. Total changes recognized in other comprehensive income (1.+2,+3.+4.+5.)	**$53,298**	**$1,503**	**($2,027)**	**($980)**	**$82**	**$84**	**($39)**	**$389**	**$52,310**

Amounts Not Yet Reflected in Net Periodic Pension Cost and Included in Accumulated Other Comprehensive Income ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
1. Prior service credit (cost)	$0	$0	($1,068)	$0	$0	$0	$0	$0	($1,068)
2. Accumulated gain (loss)	(91,319)	(1,399)	(664)	2,689	(733)	(653)	35	(465)	(92,509)
3. Accumulated other comprehensive income (loss) (1. + 2.)	($91,319)	($1,399)	($1,732)	$2,689	($733)	($653)	$35	($465)	($93,577)
4. Cumulative employer contributions in excess of net periodic pension cost	129,198	3,721	(9,851)	(8,953)	649	580	(237)	261	115,368
5. Net asset (liability amount recognized in statement of financial position (3. + 4.)	$37,879	$2,322	($11,583)	($6,264)	($84)	($73)	($202)	($204)	$21,791

Development of Costs *(continued)*

CICA 3461 Valuation Allowance Provided Against Accrued Benefit Asset ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
1. Accrued benefit asset before impact of valuation allowance	$129,198	$3,721	($9,851)	($8,953)	$649	$580	($237)	$261	$115,368
2. a. Unamortized past service costs	0	0	1,068	0	0	0	0	0	1,068
b. Unamortized net actuarial loss (gain)	91,319	1,399	664	(2,689)	733	653	(35)	465	92,509
c. Total unamortized items (not less than 0) (a.+ b.)	$91,319	$1,399	$1,722	$0	$733	$653	$0	$465	$93,577
3. Adjusted benefit asset (1. – 2c.)	$37,879	$2,322	($11,583)	($6,264)	($84)	($73)	($202)	($204)	
4. Expected future benefit from surplus	1,184	6	N/A	N/A	0	0	0	0	
5. Valuation allowance at end of year (not less than 0) (3. - 4.)	$36,695	$2,316	N/A	N/A	$0	$0	$0	$0	$39,011
6. Valuation allowance at end of prior year	$84,650	$3,471	N/A	N/A	$0	$0	$0	$0	$88,121
7. Increase (decrease) in valuation allowance (5. - 6.)	($47,955)	($1,155)	N/A	N/A	$0	$0	$0	$0	($49,110)

Plan Assets

This section presents information about the plan's assets as reported by the plan administrator or trustee. The plan assets represent the portion of the total plan liabilities that has been funded.

Summary of Assets

The market value of plan assets has been used to determine the net periodic pension cost for the fiscal year ended December 31, 2008

The pension funds for the retirement arrangements are held in trust by RBC Dexia and CIBC Mellon and are invested in accordance with the investment policy of Hollinger Canadian Publishing Holdings Co. We have relied upon fund statements prepared by RBC Dexia and CIBC Mellon for the period from January 1, 2008 to December 31, 2008

During 2008, the transfer to CanWest was completed. The Glacier sale was completed in 2007. The transfer to Osprey for the Hollinger Thomson plan was completed in 2007. An additional transfer to Osprey from the Sterling Thomson plan remains outstanding. We have also adjusted the value of assets by payments inadvertently paid out of the wrong entity's pension fund.

For disclosure purposes at December 31, 2008, the following adjustments were made to the market value of certain plans' assets:

	HCPHC	**Hollinger Thomson**	**Sterling Thomson**
Market Value	$243,716,767	$498,084	$1,484,913
Outstanding Sale Transfer	0	0	(1,121,152)
Reserve held for Prior Windups	(200,000)	0	0
Allocation among funds	0	77,789	(77,789)
Disclosed Value	$243,516,767	$575,873	$285,972

In order to determine the 2008 NPPC, the value of the affected plans' assets at December 31, 2007 were adjusted by the following amounts:

	HCPHC	**Hollinger Thomson**	**Sterling Thomson**
Market Value	$328,088,370	$598,503	$1,849,488
Outstanding Sale Transfer	(311,000)	(66,000)	(1,460,900)
Reserve held for Prior Windups	(295,000)	0	0
Allocation among funds	0	77,789	(77,789)
Disclosed Value	$327,482,370	$610,292	$310,799

Plan Assets *(continued)*

Contributions for Fiscal Year Ending December 31, 2008 ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
Employer	$0	$0	$3,171	$812	$180	$146	$9	$92	$4,410

Expected Contributions for Fiscal Year Ending December 31, 2009 ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
Employer	$0	$0	$1,230	$781	$177	$136	$17	$92	$2,433

Projected Benefit Payments ($000s)

	HCPHC	Windsor Star	ERA	DA	Hollinger Thomson	Sterling Thomson	JPL	Sterling Hollinger	Total
Estimated future payments									
2009	$22,648	$393	$1,230	$781	$50	$27	$17	$76	$25,222
2010	22,104	377	1,209	740	53	27	19	74	24,603
2011	21,585	362	1,209	707	53	26	19	71	24,032
2012	21,119	356	1,188	676	52	26	19	69	23,505
2013	20,570	343	1,161	646	52	25	19	67	22,883
Succeeding Five Years	92,688	1,470	5,308	2,814	256	133	93	330	103,092

Participant Data

This section presents and describes the participant data used in the valuation.

This valuation is based on participant data provided by the plan sponsor. The participant data for the plans listed below are summarized in Appendix C of the following funding reports:

Plan	Report Date
HCPHC	January 1, 2007
Windsor Star	January 1, 2006
Hollinger Thomson	December 31, 2007
Sterling Thomson	December 31, 2007
Sterling Hollinger	December 31, 2007

The actuarial valuations of the ERA, DA and JPL were based on membership data as at January 1, 2008 for the 2008 NPPC and January 1, 2009 for the 2008 year end Benefit Obligation, provided by Hollinger Canadian Publishing Holdings Co. Membership statistics for these plans are shown below.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, sex, etc.) and pensions to retirees and other members entitled to a deferred pension.

ERA	01.01.2009	01.01.2008
Pensioners		
▪ Number	28	29
▪ Total monthly lifetime pension	$103,257	$104,219
▪ Average Age	74.0	72.7
Deferred Retirements		
▪ Number	1	1
▪ Total monthly lifetime pension	N/A	N/A
▪ Average age	N/A	N/A
Actives		
▪ Number	N/A	1
▪ Average age	N/A	N/A

Participant Data *(continued)*

DA	01.01.2009	01.01.2008
Pensioners		
▪ Number*	161	169
▪ Total monthly lifetime pension	$67,059	$68,917
▪ Average Age	75.6	74.6

* One member's pension is deferred.

JPL	01.01.2009	01.01.2008
Inactives		
▪ Number	2	2
▪ Average age	64.90	64.40
▪ Average pension	$9,300	$9,300

One additional member is entitled to a refund of contributions and is not included in the statistics above.

Actuarial Basis

This section describes the plan provisions as well as the methods and assumptions used to value the plan. The valuation is based on the premise that the plan is ongoing.

Actuarial Cost Method

Liabilities shown in this report are computed using the Projected Unit Credit method. The objective under this method is to expense each participant's benefits under the plan as they would accrue; taking into consideration future salary increases and the plan's benefit allocation formula. Thus, the total pension to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service. Typically, when FAS 87 or CICA 3461 is adopted, there is an initial liability for benefits credited for service before that date. To the extent that the liability is not covered by assets of the plan nor reflected in the accrued pension cost, there is a transition (asset)/obligation to be recognized over a specified period in accordance with an amortization schedule. A description of the calculation follows:

An individual's accrued benefit for valuation purposes related to a particular separation date is the accrued benefit described under the plan based on current service but determined using the projected salary (where applicable) that would be used in the calculation of the benefit on the expected separation date.

The benefit deemed to accrue for an individual during a fiscal year is the excess of the accrued benefit for valuation purposes at the end of the fiscal year over the accrued benefit for valuation purposes at the beginning of the fiscal year. Both accrued benefits are calculated from the same projections to the various anticipated separation dates.

An individual's accrued liability is the present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the service cost is the present value of the benefit deemed to accrue in the fiscal year. If multiple decrements are used, the accrued liability and the service cost for an individual are the sum of the component accrued liabilities and service costs associated with the various anticipated separation dates. Such accrued liabilities and service costs reflect the accrued benefits as modified to obtain the benefits payable on those dates and the probability of the individual separating on those dates.

The plan's ***service cost*** is the sum of the individual service costs, and the plan's ***projected benefit obligation (PBO)*** is the sum of the accrued liabilities for all participants under the plan.

Actuarial Basis *(continued)*

Accounting Policies

- ***Measurement Date:*** December 31.

- ***Gain/loss amortization method:*** As there currently are very few active members in any of the retirement arrangements, cumulative gains and losses in excess of 10% of the greater of PBO or market-related value of plan assets are amortized over the average remaining lifetime of the plan membership.

- ***Past service cost amortization method:*** Past service costs resulting from plan amendments are amortized on a linear basis over the expected average remaining lifetime of the plan membership.

- ***Financial and census data:*** We have used financial data submitted by the trustee, without further audit, and participant data as supplied by the plan sponsor at each plan's respective actuarial valuation date. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

- ***Projection of Obligations from Valuation Date to Year End Measurement Date:*** Benefit obligations have been rolled-forward from the valuation date to the year end measurement date based on the assumption that there have been no experience gains or losses, except for changes in discount rate. Discount rate changes are reflected in the year end obligation amounts.

- ***Participants included:*** The plan sponsor provides us with data on all employees who have completed the plan's eligibility requirements and are eligible for benefits in the plan.

- ***Transferred participants:*** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for active participants.

- ***Disabled participants:*** The liabilities for participants on long-term disability have been included with the liabilities for active participants.

- ***Changes since Prior Valuation:*** None.

Actuarial Basis *(continued)*

Summary of Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the plan.

Measurement date	December 31
Discount rate	▪ 5.00% per year for 2007 expense determination ▪ 5.50% per year for the December 31, 2007 funded status, 2008 expense determination ▪ 7.20% per year for December 31, 2008 funded status
Long-term rate of return on assets	▪ 7.00% per year for 2007 expense determination ▪ 6.25% per year for 2008 expense determination
Salary increases	▪ 4.00% per year for 2007 expense determination ▪ 3.00% per year for December 31, 2007 funded status, 2008 expense determination and December 31, 2008 funded status
Increases in the Year's Maximum Pensionable Earnings Limit	▪ 3.50% per year for 2007 expense determination, December 31, 2007 funded status, 2008 expense determination and December 31, 2008 funded status
Inflation	▪ 2.50% per year for 2007 expense determination, December 31, 2007 funded status, 2008 expense determination and December 31, 2008 funded status
Mortality	▪ UP94 generational mortality table with 19 year projection from valuation date for 2007 expense determination, December 31, 2007 funded status, 2008 expense determination and December 31, 2008 funded status

All other assumptions are as summarized in Appendix B of the Actuarial Valuations for Funding Purposes as at the applicable date shown in the Plan Summary section of this report.

Actuarial Basis *(continued)*

Summary of Plan Provisions

This valuation reflects the provisions of the plans as at December 31, 2008.

There were no plan amendments since the date of the prior valuation for accounting purposes as at December 31, 2007. A summary of the major plan provisions used to determine the plan's financial position is provided in Appendix D of the funding valuation reports as at the following dates:

Plan	Valuation Date
HCPHC	January 1, 2007
Windsor Star	January 1, 2006
Hollinger Thomson	December 31, 2007
Sterling Thomson	December 31, 2007
Sterling Hollinger	December 31, 2007

For the ERA, we have relied on the individual agreements provided by Hollinger Canadian Publishing Holdings Co. For the Divisional Allowance arrangement, we have valued the liabilities based on the data and current pension payroll information provided by Hollinger Canadian Publishing Holdings Co. We are not aware of a plan description for these benefits.

The Journal Publishing Company Limited Employees' Pension Plan is a contributory career average plan. It is a closed plan.

MERCER

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GUY CARPENTER OLIVER WYMAN

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Consulting. Outsourcing. Investments.

THIS IS EXHIBIT "K" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

12 February 2009

Hollinger Canadian Publishing Holding Company

Report on Net Periodic Postretirement Benefit Cost and Disclosure for the Fiscal Year Ending December 31, 2008 Under FAS 106 and FAS 132(R) as modified by FAS 158

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Contents

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Report Highlights

This report has been prepared by Mercer (Canada) Limited at the request of Hollinger Canadian Publishing Holding Company ("Hollinger"). This report provides information on non-pension postretirement benefit obligations and net periodic postretirement benefit cost calculated in accordance with Financial Accounting Standards Board Statement Nos. 106 and 132(R) as modified by Financial Accounting Standards Board Statement No. 158 ("FAS 106", "FAS 132(R)" and "FAS158") to enable Hollinger to satisfy accounting and disclosure requirements for financial statements pursuant to FAS 106 and FAS 132(R) as modified by FAS 158. Applicable income tax effects under FAS 109 are not shown in this report.

