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

FOURTEENTH REPORT OF THE MONITOR
November 2, 2010

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 Fourteenth Report of the Monitor (the "Fourteenth Report") is to advise this Honourable Court with respect to the following:

   (a) the activities of the Litigation Trust;

   (b) the Applicants' proposed service and notice procedure order; and

   (c) the Monitor's conclusions and recommendations.

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 and advisors to the Applicants and non-Applicants and the Litigation Trustee and his advisors. 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. An examination of the financial projection as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events and 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.

UPDATE ON THE ACTIVITIES OF THE LITIGATION TRUST

5. The Multi-Party Settlement Agreement that was approved by this Honourable Court established a Litigation Trust in order to pursue the various Litigation Assets. John D. Ground, Q.C. (retired judge) was appointed as an officer of the Court to perform the role of Litigation Trustee over the Litigation Assets. The Litigation Trustee is responsible for administering the Litigation Assets efficiently and in a cost-effective manner with a view to maximizing the net return, after costs, from the Litigation Assets to the Applicants and their creditors and other stakeholders.

6. In addition, an Advisory Committee comprised of (i) Mr. Arnold Cader (i.e. the nominee of DK), (ii) Mr. William Brock (i.e. the nominee of the Applicants) and (iii) the

Litigation Trustee was established to provide advice and direction to the Litigation Trustee.

7. The initial funding and reserve funding (as described in the Multi-Party Settlement Agreement) was provided by the Applicants for pursuit of the Litigation Assets. The funding of the Litigation Trust was completed in accordance with the Multi-Party Settlement Agreement and the funds have been segregated from the general cash assets of the Applicants and used exclusively for the purpose of funding the administration of the Litigation Assets.

8. The Litigation Trust has been moving forward with the claims within its mandate. The Applicants, the Litigation Trustee and the Advisory Committee have kept the Monitor and its counsel apprised of the progress and activities of the Litigation Trust. Additionally, either the Monitor or its counsel have attended the meetings of the Litigation Committee as observers only.

9. On July 15, 2010 the Applicants issued a press release announcing that, subject to Court approval, they had entered into a settlement agreement with Torys LLP (“Torys”) to resolve all claims against the Applicants’ former law firm that were advanced by the Litigation Trustee on behalf of the Applicants (the “Torys Settlement”). As part of the Torys Settlement, Torys has made no admission of liability. The terms of the Torys Settlement include releases in favour of Torys from the Applicants and their subsidiaries, as well as from third parties. The Torys Settlement is conditional upon the Applicants obtaining an order from this Honourable Court containing such third party releases.

10. On October 6, 2010 the Applicants issued a press release announcing that, subject to Court approval, they had entered into a settlement agreement with KPMG LLP (“KPMG”) to resolve all claims against the Applicants’ former financial advisor and auditor that were advanced by the Litigation Trustee on behalf of the Applicants (the “KPMG Settlement”). As part of the KPMG Settlement, KPMG has made no admission of liability. The terms of the KPMG Settlement include releases in favour of KPMG from the Applicants and their subsidiaries, as well as from third parties. The KPMG

Settlement is conditional upon the Applicants obtaining an order from this Honourable Court containing such third party releases.

11. As described above, the Litigation Trustee is in the process of advancing claims against other parties in pursuit of the Litigation Assets. Copies of the Torys Settlement and the KPMG Settlement, redacted at the request of the Litigation Trustee in light of ongoing litigation, are attached hereto as Appendices "A" and "B".

THE APPLICANTS' PROPOSED SERVICE AND NOTICE PROCEDURE ORDER

12. On the return of the motion to approve the settlements, the Applicants will seek approval from this Honourable Court for the Torys Settlement and the KPMG Settlement, including an order containing releases in favour of Torys and KPMG from third parties who are not parties to the Torys Settlement and the KPMG Settlement (the "Settlement Approval Motion").

13. In order to ensure that that any interested party is made aware of the Settlement Approval Motion, including the releases therein, the Applicants have proposed a service and notice procedure order (the "Service and Notice Procedure Order").

14. Creditors, defendants or shareholders (whether or not they are on the Service List or have previously filed a notice of appearance in these proceedings) who wish to appear before this Honourable Court at the Settlement Approval Motion must file a notice of appearance (the "Notice of Appearance") with both the Monitor and its counsel prior to noon (EST) on December 3, 2010 (the "Notice of Appearance Bar Date"). A copy of the proposed Notice of Appearance is attached as Appendix "C" to this Fourteenth Report.

