

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) WEDNESDAY, THE 21st DAY
MR. JUSTICE CAMPBELL) OF MAY, 2008

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

Applicants

CLAIMS ORDER

THIS MOTION, made by Hollinger Inc., 4322525 Canada Inc. and Sugra Limited (the "Applicants"), for an Order establishing a claims process for the identification and determination of all Claims (as defined herein) against any of the Applicants and certain others was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Applicants' Amended Notice of Motion dated May 14, 2008, the affidavits of G. Wesley Voorheis sworn March 18, March 26 and April 10, 2008, the Affidavit of William E. Aziz sworn April 10, 2008, the Seventh Report of Ernst & Young Inc. in its capacity as Court-appointed monitor of the Applicants (the "Monitor") and on hearing from counsel for the Applicants, the Monitor, Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, "DK"), Sun-Times Media Group, Inc. ("STMG"), Delaware Trust Company, National Association, in its capacity as collateral agent and as trustee under an indenture dated as of March 10, 2003 and HSBC Bank USA, National Association, in its capacity as trustee under an indenture dated as of September 30, 2004 (collectively, the "Indenture Trustees"), and such other counsel as were present and on being advised that the Service List as of May 14, 2008 was served electronically

with the Applicants' Amended Notice of Motion dated May 14, 2008 herein,

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and that the motion is properly returnable today and further that service upon any interested party other than those parties served is hereby dispensed with.

Definitions and Interpretations

2. **THIS COURT ORDERS** that, for the purposes of this Order (the "Claims Order"), in addition to the terms defined elsewhere in this Claims Order, the following terms shall have the following meanings:
 - (a) **"Business Day"** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;
 - (b) **"CCAA"** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
 - (c) **"Chapter 15 Claims Order"** means a supplemental Order issued by the U.S. Court within the Chapter 15 Proceedings, recognizing this Claims Order as issued by the Court;
 - (d) **"Chapter 15 Proceedings"** means the proceedings commenced by the Applicants on August 1, 2007 in the Delaware Court under Chapter 15 of the U.S. *Bankruptcy Code* Case No. 07-11029 (PJW) in which these proceedings were recognized as a foreign main proceeding in the United States;
 - (e) **"Claim"** means:
 - (i) a Restructuring Claim;
 - (ii) a Secured Claim;
 - (iii) the rights of any Person whatsoever, including any Secured Creditor, against

one or more of the Applicants or Directors, whether or not asserted and however acquired, in connection with any (a) indebtedness, liability or obligation of any kind of one or more of the Applicants and/or Directors in existence on the Claim Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, direct or indirect, by guarantee, surety, insurance deductible or otherwise, and whether or not such claim or right arises out of a contract that is executory or anticipatory in nature, (b) right of any Person, including but not limited to any Non Arms-Length Claimant, to assert a claim against the Applicants for any advancement payments or any indemnification obligations or any claim for contribution, indemnity, damages or payment whether directly or by way of third party claim or otherwise with respect to any matter, action, cause of action or chose in action, whether asserted or not, which is based in whole or in part on facts or circumstances existing as at the Claim Date; (c) any other claims that would have been claims provable in bankruptcy had the applicable Applicant become bankrupt on the Claim Date;

provided however, that in all cases “Claim” shall not include an Excluded Claim and shall be subject in all cases to any settlement agreement approved by this Honourable Court;

- (f) **“Claims Bar Date”** means 5:00 p.m. (Eastern Standard Time) on July 11, 2008, or such later date as may be ordered by this Court;
- (g) **“Claim Date”** means August 1, 2007, which shall be the date for determining all Claims under this Claims Order;
- (h) **“Claims Officer”** means the individual(s) designated by the Court pursuant to paragraph 11 of this Claims Order and such other Persons as may be designated by the Applicants, acceptable to the Monitor and approved by the Court;