The Non-Pension Postretirement Benefit Plan is a defined benefit plan funded on a cash basis by contributions from Hollinger.

Hollinger's fiscal year-end date and the measurement date for the plan obligations as described in this report is December 31, 2008.

All results presented in this report are in Canadian dollars.

Fiscal Year Ending December 31, 2008

The net periodic postretirement benefit cost (NPPBC), calculated in accordance with FAS 106 and FAS 132(R) as modified by FAS 158, for the fiscal year ending December 31, 2008, is a charge of $492,000.

Other comprehensive income (OCI) for the fiscal year ending December 31, 2008 is a credit of $2,159,000.

It should be noted that future health care cost trends are especially difficult to predict and actual experience is likely to differ from expected. The use of a health care cost trend of 1% per year above the assumptions used in this valuation for the fiscal year ending December 31, 2008 would result in an increase to the Accumulated Postretirement Benefit Obligation (APBO) of approximately 6%.

Fiscal Year Ending December 31, 2009

The projected NPPBC for the fiscal year ending December 31, 2009 is a charge of $392,000.

Changes in Plan Provisions

There were no changes in plan provisions since the last disclosure as of December 31, 2007.

Changes in Actuarial Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2007. Refer to the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes.

Changes in Actuarial Methods

There were no changes in actuarial methods since the last disclosure as of December 31, 2007.

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Principal NPPBC and Disclosure Information

A summary of the principal NPPBC and disclosure information, required pursuant to FAS 132(R) as modified by FAS 158, for the current fiscal year and the prior fiscal year follows.

Components of NPPBC	Fiscal Year Ending 31.12.08	Fiscal Year Ending 31.12.07
Service cost	$11,000	$11,000
Interest cost	1,182,000	1,185,000
Expected return on plan assets	0	0
Amortizations		
▪ Transition (asset)/obligation	0	0
▪ Prior service (credit)/cost	0	0
▪ Actuarial (gain)/loss	(701,000)	(652,000)
Sub-total NPPBC	**$492,000**	**$544,000**
Curtailment (gain)/loss	0	0
Settlement (gain)/loss	0	0
Special termination benefits	0	0
Total NPPBC	**$492,000**	**$544,000**

Estimated Amounts That Will Be Amortized From Accumulated Other Comprehensive Income (AOCI) into NPPBC in the Next Fiscal Year	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
Transition obligation (asset)	$0	$0
Prior service costs (credit)	0	0
Actuarial loss/(gain)	(897,000)	(701,000)
Total	**($897,000)**	**($701,000)**

Weighted-Average Assumptions for NPPBC	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
Discount rate	5.50%	5.00%
Rate of compensation increase	3.00%	3.00%
Initial weighted average health care trend rate	7.40%	8.00%
Ultimate weighted average health care trend rate	5.00%	5.00%
Year ultimate rate reached	2012	2012

Weighted-Average Assumptions for Year-End Benefit Obligations	**31.12.08**	**31.12.07**
Discount rate	7.30%	5.50%
Rate of compensation increase	3.00%	3.00%
Initial weighted average health care trend rate	8.00%	7.40%
Ultimate weighted average health care trend rate	4.50%	5.00%
Year ultimate rate reached	2028	2012

Change in Accumulated Postretirement Benefit Obligation (APBO)	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
APBO at end of prior year	**$22,664,000**	**$24,838,000**
Service cost	11,000	11,000
Interest cost	1,182,000	1,185,000
Plan participants' contributions	0	0
Amendments	0	0
Benefits paid	(2,248,000)	(2,305,000)
Curtailments	0	0
Settlements	0	0
Termination benefits	0	0
Actuarial (gain)/loss	(2,860,000)	(1,065,000)
Foreign currency exchange rate changes	0	0
APBO at end of year	**$18,749,000**	**$22,664,000**

Change in Plan Assets	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
Fair value of plan assets at end of prior year	**$0**	**$0**
Actual return on plan assets	0	0
Employer contributions	2,248,000	2,305,000
Benefits paid	(2,248,000)	(2,305,000)
Settlements	0	0
Foreign currency exchange rate changes	0	0
Fair value of plan assets at end of year	**$0**	**$0**

Reconciliation of Funded Status	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
ABPO at end of year	($18,749,000)	($22,664,000)
Fair value of plan assets at end of year	0	0
Net asset/(liability) amount recognized in statement of financial position - Surplus (Deficit) at end of year	**($18,749,000)**	**($22,664,000)**

Amounts Recognized in Statement of Financial Position Consist of	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
Non-current assets	$0	$0
Current (liabilities)	(2,448,000)	(2,372,000)
Non-current (liabilities)	(16,301,000)	(20,292,000)
Net asset/(liability) amount recognized in statement of financial position	**($18,749,000)**	**($22,664,000)**

Amounts Not Yet Reflected in NPPBC and are included in AOCI	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
Transition asset (obligation)	$0	$0
Prior service credit (cost)	0	0
Actuarial gain (loss)	13,537,000	11,378,000
AOCI	**$13,537,000**	**$11,378,000**
Cumulative employer contributions in excess of NPPBC	(32,286,000)	(34,042,000)
Net amount recognized in statement of financial position	**($18,749,000)**	**($22,664,000)**

Reconciliation of Accumulated Other Comprehensive Income (Loss) (AOCI)	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
AOCI at the end of the prior year	$11,378,000	$10,965,000
Other comprehensive income (loss)	2,159,000	413,000
AOCI at the end of the year	**$13,537,000**	**$11,378,000**

Changes Recognized in Other Comprehensive Income (Loss) during the period	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
Transition (asset)/obligation arising during the period	$0	$0
Prior service (credit)/cost arising during the period	0	0
Net actuarial (gain)/loss arising during the period	(2,860,000)	(1,065,000)
Non-Routine events (i.e. curtailment, settlements)	0	0
Amortization of transitional asset/(obligation)	0	0
Amortization of prior service credit/(cost)	0	0
Amortization of actuarial gain/(loss)	701,000	652,000
Total changes recognized in other comprehensive (income) loss	**($2,159,000)**	**($413,000)**

Additional information for plans with APBO in excess of plan assets	**Fiscal Year Ending 31.12.08**	**Fiscal Year Ending 31.12.07**
APBO	$18,749,000	$22,664,000
Fair value of plan assets	$0	$0

Effect of Change in Health Care Cost Trend Rates	Fiscal Year Ending 31.12.08	Fiscal Year Ending 31.12.07
Effect on total service cost and interest cost components		
▪ One-percentage point increase	$74,000	$69,000
▪ One-percentage point decrease	($65,000)	($60,000)
Effect on year-end APBO		
▪ One-percentage point increase	$1,210,000	$1,318,000
▪ One-percentage point decrease	($1,071,000)	($1,160,000)

Expected Cash Flows	Fiscal Year Ending 31.12.08	Fiscal Year Ending 31.12.07
Expected employer contributions for the next fiscal year	$2,448,000	$2,371,000
Expected benefit payments for fiscal year ending		
▪ 2009 (2008)	$2,448,000	$2,371,000
▪ 2010 (2009)	$2,524,000	$2,446,000
▪ 2011 (2010)	$2,597,000	$2,504,000
▪ 2012 (2011)	$2,666,000	$2,551,000
▪ 2013 (2012)	$2,723,000	$2,584,000
▪ Next 5 years	$14,152,000	$13,002,000

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Certification

We have prepared an actuarial valuation of Hollinger's benefit obligations for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2007. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the net periodic postretirement benefit cost of the Plan in accordance with FAS 106 and FAS 132(R) as modified by FAS 158 for the fiscal year beginning January 1, 2008 and ending December 31, 2008 to enable the Company to account for the cost of the Plan under FAS 106 and FAS 132(R) as modified by FAS 158.

In addition, we have prepared a second actuarial valuation of Hollinger's benefit obligations for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2008. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the obligations of the Plan in accordance with FAS 106 and FAS 132(R) as modified by FAS 158 to enable the Company to satisfy the disclosure requirements under FAS 106 and FAS 132(R) as modified by FAS 158.

This report has been prepared exclusively for Hollinger. Mercer is not responsible for consequences arising from the use of any elements of this report for any other than their intended purpose. Determinations for other purposes may be significantly different from the results shown in this report.

Plan Provisions

The results of the valuations set forth in this report reflect the provisions of the plan as of the date of the valuations as reported to us by Management.

The plan has not been amended since the last valuation for accounting purposes as at December 31, 2006. A summary of the plan provisions is provided in Appendix D of this report. These plan provisions have been certified by Hollinger under Employer Certification – Data and Plan Provisions of this report.

There was no substantive commitment reported to us by Management.

Data

We used and relied upon financial data submitted by the trustee without further audit. We have also used and relied upon membership data supplied by the plan sponsor; this data would customarily not be verified by a plan's actuary. We have reviewed the membership data for internal consistency and reasonableness and have no reason to doubt its substantial accuracy. Finally, we have also used and relied upon the plan documents supplied by the plan sponsor. The plan sponsor is solely responsible for the validity and completeness of this information. The membership data is summarized in Appendix B of this report.

Subsequent Events

Based on discussions with representatives of Hollinger, to our knowledge there have been no events subsequent to December 31, 2008 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

Methods and Assumptions

The actuarial valuation methods, and Management accounting policies and assumptions used in the valuations and determination of benefit cost are summarized in Appendix C of this report.

Valuation methods and assumptions are the same as the prior year's valuation with the exception of the following:

- The discount rate changed from 5.5% to 7.3% per annum
- The health care trend rate grading period and ultimate rate were updated

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect future Benefit Cost.

Actuarial computations in accordance with FAS 106 and FAS 132(R) as modified by FAS 158 are for purposes of enabling Hollinger to fulfill accounting requirements pursuant to FAS 106 and FAS 132(R) as modified by FAS 158. Determination for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes such as adequacy of funding for the ongoing plan, purchase price calculations or plan design costings.

Statement of Opinion

The accounting calculations reported herein are consistent with our understanding of Hollinger's interpretation of the provisions of FAS 106 and FAS 132(R) as modified by FAS 158. The actuarial assumptions were selected by the company.

We believe that each of these assumptions is reasonable.

Professional Qualifications

We are available to answer any questions on the material contained in this report or to provide explanations or further details, as may be appropriate. The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any relationship, including investments or other services that could create a conflict-of-interest that would impair our objectivity.

Respectfully submitted,

February 12, 2009

Ellen Whelan, FSA, FCIA
Principal

Date

I have reviewed and found acceptable the actuarial assumptions, methods and procedures used in this valuation.

February 12, 2009

Darrin Bull, CA
Principal

Date

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

Appendix A

Development of Costs

This appendix shows the financial position of the plan and the calculation of the various components of plan costs.