15. Known creditors, defendants and shareholders will be notified of the requirement to file a Notice of Appearance before the Notice of Appearance Bar Date by the following means:

- no later than two days following this Honourable Court's approval of the Service and Notice Procedure Order, the Monitor shall post the copy of the notice of settlement of claims attached hereto as Appendix "D" (the "Notice"), the Notice of Appearance, the Motion Record, a redacted copy of the KPMG

Settlement, a redacted copy of the Torys Settlement, the draft Settlement Approval Orders, the Fourteenth Report and the Service and Procedure Order (collectively, the "Settlement Document Package") on its website;

- as soon as practicable, but in any event no later than seven days following this Honourable Court's approval of the Service and Notice Procedure Order, the Monitor, with the assistance of the CRO, shall send a copy of the Notice to each creditor that filed a claim in either the Applicants' Claims Process or the Non-Applicants' Claims Process that has not been finally disallowed or paid in full;
- as soon as practicable, but in any event no later than seven days following this Honourable Court's approval of the Service and Notice Procedure Order, the Monitor, with the assistance of the CRO, shall send a copy of the Notice to each defendant against whom the Applicants have commenced legal proceedings or have entered into tolling agreements at their last known address; and
- no later than seven days following this Honourable Court's approval of the Service and Notice Procedure Order, the Monitor shall cause the Notice to be published in the Globe and Mail (National Edition) and the Wall Street Journal.

16. The Monitor will, upon receipt of each Notice of Appearance, forthwith send the submitting party a receipt acknowledging the filing of such Notice of Appearance.

17. The Monitor will, within two days following the Notice of Appearance Bar Date, compile all the Notices of Appearance that are received prior to the Notice of Appearance Bar Date and report to this Honourable Court and the Service List.

18. Any party that does not file a Notice prior to the Notice of Appearance Bar Date shall not be entitled to appear or to be heard at the Settlement Approval Motion, shall be bound by the terms of the Settlement Approval Orders and shall be forever barred and enjoined from making any objection or opposition to, or disputing in any manner, the Settlement Approval Orders, the KPMG Settlement or the Torys Settlement.

19. As described above, the Monitor is required to send a copy of the Notice to each of the defendants and to each creditor that has filed a claim in either the Applicants' Claims

Process or the Non-Applicants' Claims Process that has not been finally disallowed or paid in full no later than seven days following this Honourable Court's approval of the Service and Notice Procedure Order.

20. In order to provide defendants and creditors the maximum time to file a Notice of Appearance prior to the Notice of Appearance Bar Date, the Monitor intends to send the Notices forthwith after this Honourable Court issues the Service and Notice Procedure Order. In addition, the Monitor intends to courier, fax or e-mail the Notice (or otherwise expedite the delivery or communication of the Notice) to any defendant or creditor whose address for service is outside of Canada and the United States of America, or where the Monitor considers that expedited or additional notice procedures are appropriate.

21. Attached as Appendix E to this Fourteenth Report is an illustrative timeline that was prepared by the Applicants setting out the steps described above along with the additional steps that are currently expected to occur prior to the Settlement Approval Motion.

22. The Applicants' illustrative timeline and draft Service and Notice Procedure Order indicate that the Applicants intend to serve the motion materials relating to the Settlement Approval Motion on the Service List and the Defendants by November 26, 2010, fourteen days before they propose that Responding Motion Materials will be due. If a party who would not otherwise receive the motion materials by November 26, 2010 files a Notice of Appearance with the Monitor as described above, the Monitor is advised that the Applicants intend to serve such party forthwith upon being advised of receipt of such Notice of Appearance.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

23. The Monitor has been kept apprised of the progress and actions of the Litigation Committee since it was formed.

24. The Monitor considers that the Applicants' proposed service and notice procedures and timetable, implemented as described above, will provide recipients with adequate notification to permit them to submit Notices of Appearance prior to the Notice of Appearance Bar Date.

25. In the context of the foregoing, the Monitor recommends that this Honourable Court approve the Service and Notice Procedure Order as proposed by the Applicants.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 2ND DAY OF NOVEMBER, 2010:

ERNST & YOUNG INC.

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

Per:

Brian Denega
Senior Vice President

Christopher Mediratta
Vice President

APPENDIX A

RELEASE AND SETTLEMENT AGREEMENT

THIS RELEASE AND SETTLEMENT AGREEMENT (this "Agreement") made as of the 26th day of March, 2010 between Torys LLP, an Ontario limited liability partnership, Torys LLP, a New York limited liability partnership (collectively, along with any predecessor partnerships "Torys") and Hollinger Inc. ("Hollinger") a corporation incorporated under the *Canada Business Corporations Act*, R.S. 1985 c.C-44 (together, the "Parties"); and

WHEREAS, in or about December 2005, Hollinger advised Torys of an intention to commence legal proceedings against Torys, in respect of Torys having given advice and conducted legal work for Hollinger and related persons and entities (the "Intended Action"); and

