Court File No. 07-CL-7120

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 PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO HOLLINGER INC., 4322525 CANADA INC. AND SUGRA LIMITED

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

NINETEENTH REPORT OF THE MONITOR
SEPTEMBER 23, 2011

1. On August 1, 2007, Hollinger Inc. ("Hollinger") and certain of its subsidiaries (collectively, the "Applicants") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "*CCAA*") pursuant to the Order of this Honourable Court dated August 1, 2007 (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the monitor of the Applicants (the "Monitor") in these *CCAA* proceedings.

PURPOSE

2. The purpose of this Nineteenth Report of the Monitor (the "Nineteenth Report") is to advise this Honourable Court with respect to the following:

   (a) the Settlement agreement dated September 19, 2011 between Domgroup Ltd. ("Domgroup") and Representative Counsel in settlement of the claim filed on behalf of certain retired and disabled former employees or their successors of Domgroup (the "Settlement Agreement"); and

(b) the Monitor's conclusions and recommendations with respect to the Settlement Agreement.

TERMS OF REFERENCE

3. In preparing this Report, the Monitor has relied upon unaudited financial information and records of the Applicants and certain of their Non–Applicant subsidiaries as well as discussions with management of the Applicants and Non-Applicants. The Monitor has not performed an audit or other procedures to evaluate the reliability or completeness of the information. Accordingly, the Monitor expresses no opinion or any other form of assurance on the historical or prospective financial statements, management representations or other data included in this Report. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved will vary from this information and the variations may be material.

4. Capitalized terms not defined in this Report are defined in the Initial Order or previous reports of the Monitor. All references to dollars are in Canadian currency unless otherwise noted.

THE SETTLEMENT AGREEMENT

5. As described in the Monitor's Eighteenth Report, a claim was filed on behalf of Domgroup's retirees in respect of post-employment benefit plans in relation to medical, dental, disability, life insurance or other form of benefits (collectively, the "Domgroup OPEB Beneficiaries") in the amount of approximately $9.2 million.

6. Given the substantial number of Domgroup OPEB Beneficiaries, in order to provide for proper and consistent representation and an effective dialogue to resolve their claims, the Applicants in consultation with the Monitor concluded that it was prudent to have the Domgroup OPEB Beneficiaries represented by Koskie Minsky LLP ("Representative Counsel"). This approach allowed the Domgroup OPEB Beneficiaries to be advised by a knowledgeable and consistent advocate, it streamlined the complexities and expense of

each claimant filing an independent claim in the Non-Applicants' Claims Process, and it allowed for a more efficient Non-Applicants' Claims Process.

7. Pursuant to the Order of this Honourable Court dated November 26, 2008, Koskie Minsky LLP was appointed Representative Counsel in respect of the Domgroup OPEB Beneficiaries.

8. The Monitor participated in many of the discussions between Representative Counsel and Domgroup in order to observe the negotiations and to assist the parties with information where appropriate. In particular, the Monitor provided summary, unaudited information based on input from Domgroup management setting out Domgroup's assets and claims as filed in the Non-Applicants' Claims Process to assist the parties in arriving at their own estimates of the potential value of claims in the event of a liquidation of Domgroup. Both parties have acted in good faith and significant efforts have been undertaken to arrive at a settlement through numerous meetings which have occurred between November 2008 and September 2011.

9. The Settlement Agreement is the result of a robust process observed by the Monitor and provides for a payment of $4,940,114 for the Domgroup OPEB Beneficiaries, subject to certain adjustments.

10. Avalon Actuarial, the actuary for Domgroup, and Eckler Ltd., the actuary for Representative Counsel, have both been actively involved in the Non-Applicants' Claims Process and the negotiations with respect to the Domgroup OPEB Beneficiaries' claims. The Monitor is advised by the CRO of Domgroup that both actuaries have indicated their support for the Settlement Agreement.

11. Representative Counsel advises that on behalf of the Domgroup OPEB Beneficiaries it is of the view that the Settlement Agreement is fair and reasonable.

12. As set out in the affidavit of William E. Aziz, CRO of the Applicants and Non-Applicants including Domgroup, sworn on September 19, 2011, the CRO is of the view that the Settlement Agreement is fair and reasonable and he recommends that this Honourable Court approve it and seal it for the protection of the individual Domgroup

OPEB Beneficiaries who have personal information disclosed in the Settlement Agreement.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

13. The Monitor is of the view that the Settlement Agreement is fair and reasonable in the circumstances and serves the interests of all stakeholders.

14. Furthermore, the Monitor is of the view that the request by Domgroup and Representative Counsel to have the Settlement Agreement sealed by this Honourable Court is appropriate given the personal information of the beneficiaries contained therein.

15. In the context of the foregoing, the Monitor recommends that this Honourable Court approve the Settlement Agreement, including the sealing thereof.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 23rd DAY OF SEPTEMBER, 2011.

ERNST & YOUNG INC.

In its capacity as Court-appointed
Monitor of Hollinger Inc. and certain of its affiliates

Per: ______________________

Brian Denega
Senior Vice President