Financial Position of the Plan

	January 1, 2008	January 1, 2007
1. APBO		
a. Inactives	($21,785,000)	($23,843,000)
b. Fully eligible actives	(674,000)	(755,000)
c. Not fully eligible actives	(205,000)	(240,000)
d. Total (a. + b. + c.)	**($22,664,000)**	**($24,838,000)**
2. Fair value of plan assets	0	0
3. Net asset/(liability) recognized - Funded status (1. + 2.)	**($22,664,000)**	**($24,838,000)**
Amounts to be Reflected in Future Periods		
4. Transition (asset)/obligation	$0	$0
5. Prior service cost	0	0
6. Net actuarial (gain)/loss	(11,378,000)	(10,965,000)
7. Total not yet recognized in NPPBC (4. + 5. + 6.)	**($11,378,000)**	**($10,965,000)**
8. Cumulative employer contributions in excess of NPPBC (3. + 7.)	**($34,042,000)**	**($35,803,000)**

Reconciliation of Cumulative Employer Contributions in Excess of NPPBC

	December 31, 2008
1. Cumulative employer contributions in excess of NPPBC at end of prior fiscal year	($34,042,000)
2. Benefits paid	2,248,000
3. NPPBC	(492,000)
4. Cumulative employer contributions in excess of NPPBC at end of current fiscal year (1. + 2. + 3.)	**($32,286,000)**

Interest Cost

	Fiscal Year Ending 31.12.08	Fiscal Year Ending 31.12.07
1. APBO	$22,664,000	$24,838,000
2. a. Service cost	$11,000	$11,000
b. Weighted for timing	$11,000	$11,000
3. a. Plan amendment	N/A	N/A
b. Weighted for timing	N/A	N/A
4. a. Expected distributions	$2,371,000	$2,291,000
b. Weighted for timing	$1,185,500	$1,145,500
5. Average APBO (1. + 2.b. + 3.b.-4.b.)	**$21,489,500**	**$23,703,500**
6. Discount rate	5.50%	5.00%
7. Interest cost (5. x 6.)	**$1,182,000**	**$1,185,000**

Amortization Amounts

	Annual Amortization Amount
1. Net (gain)/loss subject to amortization as of January 1, 2008	
a. Unrecognized net (gain)/loss	($11,378,000)
b. APBO	22,664,000
c. 10% of APBO	2,266,400
d. Net (gain)/loss subject to amortization (excess of a. over c., if any)	(9,111,600)
e. Average remaining life expectancy of inactive members	13
f. Amortization amount (d. ÷ e.)	**$701,000**

Analysis of Loss (Gain)

Gains and Losses Due to:	Due to Remeasurement as of 31.12.08
1. Updated lifetime maximum factors	(833,000)
2. Change in trend assumption	1,495,000
3. Change in discount rate	(3,425,000)
4. All other demographic (gain)/loss	27,000
5. Actual benefit payments (less)/greater than expected benefit payments	(124,000)
6. Total	**($2,860,000)**

Appendix B

Membership Data

Membership data was provided by Hollinger. The data was checked for reasonableness and for internal consistency. Audits of source data records would not normally be part of this work and were not conducted. The data was considered sufficient and reliable for the purposes of the valuation. A summary of the data used in the current and prior valuations is provided below:

	Dec 31, 2006	Jun 30, 2003
Active Members		
Number	72	161
Average years of service	27.8 years	27.4 years
Average age	56.3	56.3
Retirees and Surviving Spouses		
Number of Retirees	2,129	2,630
Number with Medical Coverage	1,799	2,301
Number with Life Insurance	1,968	2,374
Average age of Retirees	76.0	73.6
Average life insurance	$7,168	$5,761
Spouses of Retirees		
Number of Spouses	1,123	1,571
Average age of Spouses	75.4	70.4

The distribution of the HCPHCo. active members by age and completed years of service as at December 31, 2006, is summarized as follows:

Distribution of HCPHCo. Active Members
By Age Group and Completed Years of Service as at December 31, 2006

	Years of Completed Service							
Age	0–4	5–9	10–14	15–19	20–24	25–29	30+	Total
Under 20								0
20 – 24								0
25 – 29								0
30 – 34								0
35 – 39								0
40 – 44			2	2	1			5
45 – 49			1	1	2	3		7
50 – 54			1	2	3	3	3	12
55 – 59			2	2	1	8	7	20
60 – 64				1	4	4	19	28
65 +								0
Total			6	8	11	18	29	72

The distribution of the retirees and surviving spouses by age as at December 31, 2006, is summarized as follows:

Distribution of Retirees and Surviving Spouses
By Age Group as at December 31, 2006

Age	Number
40 – 44	1
45 – 49	1
50 – 54	6
55 – 59	3
60 – 64	50
65 – 69	346
70 – 74	551
75+	1,171
Total	2,129

Appendix C

Actuarial Basis

This Appendix describes the plan provisions, as well as the methods and assumptions used to value the plan. The valuation is based on the premise that the plan is ongoing.

Actuarial Cost Method

APBO numbers shown in this report are computed using the Projected Unit Credit method, as defined in FAS 106. The objective under this method is to expense each member's benefits under the plan, taking into consideration projections of benefit costs to and during retirement.

Under the Projected Unit Credit method, an equal portion of the total estimated future benefit is attributed to each year of service.

The APBO is the actuarial present value of the accrued benefit as of the valuation date and the service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

For retirees, spouses and surviving spouses, the APBO is the present value of all future projected benefits.

For each active member, a "full eligibility" date is determined as the first date the member has or will have met the age and service requirements to qualify for all benefits after retirement.

Full eligibility is age 55.

For active members who have reached "full eligibility", the APBO is the present value as of the valuation date of all future projected benefits. For these members, the service cost is zero.

For active members who have not yet reached "full eligibility", the APBO is the present value of all future projected benefits, multiplied by the ratio of service at the valuation date to projected service at "full eligibility". For these members, the service cost is the present value of benefits as of the valuation date deemed to accrue in the fiscal year, and is determined as the present value of all future projected benefits divided by the projected service at "full eligibility".

The plan's current service cost is the sum of the individual service costs, and the plan's APBO is the sum of the APBOs for all participants under the plan.

Funding Policy

The non-pension postretirement benefits are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide the non-pension postretirement benefits.

Accounting Policies

Cumulative gains and losses in excess of 10% of the greater of APBO or market-related value of assets are amortized over average remaining life expectancy of inactive plan members (13 years).

The plan sponsor recognizes curtailments before plan settlements. The attribution period is the period of an employee's service to which the expected postretirement benefit obligation for that employee is assigned. The beginning of the attribution period is the date of hire, which is the beginning of the credited service period. The end of the attribution period is the full eligibility date, which occurs at age 55 for both medical and life plans.

The actuarial valuation of Hollinger Canadian Publishing Holding Company's benefit obligation for accounting purposes is performed every three years.

Hollinger's fiscal year-end date and the measurement date of the company's obligations is December 31.

Summary of Assumptions

The following assumptions were used in valuing the benefit obligations under the plan.

Measurement date	December 31	
Discount rate	▪ 5.00% per annum for the 2007 NPPBC determination ▪ 5.50% per annum for 2007 disclosure and 2008 NPPBC ▪ 7.30% per annum for 2008 disclosure	
Salary increases	3.00% per annum	
Health care cost trend rates for 2008 NPPBC	Medical	8.00% per annum in 2007 grading down to 5.00% per annum in and after 2012
	Provincial premiums	3.00% per annum
Health care cost trend rates for 2008 disclosure	Medical	8.00% per annum in 2008 grading down to 4.50% per annum in and after 2028
	Provincial premiums	3.00% per annum
Mortality	UP94 Table Projected to 2025 with generational improvements thereafter	
Withdrawal	Rates at sample ages are shown below:	

Age	Rate
20	36.0%
30	11.2%
40	3.4%
50	1.2%
60	0.2%

No withdrawal assumed after attainment of eligibility for retirement.

Retirement rates

Age	Rate
55 – 57	5%
58 – 59	10%
60 – 61	15%
62 – 64	25%
65+	100%

Marital status

For active members, 75% are assumed to be married at retirement with males assumed to be 3 years older than their female spouses.

For retirees actual spousal information was used.

		Single	Family
2006 per capita claim costs (at Age 65) excluding administration and taxes[1] (2003 per capita claim costs)[2]	Southam–Manulife Plan	$590 ($477)	$1,180 ($954)
	Winnipeg Tribune	$590 ($477)	$1,180 ($954)
	Kitchener-Waterloo Record	$865 ($727)	$1,730 ($1,454)
	Montreal Gazette SSQ Plan	$1,100 ($961)	$2,200 ($2,000)
	Kamloops News	$562 ($472)	$1,124 ($944)
	Windsor Star	$1,000 ($1,000)	$2,000 ($2,000)
	Kingston	$590 ($477)	$1,180 ($954)
	Pacific Press Union Members' Blue Cross Premium	$600 ($282)	$1,200 ($821)

Increases in utilization by age	3% per year
Medical offset assumption at age 65 and after[3]	35% of claims
Administrative expenses as a percentage of paid claims	5.00%
Taxes (as a percent of claims and administrative expenses)	▪ 10% for Ontario ▪ 11.35% for Quebec ▪ 2% for British Columbia ▪ 2% for Alberta ▪ 10% for all other employees
Participation	100% of members are assumed to participate in the retiree health plan.
Attribution Period	The attribution period is from the date of hire to the date of full eligibility (as described in the Summary of Plan Provisions).

[1] Claim costs were developed using a combination of actual claims costs information provided by the insurer for the period April 1, 2004 to September 30, 2006 supplemented with Mercer experience with other similar plans.
[2] Claim costs used for 2006 NPPBC
[3] The offset reflects the cost reduction due to the provincial drug benefits provided to retirees after age 65. This offset percent is a weighted average across all provinces.

Lifetime maximum benefit factors

To account for the $10,000 lifetime maximum for employees participating in the Southam-Manulife plan and Kingston employees, the following methodology was used.

For active employees, the claims expected to be paid are increased by trend and aging factors (as outlined above) until these costs reach $10,000 in total.

For retirees, the following factors were used to amend the claims costs. These factors were developed to reflect the usage of the $10,000 maximum benefit to date by retirees.

Age Band	2007 Disclosure and 2008 NPPBC Factor	2008 Disclosure Factor
55 - 60	0.442	0.451
60 - 65	0.485	0.457
65 - 70	0.460	0.438
70 - 75	0.478	0.444
75 - 80	0.507	0.450
80 - 85	0.525	0.451
85 - 90	0.544	0.437
90 - 95	0.541	0.389
95 - 100	0.517	0.290
100 - 105	0.490	0.290

Appendix D

Summary of Plan Provisions

Division Name	Division Number	Medical Plan	Dental Plan	Life Insurance
Southam-Manulife Plan	2,5,14,15,16, 17,18,20,21, 22,29,31,32, 34,38,44,45, 46,48,49,50, 52,58,60,61, 62,68,73,75, 76,77,78,79, 80,81,98	▪ Hospital, Drugs, and Other: 100% ▪ $10,000 lifetime maximum per person	▪ None	▪ 1st year: 1x (maximum $100,000) ▪ 2nd year: 75x (maximum $75,000) ▪ 3rd year: 50 x (maximum $50,000) ▪ 4th year:-25 x (maximum $25,000) ▪ Thereafter: $6,000
Montréal Gazette	56	▪ All new retirees get Southam plan ▪ About 85 current retirees get SSQ plan ▪ Hospital, Drugs, and Other: 100% ▪ Vision: maximum $200 over 2 years	▪ All new retirees do not have dental coverage ▪ About 85 current retirees get SSQ plan (no dental)	▪ All new retirees get Southam plan ▪ About 85 current retirees get SSQ plan ▪ Flat life amounts $1,000 to $5,000 (assume all $5,000)

Division Name	Division Number	Medical Plan	Dental Plan	Life Insurance
Pacific Press	3	▪ Administrative staff participate in Southam Manulife plan plus 100% of BC Medicare premiums for life, BC premiums are not included in the $10,000 lifetime maximum benefit provision ▪ Unionized employees: ▪ Pre age 65 - 100% of BC Medicare premiums plus payment of premiums to continue coverage in active employee group benefit plan ▪ Post age 65 - 50% of BC Medicare premium	▪ None	▪ $2,000 for union members ▪ Same as Southam – Manulife Plan for administrative staff
Kamloops News	82	▪ Hospital+Drugs+Others ($25 deductible, 80% coinsurance for SPH+D+O)+Out-of-Province at 100% ▪ $25,000 lifetime maximum per person	▪ None	▪ Similar to Southam Plan (different carrier)
Winnipeg Tribune	1	▪ Semi-private hospital+Drugs+Major Medical ▪ Deductible: $10 single, $20 family ▪ $2,500 max for out-of-country expenses	▪ None	▪ Retiree: 1/3 of coverage prior to retirement prior to retirement; max $6,000
Fairway Group	63 (active) 65 (retired)	▪ Coverage to 65 only ▪ Semi-Private (100%) ▪ Drugs+Other (100%/$25 per cert. Deductible) ▪ Vision ($125 over 2 years, no deductible) ▪ No out-of-Country	▪ Coverage to 65 only ▪ 75% of Basic, Endodontics, Periodontics, and Major (no new dentures), annual maximum = $1,000 ▪ Fee guide is 2 year lag	▪ Non-supervisors get $5,000 basic for life + $2,500 AD&D to 65 ▪ Supervisors get $7,500/$3,750

Division Name	Division Number	Medical Plan	Dental Plan	Life Insurance
Kitchener-Waterloo Record	12	▪ Coverage to 65 only ▪ Drugs: $25/person deductible, 100% ▪ Offer 100% ▪ Vision $175 over 2 years	▪ Coverage to 65 only ▪ 100% of Basic & Endodontics, Periodontics, and major surgical, annual maximum $1,000 ▪ Dentures and Bridges and major Periodontics = 50% Annual maximum = $1000	▪ Class A: 2 x ($70,000 maximum) while active, reduces to 30% at retirement ($18,000 maximum) + AD&D for life = 50% of Life Amount ▪ Class B: 2 x ($80,000 maximum) while active, reduces to 30% at retirement ($20,250 maximum) + AD&D for life = 50% of Life Amount ▪ Class F: 2 x ($75,000 maximum) while active, reduces to 80% at 65 ($25,000 maximum), 60%/40%/20%/10% at 66/67/68/69 + AD&D for life=50% of Life Amount
Kingston	13	▪ Medical, Drugs and other 100% (deductible $25 single, $50 family) ▪ Vision $150 over 2 years (pre 1992 Retirees only) ▪ Paramedical +300 per year ▪ 10,000 lifetime max per person	▪ None	▪ Retiree $20,000 flat, reduces to $10,000 at age 75.
Windsor Star	70 (active) 86 (retirees)	▪ Private Hospital 100% no deductible ▪ Major medical and drugs 100% after deductible ($10 individual, $20 family)	▪ None	▪ Retiree: $6,000 ▪ Future retirees: Similar to Southam Manulife Plan
Peter-borough Examiner	53	▪ Private Hospital 100% ▪ Major medical and drugs 80% after deductible ($50 individual, $150 family) ▪ Annual max $2,500 per person	▪ None	▪ 50% of the amount immediately in-force prior to age 65

Appendix E

Employer Certification

I have reviewed Appendix B (Membership Data), C (Actuarial Basis) and D (Summary of Plan Provisions) of the Report on Net Periodic Postretirement Benefit Cost and Disclosure for the Fiscal Year Ending December 31, 2008 under FAS 106 and FAS 132(R) as modified by FAS 158 for the HCPHCo Non Pension Post Retirement Benefit plans. 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 valuation;
- A copy of the plan documents and of all amendments made up to December 31, 2008 were supplied to the actuary;
- All substantive commitments have been communicated to the actuary;
- Accounting policies adopted by the Company are those described in this report;
- The actuarial methods, amortization method and amortization periods to be used for the purposes of the valuation are those described in this report;
- Management's best-estimate assumptions for purposes of the valuation of the plan and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2008 are those described in this report; and
- All events subsequent to the valuation that may have an impact on the results of the valuation have been communicated to the actuary.