- (i) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (j) **“Creditor”** means any Person having a Claim and includes without limitation the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person;
- (k) **“Creditor's Dispute Package”** means a copy of the Notice of Revision or Disallowance associated with the Creditor's Proof of Claim and the Dispute Notice;
- (l) **“CRO”** means the Chief Restructuring Officer of the Applicants which is BlueTree Advisors Inc., using the services of its sole officer and director William Aziz, or such replacement CRO as may be approved by this Court;
- (m) **“Directors”** means only those individuals who were, as at the Filing Date, directors or officers of any one or more of the Applicants or its Subsidiaries;
- (n) **“Disputed Claim”** means a Claim or such portion thereof that is disputed by any of the Applicants or the Monitor;
- (o) **“Dispute Notice”** means the notice delivered by a Creditor to the Monitor and the Applicants with respect to a Claim pursuant to paragraph 32 which shall be substantially in the form attached as Schedule ‘E’ hereto;
- (p) **“Excluded Claim”** means, without prejudice to the Applicants’ right to seek amendments to this Claims Order and to propose a treatment of claims under the Plan and subject to further order of this Court, and only for the purposes of the claims process described herein:
 - (i) Claims secured by the Directors’ Charge or the Administration Charge, each as defined in the Initial Order, and any further charge as may be ordered by this Court;
 - (ii) Claims of the Directors pursuant to an indemnity from any Applicant or Subsidiary (which, for greater certainty, does not include STMG or its subsidiaries) which are not otherwise covered by the Directors’ Charge; and

- (iii) Claims imposed by statute and referred to in Section 18.2 of the CCAA.
- (q) **“Filing Date”** means August 1, 2007;
- (r) **“Initial Order”** means the Order of the Honourable Mr. Justice Morawetz dated August 1, 2007, as amended, extended, restated or varied from time to time;
- (s) **“Instruction Letter”** means the instruction letter to Creditors, in substantially the form attached as Schedule ‘B’ hereto, regarding the completion of a Proof of Claim by a Creditor and the claims process described herein;
- (t) **“Known Creditor”** means:
 - (i) any Person that the financial or other records of an Applicant as of the Claim Date disclose had, or may be entitled to assert a Claim, where monies in respect of such Claim remain unpaid in full or in part, without acknowledging in any respect the validity or existence of any such Claim; and
 - (ii) any Non Arms-Length Claimant (and service or notice to an individual Person shall be deemed to be effective service in respect of any corporate or other Person owned or controlled by such individual Person); and
 - (iii) Secured Creditors;
- (u) **“Non Arms-Length Claimant”** means any Person who was a director or officer of any of the Applicants prior to the Filing Date, who was not also an officer or director of any of the Applicants as at the Filing Date, and all Persons related to such Non Arms-Length Claimant including but not limited to all companies or other legal entities that such Persons own or control in whole or in part, directly or indirectly, including but not limited to those Persons listed as defendants in litigation proceedings commenced by the Applicants in the Ontario Superior Court of Justice (General Division) as court file number 06-CL-6261;

- (v) **“Notice of Revision or Disallowance”** means the notice delivered by the Monitor to a Creditor in accordance with paragraph 31 hereof which forms part of the Creditor’s Dispute Package, which shall be substantially in the form attached as Schedule ‘D’ hereto;
- (w) **“Notice to Creditors”** means the notice to Creditors for publication in accordance with paragraph 16 hereof, which shall be substantially in the form attached as Schedule ‘A’ hereto;
- (x) **“Other Insolvency Proceeding”** means any voluntary or involuntary bankruptcy, receivership, liquidation, winding up or other realization process or proceeding involving the Applicants at any time whereby the claims of creditors are determined and the assets of the Applicants are distributed for the benefit of their creditors;
- (y) **“Person”** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, or any other entity howsoever designated or constituted;
- (z) **“Plan”** means the proposed plan(s) of compromise or arrangement to be filed by the Applicants pursuant to the CCAA, as same may be amended, supplemented or restated from time to time;
- (aa) **“Proof of Claim”** means the form to be completed and filed by a Creditor setting forth its purported Claim, which shall be substantially in the form attached as Schedule ‘C’ hereto and which shall include all supporting documentation in respect of such Claim;
- (bb) **“Proof of Claim Document Package”** means a document package which shall include a copy of the Instruction Letter, a Proof of Claim, this Claims Order and such other materials as the Monitor or Applicants may consider appropriate or desirable;