WHEREAS, pursuant to an agreement to mediate dated as of December 8, 2005 and subsequently extended by agreements dated November 30, 2006, November 22, 2007 and December 12, 2008 (collectively the "Mediation Agreement") the Parties agreed, *inter alia*, to mediate the Intended Action; and

WHEREAS, pursuant to an order of the Ontario Superior Court of Justice, Commercial List, (the "Court") dated August 1, 2007 (the "Initial CCAA Order") Hollinger, 432525 Canada Inc. and Sugra Limited (together the "CCAA Applicants"), were authorized to commence a proceeding pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended ("CCAA") wherein the CCAA Applicants may file a plan of compromise and arrangement (a "Plan"); and

WHEREAS, pursuant to an order of the Court dated May 21, 2008 the CCAA Applicants obtained approval of a multi-party settlement and a cost reduction/asset enhancement program (the "MPS Order") wherein John D. Ground (retired Justice) was appointed as an officer of the Court to be the Litigation Trustee over and in respect of all claims and causes of action in favour of the CCAA Applicants, including the Intended Action; and

WHEREAS, pursuant to the MPS Order, the Litigation Trustee was empowered to initiate, prosecute and continue the prosecution of any and all proceedings then pending or thereafter instituted with respect to the CCAA Applicants including, *inter alia*, the power to settle or compromise any such proceeding, including the Intended Action; and

WHEREAS, the Parties engaged in a mediation process before George W. Adams (retired Justice) on March 23 and 24, 2010 (the "Mediation"); and

WHEREAS Torys denies that it has liability to Hollinger or has engaged in any wrongdoing; and

WHEREAS Torys has agreed to enter into this Agreement to resolve any potential liability to Hollinger and to reduce further expense, inconvenience and the distraction of burdensome and protracted litigation,

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS SET OUT BELOW AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE ACKNOWLEDGED, AND SUBJECT TO THE PROVISIONS SET OUT HEREIN RESPECTING COURT APPROVAL OF THIS SETTLEMENT AND ITS MATERIAL TERMS, the Parties agree as follows:

1. *Payment by Torys of the Settlement Amount*: Torys shall pay, or cause to be paid by its agents, the sum of [redacted] (the "Settlement Amount") to Hollinger for the benefit of the Litigation Trustee. The Settlement Amount shall be paid as follows:

(a) [redacted]

(b)

(c)

2. *Full and Final Release of Torys by the Hollinger Releasors*: Upon payment in full of the Settlement Amount, Hollinger, its past, present and future subsidiaries and divisions (including, without limiting the foregoing, 432525 Canada Inc., Sugra Limited, DomGroup Ltd. and 10 Toronto Street Ltd., but not including the Sun Times Media Group, Inc. and its subsidiaries (collectively referred to as "STMG"), all partnerships in which Hollinger or a wholly-owned subsidiary of Hollinger is the general partner and any corporation owned by such partnership, for

YSP [handwritten initials]

themselves, their employees, servants, agents, heirs, administrators, successors, assigns and on behalf of any party or parties who claim a right or interest through them (collectively, the "Hollinger Releasors") do hereby fully, finally and forever, release, remise, acquit and forever discharge, without qualification or limitation, Torys and its past, present and future partners, employees, directors, officers, affiliates, agents, advisors, insurers and reinsurers, and their predecessors, successors and assigns (collectively the "Torys Releasees"), separately and jointly, of and from any and all rights, interests, obligations, debts, dues, sums of money, accounts, reckonings, damages, claims, actions, allegations, causes of action, counterclaims or demands whatsoever, whether known or unknown, in law or in equity, of whatever kind or character, suspected, fixed or contingent (collectively "Claims") that have been, that could be, or that could have been asserted by the Hollinger Releasors from the beginning of time through the date hereof (including without limitation any claim for contribution, indemnification, reimbursement or any other forms of claims over related to the subject matter of the Settled Claims that could be asserted on or after the date hereof by the Hollinger Releasors based on events occurring prior to and through the date hereof) against the Torys Releasees concerning (i) Torys' representation of the Hollinger Releasors or (ii) any allegations of injury to the Hollinger Releasors caused by Torys including, without limiting the generality of the foregoing all claims raised or which could have been raised in the Intended Action (collectively the "Settled Claims").

3. *Unknown Claims*: Without limiting the generality of paragraph 2 above, the Hollinger Releasors declare that the intent of the full and final release set out therein is to conclude all issues arising from the Settled Claims and it is understood and agreed that the release is intended to cover, and does cover, not only all known injuries, losses and damages, but all injuries, losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof. In addition, Torys agrees that it has not filed, and will not file, any claims against the estates of any of the Hollinger Releasors.