____
Date

____
Signed

____
Name

____
Title

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited
550 Burrard Street
Suite 900
Vancouver, British Columbia V6C 3S8
604 683 6761

Consulting. Outsourcing. Investments.

THIS IS EXHIBIT "L" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

Darrin Bull
Principal

550 Burrard Street
Suite 900
Vancouver, British Columbia V6C 3S8
604 609 3119 Fax 604 683 4639
darrin.bull@mercer.com
www.mercer.ca

MERCER

MMC MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

12 February 2009

Mr. Michael E. Krupa
Corporate Accounting Manager
Hollinger International Inc.
6901 West 159th Street
Tinley Park, Illinois
60477 USA

Private & Confidential

Subject: Fiscal 2008 Post Employment Expense and December 31, 2008 Disclosure

Dear Michael:

As requested, we enclose the fiscal 2008 post employment expense and December 31, 2008 disclosure information for Hollinger Canadian Publishing Holdings Co. ("HCPHCo").

Background

This report covers the post employment benefit programs of HCPHCo, as described in Appendix A. We are providing information to allow you to account for these benefits under U.S. GAAP (FAS 112).

Financial Summary

The December 31, 2008 liabilities and 2008 expense follow.

These benefits are being accounted for on a terminal basis, with any gains or losses recognized in current year's expense; that is, the full obligation for payments of these benefits is recorded in the year the employee leaves active employment. We are not including cash payments in our calculation of expense as we understand these are being charged directly to expense as incurred.

A surplus has arisen in the funded self insured Manulife plan due to positive investment and disability termination experience. As has been Hollinger's past practice, a valuation allowance is being recorded to bring the balance sheet down to the expected future benefit available from the surplus, which is $0, as Hollinger has no ability to withdraw the surplus funds from the health and welfare trust. This is a conservative view in these circumstances in that a valuation allowance is not specifically required under FAS 112; and, we have assumed you will choose the most conservative approach in our presentation of results.

(All amounts in $000 Canadian)	HCPHCo
Accrued benefit liability (balance sheet liability) December 31, 2007[1]	**$5,909**
Funded status as of December 31, 2008:	
Self-insured Manulife Plan (Funded)	
Liabilities	$1,598
Market value of assets	$1,701
(Surplus) Deficit	**($103)**
Change in funded status in 2008	**$298**
Change in Valuation allowance required	**($287)**
Expense (income) for the year ended December 31, 2008[2]	$11
Pacific Press self-insured LTD Plan (Unfunded)	
Liabilities at December 31, 2008	**$2,170**
Expense (income) in excess of cash payments for year ended December 31, 2008	**($411)**
Other Unfunded Plans	
Liabilities at December 31, 2008	**$2,626**
Expense (income) in excess of cash payments for year ended December 31, 2008	($713)
Funded status all plans at December 31, 2008	
(after reflecting valuation allowance)	**$4,796**
Total fiscal 2008 expense (income)	($1,113)
Accrued benefit liability at December 31, 2008	**$4,796**

1 Equals funded status reported as of December 31, 2007.
2 At December 31, 2007 there were surplus assets of $11 at Manulife that were the net amount of available surplus recognized. Now that payments are made directly by HCPHCo and reimbursed by the LTD Trust, there are no longer any surplus funds at Manulife available to HCPHCo. The net expense for the year is the drawdown of the available surplus to nil.

Data

The employee data used in our valuation is summarized in Appendix C. For the 38 employees receiving benefits from the Southam self-insured LTD Plan, we were provided with data from HCPHCo. that contained all of the required information to value the benefit liability. However, we were unable to verify the data being used in the valuation with personnel at Pacific Press in the time available to deliver this report. We have updated the list of disabled individuals and their monthly benefit amounts by reviewing the December 2008 billing from Pacific Press to Hollinger. Actual current benefit amounts may vary from those used in the valuation due to the indexing formula in the plan and the current status of negotiations of the collective agreement governing these benefits. The data for these groups was used to value the LTD benefit liability and the liability for the continuation of health, dental and life insurance claims to these employees while on LTD leave.

We were provided data on 30 other employees on LTD who may be receiving benefits from employer paid arrangements. There were 38 such employees as of December 31, 2007. The group has declined due to termination of claims for individuals reaching age 65 and removal of some individuals from the data by the plan administrator. These employees do not generate an LTD benefit liability but may generate a liability for the continuation of health, dental and/or life insurance benefits. We were provided dates of birth for these individuals but no life insurance amounts and dates of disability for a small number. Where information was not available, we assumed a disability date of July 1, 1995 and a life insurance amount of $43,000. We do not expect a significant difference in valuation results under this approach from the results that would arise using complete data. Additionally, we do not know if the information provided to us represents the complete listing of disabled employees.

We have not been provided with actual claims experience for disabled employees in order to develop per capita claims costs assumptions. In order to value the liability for continuing to provide health and dental benefits to disabled employees we reviewed experience for other clients with similar arrangements. The assumptions so developed reflect the expected claiming patterns of the disabled employees in future periods. Emerging experience differing from these claims costs will result in experience gains or losses that will be recognized in the future expense for these benefits.

The asset information was obtained from Royal Trust reports for the Fund and is unaudited.

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Purpose of Valuation

The accounting results presented in this letter are solely for the purpose of FAS 112 reporting. The results are not appropriate for other purposes, such as determining the appropriate amounts to pre-fund the benefits or reviewing the cost of plan design alternations.

We trust this report meets with your needs. Please contact us if you have any questions.

Sincerely,

Darrin Bull
Principal

Copy:
Ellen Whelan, Mercer
Eileen Luxton, Mercer
Wade Schaefer, Mercer
Marianne Desaulniers, Hollinger Canadian Publishing Holdings Co.

Enclosure

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Appendix A
Summary of Post Employment Benefit Plans

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

Pacific Press Self-Insured LTD Plan

Our valuation is based on the benefit amounts payable as of December 2008 obtained from the billing of the benefit cost from Pacific Press to Hollinger.

Income benefits provided to the Pacific Press employees are indexed 5% annually subject to an all source replacement income maximum of 60% of the current union contract weekly rates. The current Collective Bargaining Agreement expired on November 30, 2006 and there was no new Agreement as of the date of this report.

We have not included any provision for future indexing of benefits. Any improvements to the benefits arising from current and future negotiations would increase the benefit obligation and give rise to losses that will be recognized in future periods.

In addition, three of the Pacific Press disabled employees are entitled to work bank benefits. These benefits average approximately $32 per week and have been included in our valuation.

Health and Dental Coverage for Disabled Employees

Health and dental coverage is extended to most disabled employees, their spouses and children. Coverage ceases when the employee is no longer disabled, dies, retires or reaches age 65. The level of coverage varies by division. Pacific Press disabled employees do not receive dental coverage.

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Life Insurance Coverage for Disabled Employees

Life Insurance coverage continues while an employee is disabled. Coverage ceases when the employee is no longer disabled, dies, retires or reaches age 65.

For members of the Southam Manulife Plan, coverage is one times annual earnings for most members. Some members have coverage of two times annual earnings while some members have no coverage or coverage under a premium waiver provision.

Coverage varies for other divisions not included in the Southam Manulife Plan. The life insurance for some employees is covered under a premium waiver provision and therefore there is no employer liability.

Appendix B
Summary of Actuarial Assumptions and Methods

The actuarial assumptions and methods used to determine liabilities are described in this Exhibit. The actuarial assumptions have been adopted as management's best estimates. Emerging experience differing from the assumptions will result in gains or losses, which will be, disclosed in future valuations. These assumptions are consistent with the prior year's valuations except where noted.

Actuarial Assumptions

Discount rate	5.25% per annum at January 1, 2008 6.60% per annum at December 31, 2008		
Medical trend	6.5% per annum		
Dental trend	5.0% per annum		
Administration charges on LTD benefits	7.5% of claims		
Administration charges on other benefits	5.0% of claims plus provincial premium and sales taxes		
Claim termination rates *(For determining liabilities for income payments, and health and dental coverage)*	Percentages of 1987 GLTD table termination rates based on duration from disability. The adjustment factors employed (1998 – 1992 CIA – 6 month elimination table) vary by age and time since disability date. These factors will be provided upon request.		
Basis used to determine liabilities for life insurance coverage	Krieger Table (115% of mortality rates, and 80% of recovery rates)		
Annual costs per disabled member *(Includes costs for spouse and children)*		*Medical*	*Dental*
	Fiscal 2008 Year-End Valuation	***$2,840***	***$810***
	Fiscal 2007 Year-End Valuation	***$2,660***	***$770***
	These assumed costs include provision for administrative expenses and provincial premium and sales taxes.		

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Actuarial Methods

Assets	Assets are valued at market.
Liabilities	Liabilities are equal to the present value of benefits remaining to be paid to employees who are currently disabled.

The total expense for the period is the sum of the actual cash contributions in the year and the change in the unfunded liability (the difference between assets and liabilities).

A measurement date of December 31 has been adopted for the obligations for these benefits.

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Appendix C
Summary of LTD Data as of December 31, 2008

Claimants

Detailed data was provided for each individual in the self-insured Manulife plan and the Pacific Press plan. Incomplete data was available for other LTD claimants so only headcounts are shown.

	Total
Self-Insured Manulife Plan	
Number	38
Number with life insurance	34
Number with medical/dental	35/30
Average age at disability	43.1
Average duration of disability (years)	13.6
Average monthly LTD benefit	$676
Average life insurance for those with life insurance	$45,100
Self-Insured Pacific Press Plan	
Number	9
Average age at disability	42.2
Average duration of disability (years)	13.0
Average monthly LTD benefit (effective December 31, 2008)	$3,043
Average life insurance	$73,600

Other LTD Claimants	
Number	30
Number with life insurance	11
Average life insurance	$50,600
Number with medical	22
Number with dental	18

Assets for Self-Insured Manulife Plan

Asset information for the self-insured Manulife plan as at December 31, 2008 was obtained from Royal Trust statements (Account #554-073075-001) and is unaudited.

The assets have been adjusted to exclude an estimated amount of approximately $61,500 that will be reimbursed from the LTD Trust to HCPHCo.

Appendix D
Hollinger Canadian Publishing Holdings Co.
Actuarial Certification

Post Employment Benefits

We have prepared a valuation of the post employment benefits for Hollinger Canadian Publishing Holdings Co. (HCPHCo.).

The accounting results presented in this letter are for purposes of reporting under FAS 112 only. The results are not appropriate for any other purposes. The results of the valuation are described in the body of this report.

The valuation results are very sensitive to the estimates of current claims levels, assumptions about future claims levels, and future demographic events (termination, retirement, and death). Emerging plan experience differing from the assumptions will result in gains or losses which will be disclosed by future valuations.

Because of the large number of factors which affect the valuation results, some approximations have been made.

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

In my opinion:

The data on which the valuation is based, as described in Appendix B is sufficient and reliable for the purposes of the valuation.