- (cc) **“Restructuring Claim”** means any right of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation or termination after the Filing Date of any contract, lease or other agreement whether written or oral provided, however a “Restructuring Claim” shall not include Excluded Claims;
- (dd) **“Restructuring Claims Bar Date”** means 5:00 p.m. (Eastern Standard Time) on July 11, 2008;
- (ee) **“Secured Creditor”** means any Creditor holding a Claim, any portion of which is, or was at the Claim Date, a Secured Claim;
- (ff) **“Secured Claim”** means, subject to the provisions of any settlement agreement approved by this Honourable Court, that portion of a Claim of a Secured Creditor that is: (i) secured by security validly charging or encumbering property or assets of any of the Applicants (including statutory and possessory liens that create security interests) up to the value of such collateral; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Claim Date;
- (gg) **“Subsidiary”** means any corporate entity that, directly or indirectly, is owned or controlled by any one or more of the Applicants, for the purpose of the *Business Corporations Act*, R.S.C. 1985 c. C-44, as amended to the date of this Order, including without limitation Domgroup Limited, 10 Toronto Street Inc., and Holcay Holdings Ltd. For all purposes under this Claims Order, Subsidiary shall not be defined to include Sun-Times Media Group, Inc. (“STMG”) or its direct and indirect subsidiaries;
- (hh) **“Supervising Judge”** means the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List);
- (ii) **“U.S. Court”** means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 15 Proceedings;

- (jj) **“Valuation Date”** means, with respect to all Claims other than as may be contained in any settlement agreement approved by this Honourable Court, April 30, 2008.
- (kk) **“Website”** means the website of the Monitor, www.ey.com/ca/hollinger
3. **THIS COURT ORDERS** that all reference to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day in Toronto unless otherwise indicated herein.
4. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.
5. **THIS COURT ORDERS** that references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

General Provisions

6. **THIS COURT ORDERS** that the Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices are completed and executed, and may, where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Order as to completion and execution of Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices and to request any further documentation the Monitor may require in order to enable it to determine the validity of a Claim.
7. **THIS COURT ORDERS** that any Claim denominated in any currency other than Canadian dollars shall, for the purposes of this Claims Order only (and without prejudice to the terms of the Plan), be converted to and shall constitute obligations in Canadian dollars, such calculation to be effected using the Bank of Canada noon spot rate on the Valuation Date (exchange rate conversion on such date was: CAD\$1.00 = USD\$.99 and CAD\$1.00 = .64 Euro).

Monitor's Role in Claims Process

8. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties,

responsibilities and obligations under the CCAA and under the Initial Order, shall implement and oversee the claims process provided for herein, including the determination of Claims of Creditors as provided for herein, with assistance from the CRO, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Order.

9. **THIS COURT ORDERS** that the Monitor may apply to this Court for directions regarding its obligations in respect of the claims process provided for in this Claims Order.
10. **THIS COURT ORDERS** that the Monitor shall not have any responsibility or liability with respect to any information, confidential or otherwise, including without limitation, a Proof of Claim Document Package, a Creditor's Dispute Package or otherwise, distributed, circulated or released, whether intentional or unintentional, by the Monitor relating to the exercise of its powers and discharge of its obligations under this Claims Order. The Monitor shall be entitled to rely on the Applicants' books and records for all purposes including establishing the names and addresses of Known Creditors. In addition to the rights and protections afforded to the Monitor under the CCAA and the Initial Order or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the fulfillment of its duties in the carrying out of the provisions of this Claims Order, save and except for any gross negligence or willful misconduct on its part.