4. *Full and Final Releases of Torys by Third Parties*: It is the intent of the Parties that this Agreement and the terms of the Release Order will eliminate any basis for (i) any other party against whom any of the Hollinger Releasors has brought or in the future brings any Claims relating in any way to the subject matter of the Settled Claims; and (ii) any past or present shareholder, officer, director, creditor or subsidiary (other than STMG) of the Hollinger

Releasors (together the "Third Party Releasors"), from being able to claim contribution, indemnification, reimbursement or other forms of claims over from the Torys Releasees for such party's liability to the Hollinger Releasors or from bringing claims against the Torys Releasees relating in any way to the subject matter of the Settled Claims (the "Third Party Releases").

5. *Excepted Claims*: The Third Party Releases set out in paragraph 4 of this Agreement do not apply to an Excepted Claim (and only an Excepted Claim as defined herein) by a Third Party Releasor against Torys for damages. An "Excepted Claim" means a claim that is based on a final judgment that a Third Party Releasor suffered damages, or if civil law applies to an Excepted Claim, prejudice, as a direct result and solely as a result of such Third Party Releasor's reliance on an express fraudulent misrepresentation made by Torys or its agents to such Third Party Releasor when Torys had actual knowledge that the misrepresentation was false. For greater certainty an "Excepted Claim" does not include a claim by a Third Party Releasor against Torys for contribution and indemnity for such party's liability to the Hollinger Releasors.

6. *Release Order*: The Parties agree and acknowledge that the Third Party Releases are a material and integral term of this Agreement and that this Agreement is contingent upon the issuance of a Release Order that will give legal effect to the Third Party Releases as against the Third Party Releasors.

(a) As soon as practicable after execution of this Agreement, Hollinger shall apply to the Court for approval of this Settlement ("Settlement Approval") and, subject to the consent of Torys acting reasonably, shall seek a Release Order as part of the Settlement Approval.

(b) If a release order is not sought as part of the Settlement Approval or if the Court in its discretion declines to grant a Release Order in favour of Torys pursuant to a Settlement Approval, then Hollinger agrees to submit a Plan to its creditors, the terms of which shall include provisions to give effect to the Release Order and, as part of any Court approval of such plan ("Plan Approval"), shall seek a Release Order.

(c) Any application to the Court for either Settlement Approval or Plan Approval pursuant to which a Release Order is sought, shall be brought on notice to all those against whom the Third Party Releases are intended to be effective, including but not limited to the following Third Party Releasors: Conrad M. Black, Barbara Amiel-Black, Peter Y. Atkinson, John A. Boultbee, F. David Radler, Charles G. Cowan, Daniel W. Colson, Peter G. White, Maureen J. Sabia, Douglas G. Bassett, Allan E. Gotlieb, Henry Ketcham III, Fredrik S. Eaton, Ralph M. Barford, R. Donald Fullerton, KPMG LLP, the Canadian Imperial Bank of Commerce, the Toronto Dominion Bank, and the Bank of Nova Scotia.

(d) The timing of any application to the Court for either Settlement Approval or Plan Approval pursuant to which a Release Order is sought shall be within the discretion of Hollinger and the Litigation Trustee acting reasonably with a view to giving the Third Party Releasors a reasonable opportunity to participate in the CCAA settlement process. If thought necessary or appropriate by Torys or the Litigation Trustee and Hollinger, all acting reasonably, Hollinger and the Litigation Trustee shall seek prior Court approval of any service and notice protocol in respect of obtaining any Release Order.

(e) If an application for a Release Order has not been brought by December 31, 2010 (the "Application Deadline") then Torys may, within fifteen (15) days after the expiry of the Application Deadline, at its sole discretion, either (i) terminate this Agreement or (ii) select and notify Hollinger and the Litigation Trustee of an amended Application Deadline (the "Amended Application Deadline"). If Torys elects to select an Amended Application Deadline, that Amended Application Deadline shall replace the Application Deadline for all purposes of this Agreement.

(f) If the Court declines to grant a Release Order pursuant to a Plan Approval then Torys may, at its sole discretion, terminate this Agreement within fifteen (15) days following the Court's decision becoming Final.

(g) If Torys elects to terminate this Agreement pursuant to subparagraphs 6 (e) or (f), the Agreement shall, subject to the continuing obligations of the parties in respect of confidentiality, as set out in paragraph 7 of this Agreement, become null and void.

7. *Confidentiality and Publicity*: Except to the extent necessary to obtain a Release Order pursuant to Settlement Approval or Plan Approval, the terms of this Agreement including the Settlement Amount and the materials filed or disclosed in the Mediation (the "Mediation Materials") shall remain confidential and shall not be disclosed by either Party other than in communications with outside auditors, insurers, taxing authorities, regulatory or governmental agencies, in Torys' case to partners and former partners of Torys, in Hollinger's case to creditors that have signed binding and applicable confidentiality agreements, or as otherwise may be required by law.