All costs, liability and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The calculations reported herein are consistent with our understanding of the provisions of FAS 112. The actuarial assumptions were selected by the Company.

The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Ellen Whelan
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

February 12, 2009

Date

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THIS IS EXHIBIT "M" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-5-2012

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

FILE CURRENCY : 03DEC 2009

ENQUIRY NUMBER 20091204120959.01 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

BENNETT JONES LLP ATTN: DEANNE HENRY

SUITE 3400 ONE FIRST CANADIAN PLACE
TORONTO ON M5X 1A4

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crlj2 11/2008)

Ontario

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.
Date and Time of Search:	2009-02-20 13:40
Transaction Number:	4487586
Searched By:	B174545

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

An '*' in the 'Included' column indicates that the registration's details are included within the Search Result Report.

0 registration(s) contained information that **exactly** matched the search criteria you specified.

0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

For more information concerning the Personal Property Registry, go to **www.acol.ca**

END OF REPORT

THIS IS EXHIBIT "N" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-5-2012

REPORT ON CASH-FLOW STATEMENT

This Report has been prepared by Hollinger Canadian Publishing Holdings Co. ("HCPH") pursuant to subsection 10(2) of the Companies' Creditors Arrangement Act and regulation 4 thereunder. HCPH represents, in respect of the attached cash-flow statement, that:

1. The hypothetical assumptions made are reasonable and consistent with the purpose of the projections described in Notes 1-12, and the probable assumptions are suitably supported and consistent with the plans of the debtor company and provide a reasonable basis for the projections. All such assumptions are disclosed in Notes 1-12.

2. Since the projections made in the cash-flow statement are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

3. The cash-flow projections have been prepared solely for the purpose described in the notes to the cash-flow statement, using the probable and hypothetical assumptions set out in Notes 1-12. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated this 8th day of December, 2009

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Thomas C. Kram

By:
Authorized Signatory

Hollinger Canadian Publishing Holdings Co. ("Applicants") Cash Flow Projection
For The Period From December 7, 2009 to March 7, 2010
(In Thousands of Canadian Dollars)

Week Ending	Notes	13-Dec	20-Dec	27-Dec	3-Jan	10-Jan	17-Jan	24-Jan	31-Jan	7-Feb	14-Feb	21-Feb	28-Feb	7-Mar	Total
Opening Bank Balance	1	24,577	24,541	24,345	24,016	23,768	23,734	23,501	23,467	23,158	22,913	22,870	22,674	22,365	24,577
Receipts															
MAV II ABCP Note Receipts	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	3	3	-	3	-	3	-	3	-	2	-	2	-	2	17
Total Receipts		3	-	3	-	3	-	3	-	2	-	2	-	2	17
Disbursements															
Payroll	4	(1)	(10)	(1)	(10)	(1)	(10)	(1)	(1)	(10)	(1)	(12)	(1)	(10)	(69)
Consultants	5	(15)	(13)	(15)	(13)	(13)	(15)	(13)	(15)	(13)	(15)	(13)	(15)	(13)	(181)
Registered Pension Plan Contributions	6	-	-	(54)	-	-	-	-	(31)	-	(4)	-	(31)	-	(120)
Unfunded Pension Plan Payments	7	-	-	-	(167)	-	-	-	-	(167)	-	-	-	(167)	(501)
Post Employment and Post Retirement Benefits	8	-	(152)	-	(30)	-	(187)	-	-	(30)	-	(152)	-	(30)	(579)
General & Administrative Costs	9	(2)	(2)	(2)	(8)	(2)	(2)	(2)	(2)	(8)	(2)	(2)	(2)	(8)	(45)
Restructuring Costs	10	(20)	(20)	(260)	(20)	(20)	(20)	(20)	(260)	(20)	(20)	(20)	(260)	(20)	(980)
Total Disbursements		(38)	(196)	(332)	(248)	(36)	(233)	(36)	(309)	(248)	(43)	(199)	(309)	(248)	(2,475)
Net Weekly Cash Flows		(36)	(196)	(330)	(248)	(34)	(233)	(34)	(309)	(245)	(43)	(196)	(309)	(245)	(2,458)
Closing Bank Balance		24,541	24,345	24,016	23,768	23,734	23,501	23,467	23,158	22,913	22,870	22,674	22,365	22,119	22,119
Restricted Cash	11	11,273	11,273	11,273	11,258	11,258	11,258	11,258	11,258	11,243	11,243	11,243	11,243	11,228	11,228
MAV II ABCP Notes (Book Value)	12	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100

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

Disclaimer:

In preparing this cash flow projection (the "Cash Flow Forecast"), the Applicants have relied upon unaudited financial information and the Applicants have 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:

The Applicants have 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 Applicants at the commencement of the CCAA proceedings and includes funds held in Canadian dollars and U.S. dollars that were converted into Canadian dollars at U.S.$ 1 = CDN$ 1.07 exchange rate.

2) **ABCP Note Receipts:**
The Cash Flow Forecast assumes that no receipts from the ABCP notes will be received during the projection period.

3) **Interest Income:**
Interest income on available cash is earned at a projected rate of 0.28% and projected to be received bi-weekly.

4) **Payroll:**
Payroll represents projected salaries and benefit costs to three employees and one temporary assistant. In addition, payroll costs include retirement payments to an employee until March 2010 pursuant to an agreement with such employee.

5) **Consultants:**
Consultants represent projected costs to certain legal and other advisors assisting HCPH with non-restructuring issues.

6) **Registered Pension Plan Contributions:**
HCPH has certain registered pension plans for its former employees. Further details of such plans are presented in the affidavit of Thomas L. Kram filed in connection with the application for an initial order pursuant to the Companies' Creditors Arrangement Act (the "Kram Affidavit"). The projected payments included in this Cash Flow Forecast represent funding payments to the pension plans based on the most recent valuation reports received by HCPH from Mercer Human Resource Consulting ("Mercer"). The projected payments are calculated based on the minimum employer contributions identified by Mercer for each of the plans.

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. The projected payments included in this Cash Flow Forecast are based on historical run rates.

8) **Post Employment and Post Retirement Benefits:**
HCPH has several post employment and post retirement benefit programs for its former employees. Further details of such programs are presented in the Kram Affidavit. The projected payments included in this Cash Flow Forecast are based on historical run rates for each of the benefit plans.

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

10) **Restructuring Costs:**
Restructuring costs include projected costs related to the fees of the chief restructuring officer, HCPH's counsel, the Monitor and its counsel and representative counsel for the post employment and post retirement plan members.

11) **Restricted Cash:**
Represents approximately $11.3 million of restricted cash held as reserves for certain indemnities and trust payments.

12) **ABCP Notes:**
Represents the Canadian currency equivalent of book value of the MAV II ABCP Notes of U.S. 6.8 million held by HCPH.

THIS IS EXHIBIT "O" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Koenke

A Commissioner for Taking Oaths, etc.

[HCPH LETTERHEAD]

December 4, 2009

Mr. Dennis M. Byrd
c/o Sun-Times Media Productions, LLC
350 North Orleans Street, 10-S
Chicage, Illinois 60654

Dear Sir:

Re: Engagement of Dennis M. Byrd to Provide Services to Hollinger Canadian Publishing Holdings Co.

As you know, Hollinger Canadian Publishing Holdings Co. ("HCPH") currently has no officers or directors and has been operated through resolutions of its shareholders, including Chicago Newspaper Liquidation Corp. (f/k/a Sun-Times Media Group, Inc.) ("STMG"), which is currently a debtor in bankruptcy proceedings in the United States and has completed the sale of all or substantially all of its assets. In light of HCPH's financial condition and for other reasons, it is contemplated that HCPH may seek to commence proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") before the Ontario Superior Court of Justice (Commercial List) (the "Court"). If HCPH brings an application to commence proceedings under the CCAA, it is contemplated that the appointment of a chief restructuring officer ("CRO") will be sought before the Court to assist HCPH in the administration of the CCAA estate, subject to the oversight of the Monitor and/or approval of the Court. This letter agreement (the "Agreement") sets out the terms upon which you, Dennis M. Byrd, have agreed to act as CRO of HCPH in the event that HCPH seeks and is granted an initial order pursuant to the CCAA.

<u>Appointment and Purview of Duties and Responsibilities</u>

Your appointment as CRO and the terms of this Agreement are subject to approval of the Court. It is contemplated that if HCPH makes an application to commence proceedings pursuant to the CCAA, such application will be for an initial order substantially in the form attached hereto as Schedule "A" (the "Initial Order"), which will set out your duties and responsibilities subject to the ongoing oversight of the Monitor and/or further order(s) of the Court. Your appointment as CRO will commence on the date such appointment is approved by the Court (which is contemplated to be the date that the Court grants the Initial Order, if so approved) and will continue until your appointment is terminated by further order of the Court. In the event that HCPH does not make an application to commence proceedings pursuant to the CCAA or in the event that the Court does not approve your appointment on substantially the terms set out in this Agreement and the Initial Order (or such other terms as may be acceptable to HCPH, you and the Monitor and as are approved by the Court), this Agreement shall be of no force or effect and you shall not represent or act for HCPH as CRO or in any other capacity.

Consent to Act as CRO and Term of Appointment

By countersigning and delivering this Agreement to HCPH and Ernst & Young Inc. as the proposed CCAA monitor of HCPH (the "Monitor") at the addresses set out below on or prior to December 7, 2009, you hereby consent to act as proposed CRO substantially in accordance with the terms set out in this Agreement and the Initial Order.

You consent and agree to act as CRO, and HCPH agrees to appoint you as CRO, for no less than twelve (12) months from the date of the Initial Order (if approved by the Court) (the "Term"). The Term may be extended by mutual agreement of the CRO and the Monitor, subject to order of the Court as applicable.

Duty To HCPH and Court

As CRO, you are not an employee of HCPH. Notwithstanding any employment, payment or other arrangements between you and STMP (defined below), your duties and responsibilities at all times during your engagement as CRO shall be to HCPH and the Court.

Fee for Service

From and after the date of your appointment by the Court as CRO (if so appointed) to the date that your appointment is terminated, HCPH will pay to your employer Sun-Times Media Productions, LLC (f/k/a STMG Productions, LLC) ("STMP") fees in the amount of US$37,500 per month (inclusive of all applicable taxes) (the "Fees") for your services as CRO, pro-rated for the number of days for which you are CRO in respect of the first and last months of your appointment. All payments due to you from STMP hereunder will be subject to any required withholdings.

HCPH will fund reasonable out-of-pocket expenses you incur in connection with the services provided under the Agreement, and for reasonable legal and professional fees incurred in connection with the structuring of your compensation arrangement (collectively, "Reimbursements"). Such out-of-pocket expenses will include reasonable business travel expenses, including lodging in Toronto, Canada when you are fulfilling your duties in that location.

STMP, as your employer, has agreed to your acting as CRO in accordance with the terms of this Agreement and a transition services agreement to be entered into among HCPH, STMG and STMP, subject to approval of the Court.

All Fees and Reimbursements are to be billed by STMP on a monthly basis, and a payment of any Fees and Reimbursements, less any withholdings required by law, will be made by HCPH to STMP upon receipt by HCPH of STMP's invoice. We require that all invoices from STMP shall be accompanied by a schedule that clearly indicates the total number of days during the preceding month in which services as contemplated in this Agreement (a) were performed, (b) were performed outside Canada, and (c) were performed inside Canada. Accordingly, you are required to file such a schedule with STMP. HCPH acknowledges that you will primarily perform your duties from office space that STMP will make available to you in the Chicago, Illinois metropolitan area.

In the event that your appointment is terminated by the Court prior to the expiry of the twelve month Term, either because the HCPH CCAA proceedings are terminated or your appointment is otherwise terminated by the Court, HCPH shall pay (through STMP) (i) any Reimbursements owing in respect of the period prior to your termination and (ii) the balance of Fees owing from the date of such termination to the end of the twelve month Term from the date of your appointment, provided that such Fees shall not be paid if the Court has ordered termination of your appointment on the bases of gross negligence or willful misconduct.

Confidentiality

You acknowledge that all information obtained by you from management or staff of HCPH, the Monitor or legal, financial and other professional advisors in connection with HCPH, and any documents and working papers containing or prepared using any such information, will remain confidential and be maintained in a secure environment to maintain confidentiality and will not be disclosed by you without the prior written consent of the Monitor or order of the Court.

Tax Obligations and Withholdings

Where required by law, HCPH shall withhold any applicable taxes from the payments due to STMP hereunder and shall remit those amounts to the appropriate governmental authority.