Claims Officer

11. **THIS COURT ORDERS** that, David E. Baird, Q.C. and such other Persons as may be designated by the Applicants, acceptable to the Monitor and approved by the Court, be and are hereby appointed as Claims Officers for the purpose of resolving any Disputed Claims in accordance with the claims process described herein.
12. **THIS COURT ORDERS** that, subject to the discretion of the Court, the Claims Officer shall determine the validity and amount of Disputed Claims in accordance with this Claims Order and, to the extent necessary, may determine whether any Claim or part thereof constitutes an Excluded Claim. The Claims Officer shall determine all procedural matters that may arise in respect of its determination, including the manner in which any evidence may be adduced. The Claims Officer shall have the discretion to determine by whom and to

what extent the costs of any hearing before the Claims Officer shall be paid.

13. **THIS COURT ORDERS** that the Claims Officer shall be entitled to reasonable compensation for the performance of its obligations set out in this Claims Order on the basis of the hourly rate customarily charged by the Claims Officer in performing comparable functions to those set out in this Claims Order and any disbursements incurred in connection therewith, including, without limitation, the reimbursement of any fees and expenses incurred by the Claims Officer in engaging any advisors pursuant to paragraph 42 herein. The fees and expenses of the Claims Officer shall be borne by the Applicants and shall be paid by the Applicants forthwith upon receipt of each invoice tendered by the Claims Officer.
14. The Administrative Charge (as defined in the Initial Order) is hereby amended and extended to include and to secure the fees and expenses of the Claims Officer provided for in this paragraph 14, and is hereby increased to the aggregate principal amount of \$2,100,000.00. The Administrative Charge as amended by this Claims Order shall continue to secure any claims in favour of the beneficiaries referred to in the Initial Order up to the aggregate amount of \$1,900,000.00, and shall also secure any claims of the Claims Officer up to the amount of \$200,000.00.
15. The Claims Officer shall incur no liability or obligation as a result of its appointment or the fulfilling of its duties in carrying out of the provisions of this Claims Order, save and except for any gross negligence or willful misconduct on its part. The Applicants shall indemnify and hold harmless the Claims Officer with respect to any liability or obligation as a result of its appointment or the fulfilling of its duties in carrying out the provisions of this Claims Order, save and except for any gross negligence or willful misconduct on its part. No action, application or other proceeding shall be commenced against the Claims Officer as a result of, or relating in any way to its appointment as the Claims Officer, the fulfillment of its duties as the Claims Officer or the carrying out of any Order of this Court except with leave of this Court being obtained, and notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Claims Officer at least seven (7) days prior to the return date of any such motion for leave.

Publication of Notice to Creditors

16. **THIS COURT ORDERS** that the Monitor shall cause the Notice to Creditors to be published on two separate days on or before June 11, 2008 in each of (i) The Globe and Mail (National Edition) on one such day, (ii) the National Post on another such day, and (iii) The Wall Street Journal (U.S. Edition) on each of the two days.
17. **THIS COURT ORDERS** that electronic copies of both the Notice to Creditors and the Proof of Claim Document Package shall be posted on the Website.

Notice to Known Creditors

18. **THIS COURT ORDERS** that the Applicants shall advise the Monitor of all Known Creditors, and that the Monitor shall be entitled to rely on the accuracy and completeness of the information provided by the Applicants regarding the Known Creditors. For greater certainty, the Monitor shall have no liability in respect of the information provided to it regarding the Known Creditors and shall not be required to conduct any independent inquiry and/or investigation with respect to such information.
19. **THIS COURT ORDERS** that:
 - (a) The Monitor shall send a copy of the Proof of Claim Document Package to each Known Creditor by ordinary pre-paid mail as soon as practicable to the last known address for such Creditor on the Applicants' books and records, but in no event later than 11:59 p.m. on the seventh (7th) Business Day following the issuance of the Chapter 15 Claims Order. The delivery of the Proof of Claim Document Package to a Creditor shall not constitute an admission by the Applicants or the Monitor of any liability of the Applicants to any Person;
 - (b) The Monitor shall send a copy of the Proof of Claim Document Package to each Creditor with a Restructuring Claim that arose after the Filing Date but prior to the Restructuring Claims Bar Date by ordinary pre-paid mail as soon as practicable, and in any event, no later than the date established for such purpose by further order of this Court; and

- (c) The Monitor shall send by ordinary pre-paid mail, as soon as practicable following receipt of a request therefor, a copy of the Proof of Claim Document Package to any Person claiming to be a Creditor and requesting such material, or in the alternative, notify the purported Creditor that it may obtain an electronic copy of the Proof of Claim Document Package on the Website.