For greater certainty, the Parties agree that:

(a) for the purposes of enabling the Litigation Trustee to carry out his mandate by allowing the Third Party Releasors the opportunity to participate in the CCAA settlement process, Hollinger may disclose to such Third Party Releasors, on a confidential basis, (i) the fact of this Agreement (but not of the Settlement Amount), (ii) the identities of the Parties and (iii) the fact that Third Party Releases are being sought as a condition of this Agreement; and

(b) [redacted]

Subject to the foregoing, Hollinger further agrees that it shall not publicize or comment upon any allegations against Torys related to the Settled Claims and shall not express any views as to the actions of Torys related to the Settled Claims. Any press release issued by either party announcing this Agreement will be written in accordance with this paragraph and will be subject to the consent of the other party, such consent not to be unreasonably withheld. This provision respecting confidentiality shall survive any termination of this Agreement.

8. *No Admission of Liability*: This Agreement does not in any manner constitute Torys' admission of liability, wrongdoing or any other matter and any and all liability and wrongdoing on the part of Torys is specifically denied.

9. *Remedies Upon Breach of this Agreement*: The Parties agree that a breach by either Party of any of its obligations hereunder would cause irreparable harm to the other non-breaching party for which money damages would not be an adequate remedy. Accordingly, the Parties agree that the non-breaching party shall be entitle to specific performance and injunctive and other equitable relief in the event the other party breaches any of its obligations hereunder.

10. *Governing Law*: This Agreement and any claim related directly or indirectly to this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

11. *Counterparts and Delivery*: This Agreement may be signed in any number of counterparts, all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by fax transmission or by transmission in PDF or similarly electronic document format.

12. *Admissibility*: This Agreement may be filed and used in any action or proceeding as may be necessary to consummate, enforce or seek relief with respect to the Agreement. The Parties, and any predecessors or successors in interest may file and use this Agreement in any action to support a defence of res judicata, collateral estoppel, issue estoppel, release, good faith settlement, judgment bar, reduction, or any other theory of claim preclusion, issue preclusion, or similar defence or counterclaim. However, Hollinger agrees to redact all indications of amounts payable hereunder from any public filings and agrees to seek a sealing order in respect of the redacted information.

13. *Successors and Assigns*: Unless otherwise stated to the contrary elsewhere in this Agreement, this Agreement shall be binding upon, apply to, and inure to the benefit of the Parties, the Hollinger Releasors, the Torys Releasees and their respective successors and assigns.

14. *No Waiver*: Any failure by any party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and such party, notwithstanding such failure, shall have the right thereafter to insist upon strict performance of any and all of the provisions of this Agreement to be performed by such other party.

15. *Further Assurances*: The Parties shall take such further and other steps and execute such further and other documents as may reasonably be required to give effect to the terms of this Agreement.

16. *Notice*: Any notices required to be given under this Agreement shall be in writing and shall be made by fax transmission or email transmission to the fax numbers and e-mail addresses set out below:

Justice J. Ground
Litigation Trustee of Hollinger Inc. and Hollinger Inc.
c/o Thornton Grout Finnigan LLP
Suite 3200, Canadian Pacific Tower
100 Wellington Street West
Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Robert I. Thornton, Michael Barrack or Megan Keenberg
Fax: (416) 304-1313
Email: mbarrack@tgf.ca or Mkeenberg@tgf.ca

Torys LLP
Suite 3000, 79 Wellington St. W.
Box 270, TD Centre
Toronto, Ontario, M5K 1N2 Canada

Attention: Les M. Viner
Fax: (416) 865-7380
E-mail: lviner@torys.com

With a copy to: Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. W.
Toronto, Ontario, M5H 3Y4

Attention: Ronald Foerster
Fax: 416-361-7055
Email: rfoerster@blgcanada.com

17. *Amendments*: This Agreement supersedes and replaces any and all prior negotiations, understandings, promises, representations, inducements and discussions, whether written or oral. This Agreement may not be changed or modified except in writing signed by both Torys and Hollinger.

18. *Authority to Enter into the Agreement*: The undersigned parties represent that they have the full authority necessary to execute this Agreement.

HOLLINGER INC.

William E. Aziz

Per: William E. Aziz
Chief Restructuring Officer

S Depaepe

Witness:
Seana Depaepe

John D. Ground
Litigation Trustee

Torys LLP (Ontario)

Per: Les M. Viner
Managing Partner

Torys LLP (New York)

Per: Les M. Viner
Managing Partner

17. *Amendments*: This Agreement supersedes and replaces any and all prior negotiations, understandings, promises, representations, inducements and discussions, whether written or oral. This Agreement may not be changed or modified except in writing signed by both Torys and Hollinger.

18. *Authority to Enter into the Agreement*: The undersigned parties represent that they have the full authority necessary to execute this Agreement.

HOLLINGER INC.