You and STMP each agrees and acknowledges that you/it will be solely responsible for your/its own tax obligations (including, without limitation, any obligations relating to any Canadian or U.S. federal, state or provincial income taxes, sales taxes or other taxes) in all applicable jurisdictions, and that HCPH shall not be responsible for any such obligations. In the event that either you or STMP fails to fulfill any of its tax obligations and HCPH suffers damages or incurs any expenses as a result, you or STMP (as the case may be) shall promptly indemnify HCPH for any and all such damages or expenses.

Indemnity and Release

HCPH shall indemnify you on the terms set out in the Initial Order in respect of liabilities and obligations of any nature whatsoever incurred by you that may arise as a result of any matter directly or indirectly relating to your role as CRO, except for any liability or obligation arising from gross negligence or willful misconduct by you (the "CRO Liabilities"). The CRO Liabilities shall be afforded the protection provided by a charge in the Initial Order, if so approved by the Court but we acknowledge that you shall have no obligation to act as CRO if the Court does not so approve.

Notices

Any notice hereunder by either party to the other shall be given in writing by personal delivery, or certified mail, return receipt requested, or by electronic transmission, in any case delivered to the applicable address set forth below:

(i) to HCPH:

c/o Ernst & Young Inc.
Court-appointed Monitor of Hollinger Canadian Publishing Holdings Co.
222 Bay Street, P.O. Box 251
Toronto ON M5K 1J7

Attn: Alex Morrison and Simone Carvalho
Email: alex.morrison@ca.ey.com / simone.carvalho@ca.ey.com
Fax: 416-943-3300

With a copy to:

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

Attn: Kevin Zych and Raj Sahni
Email: zychk@bennettjones.com / sahnir@bennettjones.com
Fax: 416-863-1716

(ii) to Dennis M. Byrd:

c/o Sun-Times Media Productions, LLC
350 North Orleans Street, 10-S
Chicage, Illinois 60654
E-mail: dbyrd@suntimes.com
Fax: 312-321-0629

With a copy to:

Vedder Price P.C.
222 N. LaSalle St., Suite 2600
Chicago, IL 60601

Attn: Kelly A. Starr
Email: kstarr@vedderprice.com
Fax: 312-609-5005

(iii) to the Monitor:

Ernst & Young Inc.
Court-appointed Monitor of Hollinger Canadian Publishing Holdings Co.
222 Bay Street, P.O. Box 251
Toronto ON M5K 1J7

Attn: Alex Morrison and Simone Carvalho
Email: alex.morrison@ca.ey.com / simone.carvalho@ca.ey.com
Fax: 416-943-3300

With a copy to:

McCarthy Tetrault
Suite 5300, TD Bank Tower
Toronto Dominion Centre
Toronto, Ontario
M5K 1E6

Attn: James D. Gage
Email: jgage@mccarthy.ca
Fax: 416-868-0673

Amendments; Waiver; Assignment

No provision of the Agreement may be amended, modified, waived or discharged unless such amendment, modification, waiver or discharge is agreed to in writing and signed by the parties and the Monitor. No waiver by either party hereto, at any time, of any breach by the other party hereto of, or compliance with, any condition or provision of the Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Neither party may assign the Agreement or any of its rights and obligations hereunder without the prior written consent of the other and the Monitor, or order of the Court. Any purported assignment made in contravention of this section shall be null and void.

Severability

The parties have carefully reviewed the provisions of the Agreement and agree that they are fair and equitable. However, in light of the possibility of differing interpretations of law and changes in circumstances, the parties agree that if any one or more of the provisions of the Agreement shall be determined by a Court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of the Agreement shall, to the extent permitted by law, remain in full force and effect and shall in no way be affected, impaired or invalidated. Moreover, if any of the provisions contained in the Agreement is determined by a Court of competent jurisdiction to be excessively broad as to duration, activity, geographic application or subject, such provision shall be construed, by limiting or reducing it to the extent legally permitted, so as to be enforceable to the extent compatible with then applicable law.

Governing Law

The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein (determined without regard to the choice of law provisions thereof). Each party irrevocably submits to the jurisdiction of the Courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating to the Agreement (but not otherwise).

Entire Agreement

The Agreement and the Initial Order contains the entire agreement between the parties and any predecessors thereof with respect to the subject matter hereof, and supersedes all prior agreements, understandings and arrangements, oral and written between the parties either jointly or individually, with respect to the subject matter hereof.

Counterparts

The Agreement may be executed by the parties hereto in counterparts and in facsimile, each of which shall be deemed an original, but both such counterparts shall together constitute one and the same document.

Headings

The headings of the Agreement are for convenience and reference only and shall not be considered in construing the provisions hereof.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

If the foregoing is satisfactory, please indicate your agreement by signing the enclosed copy of this letter and returning to us.

Yours very truly,

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

By: ______________________________
Authorized Signatory

Agreed and accepted as of the ______ day of December, 2009.

Witness: ___________________________________)
)   ______________________________
Name:)   DENNIS M. BYRD
Address:)

Acknowledged and agreed as of the date written above

SUN-TIMES MEDIA PRODUCTIONS, LLC

By: ______________________________
Per:
Authorized Signatory

THIS IS EXHIBIT "P" REFERRED TO IN

THE AFFIDAVIT OF THOMAS L. KRAM

SWORN BEFORE ME THIS 8th DAY

OF DECEMBER, 2009

Jennifer L Kocenko

A Commissioner for Taking Oaths, etc.

OFFICIAL SEAL
JENNIFER L. KOCENKO
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-3-2012

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT dated as of •, December, 2009 (the "**Agreement**"), is made by and among Sun-Times Media Holdings, LLC (formerly STMG Holdings, LLC), a Delaware limited liability company ("**Holdings**"), Chicago Newspaper Liquidation Corp. (formerly Sun-Times Media Group, Inc.), a Delaware Corporation ("**STMG**"), and Hollinger Canadian Publishing Holdings Co., a Nova Scotia unlimited liability company ("**HCPH**"). All capitalized terms used but not otherwise defined herein have the meaning set forth in the Asset Purchase Agreement, dated September 8, 2009, by and among Holdings and STMG (the "**APA**")

WITNESSETH

WHEREAS:

(i) HCPH is a subsidiary of STMG;

(ii) pursuant to the APA, STMG sold substantially all of its operating assets to Holdings;

(iii) pursuant to the order of M•. Justice • of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), dated December •, 2009 in Court File No. • (the "**Initial Order**"), HCPH was granted an initial order pursuant to the Canadian *Companies Creditors' Arrangement Act* (the "**CCAA Proceedings**");

(iv) Ernst & Young Inc. was appointed as monitor (the "**Monitor**") of HCPH in the CCAA Proceedings;

(v) pursuant to the APA, STMG and Holdings executed and delivered a transitional services agreement, dated October 26, 2009; and

(vi) HCPH requires certain ongoing services and assistance from STMG and Holdings in connection with the CCAA Proceedings and HCPH's property and operations, including certain transitional, administrative, accounting and support services and access to certain books and records, office space and prior employees of STMG.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. SERVICES PROVIDED BY STMG

(a) STMG shall provide HCPH with access to all books, documents, records, information, and data relating in any way to HCPH, including, without limitation, relating to its property, operations, business, employees or former employees (the "**HCPH Information**") and shall undertake all reasonable efforts to cause any third parties who may have such HCPH Information to provide access thereto to HCPH. For greater certainty, to the extent that any HCPH Information is now, or may subsequently be, in the possession or control of Holdings, STMG shall use commercially reasonable efforts to cause Holdings to provide HCPH with access to such HCPH Information, including, without limitation, any information stored on the Great Plains server included in the Excluded Assets.

(b) All services and access to be provided by STMG (the "**STMG Services**") shall be provided without representation, warranty by or liability of STMG; provided that nothing herein shall limit STMG's liability for willful failure to perform the STMG Services.

2. SERVICES PROVIDED BY HOLDINGS

(a) Access to Books and Records. Holdings shall provide HCPH with access to all HCPH Information in the control or possession of Holdings and shall undertake all reasonable efforts to cause any third parties who may have such HCPH Information to provide access to HCPH. For greater certainty, to the extent that Holdings is now, or may subsequently be, in the possession or control of any computer stations and legacy software transferred to Holdings, including, without limitation, the Great Plains server included in the Excluded Assets (collectively, the "**IT Equipment**")), Holdings shall provide HCPH with access to all HCPH Information stored thereon and reasonable assistance of the former personnel of STMG who became employed by Holdings after the Closing Date.

(b) Holdings Personnel. In addition to the access and reasonable assistance of Holdings' personnel provided for in Section 2(a) and other services provided by Holdings pursuant to this agreement, Holdings shall provide HCPH with the services of Dennis Byrd, on a full time basis, to serve as chief restructuring officer of HCPH (the "**CRO**"), subject to the approval of the Court, on the terms set out in the Initial Order, and the CRO engagement letter among HCPH, the CRO and Holdings dated • (the "**CRO Agreement**").

(c) Representatives. Each of Holdings and HCPH shall nominate one or more representatives to act as its primary contact person(s) with respect to the Holdings Services (collectively, the "**Primary Coordinators**"). The initial Primary Coordinators shall be Mike Krupa for Holdings and the CRO, the Monitor, and any person the CRO or Monitor may appoint for HCPH. Each party may treat an act of the Primary Coordinator(s) of another party as being authorized by such other party without inquiring behind such act or ascertaining whether such Primary Coordinator(s) had authority to so act. HCPH and Holdings shall advise each other in writing of any change in their Primary Coordinator(s), setting forth the name of the Primary Coordinator to be replaced and the replacement, and certifying that the replacement Primary Coordinator is authorized to act for such party in all matters relating to this Agreement.

(d) Fees and Reimbursements in Respect of CRO.

Subject to the terms and conditions of the CRO Agreement:

(i) From and after the date of the appointment by the Court of the CRO (if so appointed) to the date that the appointment of the CRO is terminated, HCPH will pay to Holdings fees in the amount of US$37,500 per month (inclusive of all applicable taxes) (the "**CRO Fees**") for the services of the CRO, pro-rated for the number of days for which the CRO acts in such capacity in respect of the first and last months of his appointment as CRO. In addition to the CRO Fees, HCPH shall also be responsible for payment of reasonable Reimbursements, as defined in the CRO Agreement.

(ii) All Fees and Reimbursements are to be billed by Holdings on a monthly basis, and a payment of any Fees and Reimbursements, less any withholdings required by law, will be made by HCPH to Holdings upon receipt by HCPH of Holdings' invoice. All invoices from Holdings shall be accompanied by a schedule that clearly indicates the total number of days during the preceding month in which services as contemplated in the CRO Agreement (a) were performed, (b) were performed outside Canada, and (c) were performed inside Canada. Holdings will provide office space in its Chicago, Illinois office for use by the CRO and HCPH acknowledges that the CRO will primarily perform its duties from that office space.

(iii) Where required by law, HCPH shall withhold any applicable taxes from the payments due to Holdings hereunder and under the CRO Agreement and shall remit those amounts to the appropriate governmental authority.

(iv) Holdings and the CRO shall each be solely responsible for its own tax obligations (including, without limitation, any obligations relating to any Canadian or U.S. federal, state or provincial income taxes, sales taxes or other taxes) in all applicable jurisdictions, and HCPH shall not be responsible for any such obligations. Holdings agrees to indemnify HCPH for any damages or expenses incurred by HCPH as a result of Holdings' failure to fulfill any of Holdings' tax obligations.

(v) In the event that the appointment of the CRO is terminated by the Court prior to the expiry of the twelve month term set out in the CRO Agreement, either because the HCPH CCAA proceedings are terminated or the CRO's appointment is otherwise terminated by the Court, HCPH shall pay to Holdings for the services of the CRO: (i) any Reimbursements owing in respect of the period prior to the CRO's termination and (ii) the balance of Fees owing from the date of such termination to the end of the twelve month Term from the date of the CRO's appointment, provided that such Fees shall not be paid if the Court has ordered such termination of the CRO's appointment on the basis of gross negligence or willful misconduct.

(vi) Notwithstanding any employment, payment or other arrangements between Holdings and the CRO, Holdings acknowledges and agrees that the CRO's duties and responsibilities at all times during his engagement as CRO shall be to HCPH and the Court.

(vii) In the event that the Court does not appoint the CRO by December 31, 2009 or such later date as may be agreed to in writing between HCPH, Holdings and the CRO, the terms and provisions relating to the CRO in this Transition Services Agreement (including, without limitation, the obligation of Holdings to make the services of the CRO available to HCPH and the obligation of HCPH to pay the CRO Fees and Reimbursements) shall be of no force or effect.