Any such service and delivery by the Monitor for all purposes under the Order shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (ii) if sent by fax, on the date on which the Monitor receives a successful facsimile transmission report or, if sent on a day that is not a Business Day or after 5:00 (Toronto time) on a Business Day, the following Business Day; (iii) if by courier, on the next following Business Day for courier deliveries within Canada, and on the third following Business Day for courier deliveries outside of Canada.

- 20. **THIS COURT ORDERS** that service by the Monitor of the Proof of Claim Document Package on Creditors and publication of the Notice to Creditors in the manner set forth herein shall constitute good and sufficient service upon the Creditors of notice of these proceedings, this Claims Order, the Claims Bar Date, the Restructuring Claims Bar Date and the related deadlines and procedures set forth herein, and that no other form of service or notice need be made by the Applicants or the Monitor to any Person, and no other document or material need be served on any Person in respect of the claims process detailed herein.
- 21. **THIS COURT ORDERS** that the form and substance of each of the Notice to Creditors, Instruction Letter, Proof of Claim, Notice of Revision or Disallowance and Dispute Notice substantially in the forms attached as Schedules 'A', 'B', 'C', 'D' and 'E' respectively to this Claims Order, are hereby approved. Despite the foregoing, the Applicants and the Monitor may, from time to time, make minor changes to such forms as the Applicants and the Monitor consider necessary or desirable.

Filing of Proofs of Claim

22. **THIS COURT ORDERS** that any Person asserting a Claim against one or more of the Applicants or the Directors shall file a Proof of Claim (including all supporting documentation) with the Monitor on or before the Claims Bar Date.
23. **THIS COURT ORDERS** that any Person asserting a Restructuring Claim that arose after the Filing Date against one or more Applicants or Directors shall file a Proof of Claim with the Monitor on or before the Restructuring Claims Bar Date.
24. **THIS COURT ORDERS** that, each Creditor shall file a separate Proof of Claim for each individual Applicant against which it asserts a Claim and shall include any and all Claims it asserts against an individual Applicant in a single Proof of Claim.
25. **THIS COURT ORDERS** that, any Creditor that does not file a Proof of Claim as provided for in paragraphs 22, 23 and 24 hereof so that such Proof of Claim is actually received by the Monitor on or before the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, or such later date as the Monitor and the Applicants may agree in writing or this Court may otherwise order:
- (a) shall be and is hereby forever barred from making or enforcing any Claim as against any Applicant and the Directors, and all such Claims shall be forever extinguished;
 - (b) shall be and is hereby forever barred from making or enforcing any Claim as against any other Person who could claim contribution or indemnity from an Applicant;
 - (c) shall not be entitled to any further notice of any Orders made or steps taken in these proceedings; and
 - (d) shall not be entitled to participate as a Creditor in these proceedings and shall not be entitled to vote at any meetings of Creditors or to receive any distribution in respect of a Plan.
26. **THIS COURT ORDERS** that Creditors with Excluded Claims shall not be required to file a Proof of Claim in this process, unless required to do so by further order of this Court.

Determination of Claims

27. **THIS COURT ORDERS** that, other than in respect of Claims filed by Non Arms-Length Claimants, the Monitor, with the assistance of the CRO, shall review each Proof of Claim received by the Claims Bar Date or Restructuring Claims Bar Date, as applicable, and shall either accept, revise or disallow the amount claimed for voting and/or distribution purposes under the Plan. For greater certainty, and without limiting the foregoing, notwithstanding that the validity and quantum of a Claim as set out in a Proof of Claim may be accepted, in whole or in part, for voting purposes, the Monitor, in conjunction with the CRO, may dispute the validity or quantum of such Claim, in whole or in part for distribution purposes in respect of the Plan.
28. **THIS COURT ORDERS** that the acceptance of any Claim by the Monitor or other determination of same in accordance with this Order, in full or in part, and whether for voting and/or distribution purposes, shall not constitute an admission of any fact, thing, liability, or quantum of any claim by any party, save and except in the context of the within proceedings and for the sole purposes of the Plan.