Per: William E. Aziz
Chief Restructuring Officer

Witness:

John D. Ground
Litigation Trustee

Torys LLP (Ontario)

Per: Les M. Viner
Managing Partner

Torys LLP (New York)

Per: Les M. Viner
Managing Partner

APPENDIX B

October 1, 2010

RELEASE AND SETTLEMENT AGREEMENT

THIS RELEASE AND SETTLEMENT AGREEMENT (this "**Agreement**") is made as of the 1st of October, 2010, between KPMG LLP Canada, a limited liability partnership in Ontario, and Hollinger Inc., a corporation incorporated under the *Canada Business Corporations Act*, R.S.C. 1985 c. C-44 (together, the "**Parties**") and is subject to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") approving this Agreement substantially in the form of Order attached as Schedule "A" to this Agreement ("**Settlement Approval Order**");

WHEREAS, in or about November 2005, Hollinger Inc. advised KPMG LLP Canada of an intention to commence legal proceedings against KPMG LLP Canada in respect of KPMG LLP Canada having performed, *inter alia*, audit, tax and consulting services on behalf of Hollinger Inc. and related persons and entities (the "**Intended Action**"); and

WHEREAS, pursuant to an agreement to mediate dated as of November 25, 2005 (the "**Mediation Agreement**") a copy of which is attached to this Agreement as Schedule "B", the Parties agreed, *inter alia*, to mediate the Intended Action, the Mediation Agreement having expressly stated that the Intended Action was in respect of KPMG LLP Canada having given advice and conducted audit, tax and transaction advisory services work for Hollinger Inc. and related persons and that the Intended Action included any and all actions, suits, claims, causes of action, or demands, whether in Canada or elsewhere, whether known or unknown, which may be brought on behalf of Hollinger Inc., arising out of KPMG LLP Canada's aforementioned client relationship with Hollinger Inc., which claims include, without limiting the generality of the foregoing, breach of contract, breach of fiduciary duty and negligence; and

WHEREAS, pursuant to an Order of the Court dated August 1, 2007, (the "**Initial CCAA Order**") Hollinger, 4322525 Canada Inc. and Sugra Limited (together, the "**CCAA Applicants**"), were authorized to commence a proceeding pursuant to the *Companies'*

Creditors Arrangement Act, R.S.C. 1985 c. C-36 as amended (the "**CCAA**") wherein the CCAA Applicants may file a plan of compromise and arrangement (a "**Plan**"); and

WHEREAS, pursuant to an Order of the Court dated May 21, 2008, the CCAA Applicants obtained approval of a multi-party settlement and a cost reduction / asset enhancement program (the "**MPS Order**"), a copy of which is attached to this Agreement as Schedule "C", wherein the Honourable John D. Ground Q.C. (retired Justice) was appointed as an officer of the Court to be the Litigation Trustee over and in respect of all claims and causes of action in favour of the CCAA Applicants, including the Intended Action; and

WHEREAS, pursuant to the MPS Order, the Litigation Trustee was empowered to initiate, prosecute and continue the prosecution of any and all proceedings then pending or thereafter instituted with respect to the CCAA Applicants, including, *inter alia*, the power to settle or compromise any such proceeding, including the Intended Action; and

WHEREAS, the Parties engaged in a mediation process before the Honourable George W. Adams Q.C. on March 29 and March 30, 2010 (the "**Mediation**") with respect to the claims set out in the Mediation Agreement and Hollinger Inc.'s Mediation Brief and any and all other claims that Hollinger Inc. advanced on its own behalf and/or on behalf of any of its subsidiaries, affiliated and related entities, including, without limiting the generality of the foregoing, Sun Times Media Group Inc., its subsidiaries, predecessors and successors (collectively referred to as "**STMG**") that Hollinger ever had or may have against KPMG LLP Canada ("**Intended Claims**"); and

WHEREAS, KPMG LLP Canada denies that it has any liability to Hollinger Inc. and/or any of its subsidiaries, including, without limiting the generality of the foregoing, STMG, or has engaged in any wrongdoing;

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS SET OUT BELOW AND THE REPRESENTATIONS IN THE RECITALS AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE ACKNOWLEDGED, AND SUBJECT TO THE PROVISIONS SET OUT HEREIN RESPECTING COURT APPROVAL OF THIS SETTLEMENT AND ITS MATERIAL TERMS, the Parties agree as follows:

1. ***Payment by KPMG LLP Canada of the Settlement Amount***: KPMG LLP Canada shall pay or cause to be paid by its agents, the sum o[redacted] (the "**Settlement Amount**") to Hollinger Inc. for the benefit of the Litigation Trustee (*a*) within thirty (30) business days following the issuance of the Settlement Approval Order, or (*b*) in the event of any appeal of the Settlement Approval Order, within thirty (30) business days following the determination of any appeals or the expiration of any appeal periods in relation to the Settlement Approval Order at which time the Settlement Approval Order shall, for the purposes hereof, be considered "**Final**", or (*c*) in the event the Court, in its discretion, declines to issue the Settlement Approval Order, within thirty (30) business days of the issuance of an order approving a Plan which order (the "**Plan Approval Order**") must contain protections substantially similar to, and not less than, those in favour of the KPMG Releasees (as defined below) in the Settlement Approval Order, or (*d*) in the event of any appeal of the Plan Approval Order, within thirty (30) business days following the determination of any appeals or the expiration of all appeal periods in relation to the Plan Approval Order at which time the Plan Approval Order shall, for the purposes hereof, be considered Final.