(e) Access to Facilities. Subject to Section (d)(i) above, Holdings shall provide reasonable office accommodations (including offices, workstations, personal computers and telephones) for the CRO and his personnel or assistants (collectively, the "**CRO Parties**"). Holdings shall also provide office space, together with telephone and utilities, for the Monitor, its counsel and personnel if so required by the Monitor to access HCPH Information or personnel. Holdings shall permit a reasonable use of facilities and equipment such as parking, telephones, photocopying machines, office supplies and other reasonable office services and facilities typically associated with headquarters functions to all such personnel.

(f) Information Technology. Holdings shall provide HCPH with the following information technology services: (i) email service for the CRO Parties (provided that Holdings may terminate such email service by written notice to HCPH in the event that any CRO Parties use such email access to compete with or disparage Holdings' business or use such email access in a manner that is in violation of Holdings' policies with respect to such use and is not in connection with the CCAA Proceedings; (ii) maintenance and support of HCPH's principal corporate website (to the extent and in the same manner as such maintenance and support was provided by STMG prior to the Closing Date and so long as STMG is not in breach of the covenants made by STMG in Section 1.2(x) of the APA); (iii) maintenance and support (to the extent and in the same manner as such maintenance and support was provided by STMG prior to the Closing Date) for the IT Equipment (including, without limitation, the Great Plains server included in the Excluded Assets) and the personal computers used by the CRO Parties.

(g) Holdings Services. All services and access to be provided by Holdings (the "**Holdings Services**") shall be provided without representation, warranty by or liability of Holdings; provided that nothing herein shall limit Holdings' liability for willful failure to perform Holdings Services.

3. COMPENSATION

Except as specifically provided herein (including section 2(d) with respect to the CRO Fees and Reimbursements), Holdings and STMG agree to provide, respectively, the Holdings Services and the STMG Services to HCPH free of charge, provided that if HCPH requires Holdings Services or STMG Services after the date which is 365 days after the date hereof, Holdings and/or STMG shall be entitled to receive from HCPH, in consideration for the provision of such services, a reasonable fee in an amount agreed to by the Monitor and Holdings or STMG, as applicable (or, if the amount of such fee cannot be agreed upon, an amount determined by the Court).

4. CONFIDENTIALITY

(a) Obligation. Each party and its subsidiaries shall not use or permit the use of (without the prior written consent of the other parties) and shall keep, and shall cause its consultants and advisors to keep, confidential all information concerning the other party received pursuant to or in connection with this Agreement.

(b) Care and Inadvertent Disclosure. With respect to any confidential information, each party agrees as follows:

(i) it shall use the same degree of care in safeguarding said information as it uses to safeguard its own information which must be held in confidence; and

(ii) upon the discovery of any inadvertent disclosure or unauthorized use of said information, or upon obtaining notice of such a disclosure or use from the other party, it shall take all reasonably necessary action to prevent any further inadvertent disclosure or unauthorized use, and such other party shall be entitled to pursue any other remedy which may be available to it.

5. TERM

This Agreement shall become effective on the day and year first above written and shall remain in force until such time that the CCAA Proceedings have been completed and HCPH has concluded the preparation of all court, tax and regulatory filings and has concluded all insurance matters, disbursement of monies, transmission of notices and information, resolution of claims, and identification and realization of any assets, provided that STMG's dissolution shall relieve it of any further obligations under this Agreement. If any party commits a material breach of this Agreement (which shall include nonpayment of any amounts payable hereunder) and such breach is not cured within twenty (20) days of receipt of written notice thereof from the non-breaching party, then this non-breaching party may terminate this Agreement upon written notice.

6. MISCELLANEOUS

(a) CCAA Proceedings. The execution of this Agreement and the obligations of HCPH hereunder during the pendency of HCPH's CCAA Proceedings shall be subject to the approval and oversight of the Monitor or the Court.

(b) Complete Agreement; Construction. This Agreement shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writing with respect to such subject matter. Notwithstanding anything to the contrary that may be contained in this Agreement, no party hereto shall be responsible or liable for the failure of any other party hereto to perform its obligations hereunder.

(c) Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which constitute the same agreement. This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by facsimile (or other electronic transmission), shall be treated in all manner and respects as an original contract and is considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

(d) Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) if personally delivered, on the date of delivery, (ii) if delivered by express courier service of national standing (with charges prepaid), on the business day following the date of delivery to such courier service, (iii) if sent by prepaid registered mail, on the fifth business day following the date such notice was sent, (iv) if delivered by telecopy (A) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient party on a business day, and (B) on the next day following the date of transmission, if such transmission is completed after 5:00 p.m., local time of the recipient party or is transmitted on a day that is not a business day, or (v) if delivered by Internet mail (with a delivery report); provided that the relevant computer record indicates a full and successful transmission and no failure message is generated (A) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient party on a business day, and (B) on the next business day following the date of transmission, if such transmission is completed after 5:00 p.m., local time of the recipient party or is transmitted on a day that is not a business day. All notices, demands and other communications hereunder shall be delivered as set forth below, or pursuant to each other instructions as may be designated in writing by the party to receive such notice:

Notice to STMG:

Chicago Newspaper Liquidation Corp.
350 North Orleans Street, 10-S
Chicago, Illinois 60654
Attention: Joseph H. Greenberg, General Counsel
Telephone: 312-321-3011

Telecopy: 312-321-0629
Email: jgreenberg@suntimes.com

Notices to Holdings:

Sun Times Media Holdings, LLC
350 North Orleans Street, 10-S
Chicago, Illinois 60654
Attention: James D. McDonough, General Counsel
Telephone: 312-321-2949
Telecopy: 312-321-0629
Email: jmcdonough@suntimes.com

Notices to HCPH:

c/o 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: Alex Morrison and Simone Carvalho
Fax: (416) 943-3300

With a copy to (which shall not constitute notice):

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario
M5X 1A4
Attention: Kevin Zych and Raj Sahni
Fax: (416) 863-1716
Email: zychk@bennettjones.com / sahnir@bennettjones.com

(e) Waivers. The failure of any party to require strict performance by any other party of any provision in this Agreement will not waive or diminish that party's right to demand strict performance thereafter of that or any other provision hereof.

(f) Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by Holdings, STMG and HCPH.

(g) Assignment. This Agreement may not be assigned by either party, other than to an affiliate of such party or pursuant to a corporate reorganization or merger, without the consent of the other party. Any assignment in contravention of this Section 6(g) shall be void; provided, however, that HCPH and STMG may assign their rights under this Agreement to a liquidating trustee.

(h) Successors and Assigns. The provisions of this Agreement shall be binding upon, enure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

(i) Subsidiaries. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any subsidiary of such party or by an entity that is contemplated to be a subsidiary of such party on and after the Closing Date (as defined in the APA); provided that STMG shall have no responsibility for the actions or failures to act hereunder of HCPH.

(j) Third Party Beneficiaries. This Agreement is solely for the benefit of the parties and their respective successors and permitted assigns hereto and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

(k) Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(l) Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of Illinois (without giving effect to the principles of conflicts of laws thereof that would cause the application of the law of another jurisdiction).

(m) Severability. In the event any one or more of the provisions contained in this Agreement is or are held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(n) *Force Majeure*. Any failure or omission by a party in the performance of any obligation under this Agreement shall not be deemed a breach of this Agreement or create any liability if the same arises from any cause or causes beyond the reasonable control of such party, including, but not limited to, the following, which for purposes of this Agreement shall be regarded as beyond the reasonable control of such party: acts of God, fire, storm, flood, earthquake, governmental regulation or direction, acts of a public enemy, war, terrorism, rebellion, insurrection, riot, invasion, strike or lockout; provided, however, that such party shall resume the performance as soon as commercially reasonable after such causes are removed.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

Per: ______________________________
[Name]
[Title]

SUN-TIMES MEDIA HOLDINGS, LLC

Per: ______________________________
[Name]
[Title]

CHICAGO NEWSPAPER LIQUIDATION CORP.

Per: ______________________________
[Name]
[Title]

Court File No.: [xxxx]

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.

Applicants

CONSENT

ERNST & YOUNG INC., HEREBY CONSENTS to act as Monitor of the business and affairs of Hollinger Canadian Publishing Holdings Co. in proceedings commenced pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, all in accordance with the draft Order substantially in the form annexed as **Schedule "A"** to the Notice of Application herein.

Dated at Toronto, Ontario this 8th day of December, 2009.

ERNST & YOUNG INC.

Per: [signature]

Name: Alex Morrison

I have authority to bind the company

Hollinger Canadian Publishing Holdings Co.

December 8, 2009

Mr. Dennis M. Byrd
c/o Sun-Times Media Productions, LLC
350 North Orleans Street, 10-S
Chicago, Illinois 60654

Dear Sir:

Re: Engagement of Dennis M. Byrd to Provide Services to Hollinger Canadian Publishing Holdings Co.

As you know, Hollinger Canadian Publishing Holdings Co. ("HCPH") currently has no officers or directors and has been operated through resolutions of its shareholders, including Chicago Newspaper Liquidation Corp. (f/k/a Sun-Times Media Group, Inc.) ("STMG"), which is currently a debtor in bankruptcy proceedings in the United States and has completed the sale of all or substantially all of its assets. In light of HCPH's financial condition and for other reasons, it is contemplated that HCPH may seek to commence proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") before the Ontario Superior Court of Justice (Commercial List) (the "Court"). If HCPH brings an application to commence proceedings under the CCAA, it is contemplated that the appointment of a chief restructuring officer ("CRO") will be sought before the Court to assist HCPH in the administration of the CCAA estate, subject to the oversight of the Monitor and/or approval of the Court. This letter agreement (the "Agreement") sets out the terms upon which you, Dennis M. Byrd, have agreed to act as CRO of HCPH in the event that HCPH seeks and is granted an initial order pursuant to the CCAA.

Appointment and Purview of Duties and Responsibilities

Your appointment as CRO and the terms of this Agreement are subject to approval of the Court. It is contemplated that if HCPH makes an application to commence proceedings pursuant to the CCAA, such application will be for an initial order substantially in the form attached hereto as Schedule "A" (the "Initial Order"), which will set out your duties and responsibilities subject to the ongoing oversight of the Monitor and/or further order(s) of the Court. Your appointment as CRO will commence on the date such appointment is approved by the Court (which is contemplated to be the date that the Court grants the Initial Order, if so approved) and will continue until your appointment is terminated by further order of the Court. In the event that HCPH does not make an application to commence proceedings pursuant to the CCAA or in the event that the Court does not approve your appointment on substantially the terms set out in this Agreement and the Initial Order (or such other terms as may be acceptable to HCPH, you and the Monitor and as are approved by the Court), this Agreement shall be of no force or effect and you shall not represent or act for HCPH as CRO or in any other capacity.

Consent to Act as CRO and Term of Appointment

By countersigning and delivering this Agreement to HCPH and Ernst & Young Inc. as the proposed CCAA monitor of HCPH (the "Monitor") at the addresses set out below on or prior to December 9, 2009, you hereby consent to act as proposed CRO substantially in accordance with the terms set out in this Agreement and the Initial Order.

You consent and agree to act as CRO, and HCPH agrees to appoint you as CRO, for no less than twelve (12) months from the date of the Initial Order (if approved by the Court) (the "Term"). The Term may be extended by mutual agreement of the CRO and the Monitor, subject to order of the Court as applicable.

Duty To HCPH and Court

As CRO, you are not an employee of HCPH. Notwithstanding any employment, payment or other arrangements between you and STMP (defined below), your duties and responsibilities at all times during your engagement as CRO shall be to HCPH and the Court.

Fee for Service

From and after the date of your appointment by the Court as CRO (if so appointed) to the date that your appointment is terminated, HCPH will pay to your employer Sun-Times Media Productions, LLC (f/k/a STMG Productions, LLC) ("STMP") fees in the amount of US$37,500 per month (inclusive of all applicable taxes) (the "Fees") for your services as CRO, pro-rated for the number of days for which you are CRO in respect of the first and last months of your appointment. All payments due to you from STMP hereunder will be subject to any required withholdings.

HCPH will fund reasonable out-of-pocket expenses you incur in connection with the services provided under the Agreement, and for reasonable legal and professional fees incurred in connection with the structuring of your compensation arrangement (collectively, "Reimbursements"). Such out-of-pocket expenses will include reasonable business travel expenses, including lodging in Toronto, Canada when you are fulfilling your duties in that location.

STMP, as your employer, has agreed to your acting as CRO in accordance with the terms of this Agreement and a transition services agreement to be entered into among HCPH, STMG and STMP, subject to approval of the Court.

All Fees and Reimbursements are to be billed by STMP on a monthly basis, and a payment of any Fees and Reimbursements, less any withholdings required by law, will be made by HCPH to STMP upon receipt by HCPH of STMP's invoice. We require that all invoices from STMP shall be accompanied by a schedule that clearly indicates the total number of days during the preceding month in which services as contemplated in this Agreement (a) were performed, (b) were performed outside Canada, and (c) were performed inside Canada. Accordingly, you are required to file such a schedule with STMP. HCPH acknowledges that you will primarily perform your duties from office space that STMP will make available to you in the Chicago, Illinois metropolitan area.