Claims of Non Arms-Length Claimants

29. **THIS COURT ORDERS** that, if any Proof of Claim is received by the Monitor from a Non Arms-Length Claimant prior to the Claims Bar Date, such Claim will not be determined by the Monitor or the Claims Officer, but shall be referred to the Supervising Judge. Upon receipt of any Proof of Claim by a Non Arms-Length Claimant, the Monitor shall promptly take steps to schedule the earliest possible date for a hearing before the Supervising Judge for a determination of such Claim on a summary basis. Counsel for the Monitor, the Applicants and the Non Arms-Length Claimant shall attend at a 9:30 scheduling appointment with the Supervising Judge within ten (10) calendar days after the Claims Bar Date, at which time the Supervising Judge will determine (i) the date on which the hearing will be held; (ii) the manner in which evidence will be given or filed by all parties in respect of the hearing, (iii) the length and manner of submissions by all parties, (iv) the schedule for the delivery of all materials, and (v) such other matters as the Supervising Judge may determine are appropriate. Notwithstanding anything contained herein, subject to further Order of the

Court, nothing shall prejudice or delay the ability of the Applicants to hold a meeting of Creditors.

30. **THIS COURT ORDERS** that, for greater certainty, the Monitor shall not be required to issue a Notice of Revision or Disallowance or send a Creditor's Dispute Package in respect of any Proof of Claim filed by a Non Arms-Length Claimant. Any references in this Claims Order to the issuing of such notices or sending of such packages by the Monitor shall be deemed to exclude reference to Proofs of Claim filed by the Non Arms-Length Claimants. The Monitor shall provide counsel for the Non Arms-Length Claimant with not less than three (3) business days' notice of the date for the 9:30 attendance before the Scheduling Judge, as referred to in paragraph 29 herein.

Notices of Revision or Disallowance

31. **THIS COURT ORDERS** that if the Monitor, with the assistance of the CRO, disputes the amount of a Claim set forth in a Proof of Claim, the Monitor:
- (a) may, in conjunction with the CRO, attempt to consensually resolve the amount of the Claim with the Creditor; and/or failing such resolution
 - (b) shall send a Creditor's Dispute Package to the Creditor.

Dispute Notices

32. **THIS COURT ORDERS** that any Creditor who receives a Creditor's Dispute Package and who does not agree with the amount of Claim set out in the Notice of Revision or Disallowance, shall file a Dispute Notice with the Monitor by the earlier of twenty (20) Business Days following receipt of the Creditor's Dispute Package, or such later date as the Monitor and the Applicants may agree in writing, or this Court may otherwise order.
33. **THIS COURT ORDERS** that if a Creditor who receives a Creditor's Dispute Package does not file a Dispute Notice in accordance with paragraph 32 hereof, then the value of such Creditor's Claim as described by the Monitor in the Notice of Revision or Disallowance, for all purposes, including but not limited to voting on any Plan and any distribution to Creditors, shall be deemed to be accepted as final and binding in all respects.