2. ***Withdrawal of KPMG LLP Canada's claims against the CCAA Applicants***: Contemporaneously upon payment of the Settlement Amount, the KPMG Releasees, as defined below, shall and do hereby withdraw and waive any and all claims they have filed against the estates

of any of the CCAA Applicants, and the KPMG Releasees further agree that they shall not file any further claims against the estates of any of the CCAA Applicants or any of their subsidiaries.

3. ***Hollinger Release***: Upon payment of the Settlement Amount, Hollinger Inc., its existing subsidiaries and divisions including, without limiting the generality of the foregoing, 4322525 Canada Inc., Sugra Limited, Domgroup Ltd., and 10 Toronto Street Ltd. (but not including STMG and its affiliated and related entities), all partnerships in which Hollinger Inc. or a subsidiary of Hollinger Inc. is the general partner and any corporation owned by such partnership, and in respect of each of the foregoing, their respective current officers, directors, employees, servants, agents, heirs, administrators, successors, assigns and on behalf of any person (as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended to the date hereof, "**Person**") who claims a right or interest through them, (collectively, "**Hollinger**") does hereby fully, finally and forever release, remise, acquit and forever discharge, without qualification or limitation, KPMG LLP Canada, KPMG LLP (U.S.), all other member firms of KPMG International and their related or affiliated entities and their respective past, present and future partners, officers, directors, employees, servants, agents, assigns, insurers and counsel (collectively, the "**KPMG Releasees**"), separately and jointly, of and from any and all rights, interests, obligations, debts, dues, sums of money, accounts, reckonings, damages, claims, actions, allegations, causes of action, counterclaims or demands whatsoever, whether known or unknown, in law or equity, of whatever kind or character, suspected, fixed or contingent (collectively "**Claims**") that have been, that could be, or that could have been asserted by Hollinger through to the date hereof (including without limitation any claim for contribution, indemnification, reimbursement or any other forms of claims over related to the subject matter of the Settled Claims (defined below) that could be asserted on or after the date hereof by Hollinger based on events occurring prior to and through the date

hereof) against the KPMG Releasees concerning (i) any and all professional services provided by KPMG LLP Canada including, but not limited to, audit, tax and consultation work on behalf of Hollinger, (ii) allegations of injury to Hollinger caused by KPMG LLP Canada, (iii) with respect to the Intended Claims (as set out in the Mediation Agreement and Hollinger Inc.'s Mediation Brief) and (iv) any and all other claims that Hollinger ever had or may have against the KPMG Releasees, including, but not limited to, any claims that may not have been set out in the Mediation Agreement or Hollinger Inc.'s Mediation Brief (collectively, the "**Settled Claims**").

4. ***Unknown Claims***: Without limiting the generality of paragraph 3 above, Hollinger declares that the intent of the full and final release set out therein is to conclude all issues arising from the Settled Claims and it is understood and agreed that the Hollinger Release is intended to cover, and does cover, not only all known injuries, losses and damages, but all injuries, losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

5. ***Third Party Release and Bar Order in Favour of the KPMG Releasees***: It is the intent of the Parties that this Agreement and the terms of the Settlement Approval Order and / or the Plan Approval Order, as the case may be, will eliminate any basis for any direct or indirect claim by all former and present shareholders, former officers and directors, and all creditors, parents, subsidiaries, affiliates, and related parties of Hollinger, and including, without limitation, STMG and its past and present shareholders, and any other Person against the KPMG Releasees in any way relating to the subject matter of the Settled Claims or to Hollinger, in accordance with paragraphs 6 and 8 of the Settlement Approval Order (the "**Release and Bar Provisions**").

6. ***Excepted Claims***: The Release and Bar Provisions set out in paragraph 5 of this Agreement do not apply to an Excepted Claim (and only an Excepted Claim as defined herein) by a potential plaintiff against the KPMG Releasees for damages. An "**Excepted Claim**" means a claim that is based on a Final judgment that the plaintiff suffered damages, or if civil law applies to an Excepted Claim, prejudice, as a direct result of the plaintiff's reliance on express fraudulent misrepresentations made by any or all the KPMG Releasees or their agents when any or all the KPMG Releasees had actual knowledge that the misrepresentations were false.