In the event that your appointment is terminated by the Court prior to the expiry of the twelve month Term, either because the HCPH CCAA proceedings are terminated or your appointment is otherwise terminated by the Court, HCPH shall pay (through STMP) (i) any Reimbursements owing in respect of the period prior to your termination and (ii) the balance of Fees owing from the date of such termination to the end of the twelve month Term from the date of your appointment, provided that such Fees shall not be paid if the Court has ordered termination of your appointment on the bases of gross negligence or willful misconduct.

Confidentiality

You acknowledge that all information obtained by you from management or staff of HCPH, the Monitor or legal, financial and other professional advisors in connection with HCPH, and any documents and working papers containing or prepared using any such information, will remain confidential and be maintained in a secure environment to maintain confidentiality and will not be disclosed by you without the prior written consent of the Monitor or order of the Court.

Tax Obligations and Withholdings

Where required by law, HCPH shall withhold any applicable taxes from the payments due to STMP hereunder and shall remit those amounts to the appropriate governmental authority.

You and STMP each agrees and acknowledges that you/it will be solely responsible for your/its own tax obligations (including, without limitation, any obligations relating to any Canadian or U.S. federal, state or provincial income taxes, sales taxes or other taxes) in all applicable jurisdictions, and that HCPH shall not be responsible for any such obligations. In the event that either you or STMP fails to fulfill any of its tax obligations and HCPH suffers damages or incurs any expenses as a result, you or STMP (as the case may be) shall promptly indemnify HCPH for any and all such damages or expenses.

Indemnity and Release

HCPH shall indemnify you on the terms set out in the Initial Order in respect of liabilities and obligations of any nature whatsoever incurred by you that may arise as a result of any matter directly or indirectly relating to your role as CRO, except for any liability or obligation arising from gross negligence or willful misconduct by you (the "CRO Liabilities"). The CRO Liabilities shall be afforded the protection provided by a charge in the Initial Order, if so approved by the Court but we acknowledge that you shall have no obligation to act as CRO if the Court does not so approve.

Notices

Any notice hereunder by either party to the other shall be given in writing by personal delivery, or certified mail, return receipt requested, or by electronic transmission, in any case delivered to the applicable address set forth below:

(i) to HCPH:

c/o Ernst & Young Inc.
Court-appointed Monitor of Hollinger Canadian Publishing Holdings Co.
222 Bay Street, P.O. Box 251
Toronto ON M5K 1J7

Attn: Alex Morrison and Simone Carvalho
Email: alex.morrison@ca.ey.com / simone.carvalho@ca.ey.com
Fax: 416-943-3300

With a copy to:

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

Attn: Kevin Zych and Raj Sahni
Email: zychk@bennettjones.com / sahnir@bennettjones.com
Fax: 416-863-1716

(ii) to Dennis M. Byrd:

c/o Sun-Times Media Productions, LLC
350 North Orleans Street, 10-S
Chicage, Illinois 60654
E-mail: dbyrd@suntimes.com
Fax: 312-321-0629

With a copy to:

Vedder Price P.C.
222 N. LaSalle St., Suite 2600
Chicago, IL 60601

Attn: Kelly A. Starr
Email: kstarr@vedderprice.com
Fax: 312-609-5005

(iii) to the Monitor:

Ernst & Young Inc.
Court-appointed Monitor of Hollinger Canadian Publishing Holdings Co.
222 Bay Street, P.O. Box 251
Toronto ON M5K 1J7

Attn: Alex Morrison and Simone Carvalho
Email: alex.morrison@ca.ey.com / simone.carvalho@ca.ey.com
Fax: 416-943-3300

With a copy to:

McCarthy Tetrault
Suite 5300, TD Bank Tower
Toronto Dominion Centre
Toronto, Ontario
M5K 1E6

Attn: James D. Gage
Email: jgage@mccarthy.ca
Fax: 416-868-0673

Amendments; Waiver; Assignment

No provision of the Agreement may be amended, modified, waived or discharged unless such amendment, modification, waiver or discharge is agreed to in writing and signed by the parties and the Monitor. No waiver by either party hereto, at any time, of any breach by the other party hereto of, or compliance with, any condition or provision of the Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Neither party may assign the Agreement or any of its rights and obligations hereunder without the prior written consent of the other and the Monitor, or order of the Court. Any purported assignment made in contravention of this section shall be null and void.

Severability

The parties have carefully reviewed the provisions of the Agreement and agree that they are fair and equitable. However, in light of the possibility of differing interpretations of law and changes in circumstances, the parties agree that if any one or more of the provisions of the Agreement shall be determined by a Court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of the Agreement shall, to the extent permitted by law, remain in full force and effect and shall in no way be affected, impaired or invalidated. Moreover, if any of the provisions contained in the Agreement is determined by a Court of competent jurisdiction to be excessively broad as to duration, activity, geographic application or subject, such provision shall be construed, by limiting or reducing it to the extent legally permitted, so as to be enforceable to the extent compatible with then applicable law.

Governing Law

The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein (determined without regard to the choice of law provisions thereof). Each party irrevocably submits to the jurisdiction of the Courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating to the Agreement (but not otherwise).

Entire Agreement

The Agreement and the Initial Order contains the entire agreement between the parties and any predecessors thereof with respect to the subject matter hereof, and supersedes all prior agreements, understandings and arrangements, oral and written between the parties either jointly or individually, with respect to the subject matter hereof.

Counterparts

The Agreement may be executed by the parties hereto in counterparts and in facsimile, each of which shall be deemed an original, but both such counterparts shall together constitute one and the same document.

Headings

The headings of the Agreement are for convenience and reference only and shall not be considered in construing the provisions hereof.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

If the foregoing is satisfactory, please indicate your agreement by signing the enclosed copy of this letter and returning to us.

Yours very truly,

HOLLINGER CANADIAN PUBLISHING HOLDINGS CO.

By: ____________________
Authorized Signatory

Agreed and accepted as of the 8th day of December, 2009.

Witness: ____________________)
)
Name: William J. Sawitz)
Address: 350 N. Orleans St., 10th Fl. S.)
Chicago, IL 60654

____
DENNIS M. BYRD

Acknowledged and agreed as of the date written above

SUN-TIMES MEDIA PRODUCTIONS, LLC

By: ____________________
Per: JAMES D. MCDONOUGH
Authorized Signatory

~~September 18, 2009~~
~~Note: This Model Order has not yet been considered~~
~~or approved by the Commercial List User's Committee~~
Court File No.________

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE ___	)	______DAY, THE ___
	)	
___JUSTICE ________	)	DAY OF ________,

~~20~~ 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 ~~OF [APPLICANT'S NAME] (the "Applicant")~~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
~~(Long Form)~~

THIS APPLICATION, made by ~~the~~ 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 ~~[NAME]~~Thomas L. Kram, sworn ~~[DATE]~~December •, 2009 (the "**Kram Affidavit**"), and the Exhibits thereto, ~~and on being advised that the~~

~~secured creditors who are likely to be affected by the charges created herein were given notice[+],~~ 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 ~~[NAMES], no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of [MONITOR'S NAME] to act as the Monitor,~~ 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

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[+] ~~The CCAA now mandates notice to certain persons before certain relief may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

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. ~~[Note: This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies] THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.~~ **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 ~~and pension~~ 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 ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, 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~~]~~[2];

(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~~]~~;[3] 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,

(d) 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

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[2] ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

[3] ~~It is not clear to the Model Order Subcommittee whether the termination of an employee's employment is a "disclaimer or resiliation" of the employment agreement within the meaning of Section 32 of the amended CCAA; the Subcommittee has left this provision in the Model Order, since the termination of employee's may not be a matter governed by Section 32 of the amended CCAA (except to the extent that collective agreements are exempted from the application of that Section).~~

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 ~~[DATE MAX. 30 DAYS]~~, 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 • 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. ~~18.~~ **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.[4]

[4] ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. ~~19.~~ **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.

~~**DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**~~

~~20. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs **[6(a)]**, **[8(a)]**, **[8(b)]** and **[8(c)]** of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.~~

~~21. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of $●, as security for the indemnity provided in paragraph **[20]** of this Order. The Directors' Charge shall have the priority set out in paragraphs **[38]** and **[40]** herein.~~

~~22. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the~~

~~benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [20] of this Order.~~

APPOINTMENT OF MONITOR

22. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~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 ~~[s. 11.7]~~ with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its ~~shareholders,~~ 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 ~~[s. 35(1)]~~.

23. ~~24.~~ **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 ~~its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~

~~(d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP~~

~~Lender~~connection with the Pension and Benefits Plans (as defined below) and the Pension and Benefits Payments and Contributions (as defined below);

(d) ~~(e)~~ advise the Applicant in its development of the Plan and any amendments to the Plan;

(e) ~~(f)~~ 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) ~~(g)~~ 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 ~~[s. 24]~~ or to perform its duties arising under this Order;

(g) ~~(h)~~ 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. ~~25.~~ **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. ~~26.~~ **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. ~~27.~~ **THIS COURT ORDERS** that ~~that~~ the Monitor shall provide any creditor of the Applicant ~~and the DIP Lender~~ 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. ~~28.~~ **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. ~~29.~~ **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 ~~[TIME INTERVAL]~~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, ~~retainers in the amount[s] of $● [, respectively,]~~ to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. ~~30.~~ **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. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any, and~~ 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 ~~standard~~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 **~~[38] and [40] hereof.~~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.

~~DIP FINANCING~~

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

31. **THIS COURT ORDERS** that the agreement (the "**CRO Agreement**"), substantially in the form attached as Exhibit "•" 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 ~~the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $● unless permitted by further Order of this Court.~~, 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 such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed~~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** ~~that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~**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. ~~35.~~ **THIS COURT ORDERS** that the ~~DIP Lender~~CRO shall be entitled to the benefit of and is hereby granted a charge (the "~~DIP Lender's~~**CRO Charge**") on the Property~~, which charge shall not exceed the aggregate amount advanced on or after the date of this Order [s. 11.2(1)] under the Definitive Documents. The DIP Lender's~~ 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 ~~**[38] and [40]**~~

~~hereof.~~ 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. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any ~~other provision of this Order:~~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.

~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~

~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against~~

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 ~~under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant, and upon the occurrence of an event of default under the terms of the Definitive Documents, the DIP Lender shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Applicant to repay amounts owing to the DIP Lender in accordance with the~~

~~Definitive Documents and the DIP Lender's Charge, but subject to the priorities as set out in paragraphs [38] and [40] of this Order; and~~

~~(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.~~

~~37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. ~~38.~~ **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, the~~ Administration Charge and the ~~DIP Lender's~~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~~—DIP Lender's~~, the CRO Charge~~; and~~.

~~Third—Directors' Charge (to the maximum amount of $●).~~

40. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~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. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~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\. ~~41.~~ **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, ~~any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge~~either of the Charges, unless the Applicant also obtains the prior written consent of the Monitor~~, the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges, or further Order of this Court.

43\. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~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**~~") and/or the DIP Lender thereunder~~") 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) ~~neither~~ the creation of the Charges ~~nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ 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 ~~or resulting from the Applicant~~

~~entering into the Commitment Letter,~~ the creation of the Charges~~, or the execution, delivery or performance of the Definitive Documents~~; and

(c) the payments made by the Applicant pursuant to this Order~~, the Commitment Letter or the Definitive Documents,~~ and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct~~, settlements~~ or other challengeable, voidable or reviewable transactions under any applicable law.

44. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases ~~of~~for 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) ~~44. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in [newspapers specified by the Court] a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B)~~ 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 ~~(C)~~ prepare a list showing the names and addresses of ~~those~~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. ~~45.~~ **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. ~~46.~~ **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 ~~at [INSERT WEBSITE ADDRESS].~~(http://documentcentre.eycan.com) (the "Website").

GENERAL

62. ~~47.~~ **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. ~~48.~~ **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. ~~49.~~ **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. ~~50.~~ **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. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the Applicant, the Monitor and the ~~Monitor~~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. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard~~/Daylight~~ Time on the date of this Order.

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.

ONTARIO

SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

Proceedings commenced in Toronto

INITIAL ORDER

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Schedule "B"

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Document 2 ID	interwovenSite://bjdocs/WSLegal/5686837/2
Description	#5686837v2<WSLegal> - Draft CCAA Initial Order Dec 3-09
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~~Deletion~~	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Format changed	0
Total changes	441

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

APPLICATION RECORD

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