34. **THIS COURT ORDERS** that, upon receipt of a Dispute Notice, the Monitor, in conjunction with the CRO, may attempt to consensually resolve the amount of the Claim for voting and/or distribution purposes with the Creditor and/or deliver a copy of the Creditor's Dispute Package and the Creditor's Proof of Claim to the Claims Officer for determination.
35. **THIS COURT ORDERS** that if the Monitor, in conjunction with the CRO, is unable to resolve the dispute in respect of a Claim, such Claim may be accepted by the Monitor and the Applicants for voting purposes only, in which case the Claim shall be determined for all other purposes, including but not limited to distribution, by a Claims Officer in accordance with paragraph 38 hereof.
36. **THIS COURT ORDERS** that, notwithstanding any other provisions of this Order, prior to a hearing date being set by the Claims Officer, (i) the Monitor or (ii) any Applicant may apply to this Court to seek leave to have a Claim determined by the Supervising Judge for voting and/or distribution purposes, rather than having the Claim first determined by the Monitor or secondly by the Claims Officer as provided herein.
37. **THIS COURT ORDERS** that, notwithstanding anything herein to the contrary, the Monitor or the Applicants may move before this Court to resolve or seek directions in respect of the validity, effect and/or quantum of any Claim or any other aspect of the claims process outlined in this Claims Order.

Claims Officer's Hearing for Claims

38. **THIS COURT ORDERS** that upon receipt of a Creditor's Dispute Package and the Creditor's Proof of Claim, the Claims Officer determining the dispute shall determine the Creditor's Claim for voting purposes. The Claims Officer reviewing the Disputed Claim shall notify the Applicants, the Monitor and the Creditor of the Claims Officer's determination of the Creditor's Claim for voting purposes as soon as practicable after such determination. Notwithstanding anything contained in this Claims Order, subject to further order of the Court, nothing shall prejudice or delay the ability of the Applicants to hold a meeting of creditors.
39. **THIS COURT ORDERS** that upon receipt of a Creditor's Dispute Package and the

Creditor's Proof of Claim the Claims Officer hearing the dispute shall schedule and conduct a hearing in Toronto to determine the value of the Creditor's Claim for distribution purposes. The Claims Officer hearing the dispute shall notify the Applicants, the Monitor and the Creditor of the Claims Officer's determination of the value of the Creditor's Claim for distribution purposes as soon as practicable thereafter, but in no event later than thirty (30) calendar days after the conclusion of the hearing of the Disputed Claim.

40. **THIS COURT ORDERS** that, in the discretion of the Claims Officer, the determination of a Disputed Claim for voting and distribution purposes may be made at a single hearing.
41. **THIS COURT ORDERS** that, subject to paragraph 12 hereof, the parties to the Disputed Claim may offer evidence in support or in opposition to the Disputed Claim, and the Claims Officer shall determine the manner in which any such evidence may be brought before him by the parties, as well as any other procedural or evidentiary matters that may arise in respect of the hearing of a Disputed Claim, including, without limitation, the production of documents by any of the parties involved in the hearing of a Disputed Claim; *provided*, for greater certainty, that the hearing on the Disputed Claim and all such determinations made therein and in connection therewith, including procedural or evidentiary matters, shall be made in accordance with applicable common law in the Province of Ontario.
42. **THIS COURT ORDERS** that the Claims Officer may, at any time, engage such advisors as it deems necessary or appropriate to inquire into and report on any questions of fact, opinion or law relating to the hearing of a Disputed Claim.

Appeal of Claims Officer Determination

43. **THIS COURT ORDERS** that the Applicants, the Monitor or the Creditor may, at his/her/its/their own expense, appeal the Claims Officer's determination of a Disputed Claim to this Court within ten (10) calendar days of notification of the Claims Officer's determination of such Creditor's Claim by serving upon the Applicants or the Creditor, as applicable, and the Monitor and filing with this Court a notice of motion returnable on a date to be fixed by this Court as soon as practicable. If an appeal is not filed within such period in strict accordance with this Order, then the Claims Officer's determination shall, subject to further order of this Court, be final and binding in all respects, with no further right of

appeal.

44. **THIS COURT ORDERS** that, notwithstanding paragraph 43 hereof, findings of fact made by a Claims Officer in respect of a Disputed Claim shall be final and binding and shall not be subject to review on appeal to this Court, unless the Court determines that said findings of fact made by the Claims Officer constitute a palpable and overriding error. Except as expressly provided herein, nothing in this Order shall limit the grounds for an appeal pursuant to paragraph 43 hereof.

