

May 23, 2014

Andrew J. Hatnay
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Via Regular Mail

Dear Sir/Madam:

**Re: Hollinger Canadian Publishing Holdings Co. (“HCPH”)
Proceedings under the *Companies’ Creditors Arrangement Act* (“CCAA”)
Our File No. 09/1867**

We are writing further to our letter to all retirees of January 30, 2014 to report on the status of this matter.

We are pleased to report that after discussions we had with HCPH, the company agreed to pay an interim distribution to retirees at this time. On May 12, 2014, the company brought a motion before a judge of the Ontario Superior Court of Justice (Commercial List) for approval to distribute \$3 million. The court granted the Company’s motion. This means that the Company will release a payment in the amount of approximately 7 cents on the dollar on each retiree’s OPEB claim amount. The court also ordered that the distribution is to be made as soon as reasonably possible on or after June 13, 2014. Eligible retirees with OPEB claims should receive a cheque from HCPH in June, 2014.

As this is an interim distribution, a second distribution is expected to be paid by HCPH sometime in the future. The timing and amount of the second distribution is not yet known but is expected to be released in 2014. The total estimated distribution remains at approximately 10-12 cents on the dollar of retirees’ claims.

The company has advised us that it is continuing to address corporate tax issues with Canada Revenue Agency (“CRA”) as well as other corporate matters which remain to be resolved. We will continue to follow up with the company to finalize outstanding matters as quickly as possible so that a second distribution can occur.

Please note that the company has informed us that it intends to treat the distribution amount in respect of certain OPEB claims, such as claims in respect of SERA and Divisional Allowance supplemental pension benefits, as taxable and will deduct applicable statutory withholdings from the payments.

As we explained in our letter of January 30, 2014, we filed an Advance Tax Ruling request with CRA requesting that the OPEB distribution in respect of the health benefit claim portion be held non-taxable. Our tax advisor has told us that discussions have occurred with CRA in respect of the Ruling request and that a decision from CRA is expected soon. We will inform you of CRA's response as soon as we know.

We trust that the above is satisfactory.

If you have any questions, please contact us on our toll-free hotline at 1-866-545-9917 or email us at hcph@kmlaw.ca.

You can also access documents relating to the HCPH CCAA proceedings on the Monitor's website at <http://documentcentre.eycan.com> and look up Hollinger Canadian Publishing Holdings.

Yours truly,

KOSKIE MINSKY LLP



Andrew J. Hatnay

AJH/vdl

cc. HCPH Client Committee (Gordon Bullock, John Craig, Fraser Kean, Bill Mann, Ross Morrison and Fred Granville)
Barbara Walancik, *Koskie Minsky LLP*