Set-Off

45. **THIS COURT ORDERS** that the Applicants may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to the Plan to any Creditor, any claims of any nature whatsoever that any of the Applicants may have against such Creditor, however, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Applicants of any such claim that the Applicants may have against such Creditor.

Transfer of Claims

46. **THIS COURT ORDERS** that if, after filing a Proof of Claim, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Applicants shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Order prior to receipt and acknowledgment by the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any defences and rights of set-off to which an Applicant may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claim assigned or transferred to it against or on account or in reduction of any

amounts owing by such Person to any of the Applicants. No transfer or assignment shall be received for voting purposes unless such transfer shall have been received by the Monitor at least ten (10) Business Days prior to the date fixed by the Court for voting upon the Plan.

47. **THIS COURT ORDERS** that if, after filing a Proof of Claim, the holder or subsequent holder of the whole of a Claim who has been acknowledged by the Monitor as the Creditor in respect of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create separate Claims and such Claim shall continue to constitute and be dealt with as a single Claim. Notwithstanding such transfer or assignment, the Applicants and the Monitor shall, in each such case, not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim, provided that such Creditor may, by notice in writing to the Monitor in accordance with paragraph 48, direct the subsequent dealings in respect of such Claim, but only as a whole. In such event, such transferee or assignee of the Claim shall be bound by any notices given or steps taken in respect of the whole of such Claim in accordance with this Claims Order.

Service and Notice

48. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Proofs of Claim and Dispute Notices) to be given under this Claims Order by a Creditor to the Monitor shall be in writing in the form provided for in this Claims Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery or facsimile transmission addressed to:

Ernst & Young Inc., the Monitor

By Mail:

P.O. Box 251
Ernst & Young Tower
222 Bay Street, 21st Floor

Toronto, ON M5K 1J7

By Courier:

222 Bay Street, 21st Floor
Ernst & Young Tower
Toronto, ON M5K 1J7

Attention: Christopher Mediratta

Fax: (416) 943-3300

Any such notice or other communication delivered by a Creditor shall be deemed to be received upon actual receipt by the Monitor thereof during normal business hours on a Business Day or, if delivered outside of normal business hours, on the next Business Day.

49. **THIS COURT ORDERS** that if, during any period in which notices or other communications are being given pursuant to this Claims Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, or facsimile transmission in accordance with this Claims Order.

Miscellaneous

50. **THIS COURT ORDERS** that notwithstanding any other provision of this Claims Order, the solicitation by the Monitor or the Applicants of Proofs of Claim, and the filing by any Person of any Proof of Claim shall not, for that reason only, grant any Person any standing or rights under any proposed Plan or constitute that Person as a Creditor for any purposes whatsoever.
51. **THIS COURT ORDERS** that nothing in this Claims Order shall constitute or be deemed to constitute an allocation or assignment of Claims or Excluded Claims by the Applicants into

particular classes for the purposes of a Plan and, for greater certainty, the treatment of Claims and the classes of creditors for voting and distribution purposes shall be subject to the terms of any proposed Plan or further order of this Court.

52. **THIS COURT ORDERS** that if the Applicants' Plan is not approved and the Applicants enter into any Other Insolvency Proceeding, the claims process established by this Claims Order may, at the option of the Applicants, constitute and be deemed to be the complete and final claims process for any such Other Insolvency Proceedings; subject to approval of this Claims Order and the claims process established herein and conducted hereunder by further Order of this Court and supplemental Order of the U.S. Court entered in connection with those Other Insolvency Proceedings.

Effect, Recognition, Assistance

53. **THIS COURT ORDERS** that the Applicants, the Monitor and the Claims Officer may, from time to time, apply to this Court for advice and directions in connection with any matter or thing relating to this Claims Order.
54. **THIS COURT ORDERS** that this Claims Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.
55. **THIS COURT ORDERS AND REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this order. Each of the Applicants and the Monitor shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial regulatory and administrative

bodies, and take such other steps, in Canada or in the United States of America, as may be necessary or advisable to give effect to this Order and any other Order granted by this Court.

Ph. Camper

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

MAY 26 2008

PER/PAR:

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