7. ***Additional Assurances:*** The Parties agree and acknowledge that the Release and Bar Provisions of the Settlement Approval Order are material and integral terms of this Agreement and that this Agreement is contingent upon the issuance of the Settlement Approval Order or the Plan Approval Order as the case may be.

8. ***Application for Court Approval***:

Within the six month period referred to below, Hollinger Inc. will apply to the Court for the Settlement Approval Order.

Hollinger Inc. will use its best efforts to secure the Release and Bar Provisions in any Plan Approval Order in the event an order approving a Plan is sought in respect of any of the CCAA Applicants. Any Plan proposed by any or all of the CCAA Applicants shall include provisions to give effect to the Release and Bar Provisions.

Any application to the Court for either the Settlement Approval Order or the Plan Approval Order shall be brought on notice to all those on the Service List in the CCAA Applicants' CCAA proceeding, and on notice to all the parties against whom the Release and Bar Provisions are intended to be effective, including but not limited to: Conrad M. Black, Barbara Amiel-Black, Peter Y. Atkinson, John A. Boultbee, F. David Radler, Charles G. Cowan, Daniel W. Colson, Peter G. White, Maureen J. Sabia, Douglas G. Bassett, Allan E. Gotlieb, Henry Ketcham III, Fredrik S. Eaton, Ralph M. Barford, R. Donald Fullerton, Torys LLP, the Canadian Imperial Bank of Commerce, the Toronto Dominion Bank, the Bank of Nova Scotia, and STMG, its predecessors and successors.

The timing of the application to the Court for either the Settlement Approval Order or the Plan Approval Order is sought shall be within the discretion of Hollinger Inc. and the Litigation Trustee acting reasonably with a view to giving all interested parties a reasonable opportunity to participate in the CCAA settlement process, but in any event shall be made within six (6) months of the execution date of this Agreement or such longer period of time as the Parties may agree to. If thought necessary or appropriate by KPMG LLP Canada, the Litigation Trustee and Hollinger Inc., all acting reasonably, Hollinger Inc. and the Litigation Trustee shall seek prior Court approval of any service and notice protocol in respect of obtaining the Settlement Approval Order.

If the Court declines to grant the Settlement Approval Order and the Plan Approval Order, then KPMG may, in its sole discretion, terminate this Agreement within ten (10) days following the Court's decision becoming Final. If KPMG elects to terminate this Agreement pursuant to this paragraph, the Agreement shall, subject to the continuing obligations of the Parties in respect of confidentiality, as set out in paragraph 8 of this Agreement, become null and void.

9. ***Confidentiality and Publicity***: Except to the extent necessary to obtain a the Settlement Approval Order or the Plan Approval Order, as the case may be, the terms of this Agreement including the Settlement Amount and the materials filed or disclosed in the Mediation (the "**Mediation Materials**") shall remain confidential and shall not be disclosed by either Party other than in communications with outside auditors, insurers, taxing authorities, regulatory or governmental agencies, in KPMG LLP Canada's

case to partners and former partners of KPMG LLP Canada, in Hollinger Inc.'s case to creditors that have signed binding and applicable confidentiality agreements, or as otherwise may be required by law.

For greater certainty, the Parties agree that, for the purposes of enabling the Litigation Trustee to carry out his mandate by allowing interested parties the opportunity to participate in the CCAA settlement process, Hollinger Inc. may disclose to such parties, on a confidential basis, (i) the fact of this Agreement (but not of the Settlement Amount), (ii) the identities of the Parties and (iii) the fact that the Release and Bar Provisions are being sought as a condition of this Agreement.

Subject to the foregoing, Hollinger Inc. further agrees that it shall not publicize or comment upon any allegations against KPMG LLP Canada related to the Settled Claims and shall not express any views as to the actions of KPMG LLP Canada related to the Settled Claims. Any press release issued by any Party hereto announcing this Agreement will be written in accordance with this paragraph and will be subject to the consent of the other Party, such consent not to be unreasonably withheld.

In the event KPMG LLP Canada in its sole discretion determines that it is necessary and/or appropriate to comment in a public forum with respect to any issue relating in any manner to the claims advanced against KPMG LLP Canada by the Litigation Trustee on behalf of Hollinger Inc., arising out of any press initiated by any Person relating to Hollinger Inc. or any of its subsidiaries, including STMG, KPMG LLP Canada will be at liberty to do so after consulting with the Litigation Trustee.

The provisions of this paragraph 9 respecting confidentiality shall survive any termination of this Agreement.

10. ***No Admission of Liability***: This Agreement does not in any manner constitute KPMG LLP Canada's admission of liability, wrongdoing or any

other matter and any and all liability and wrongdoing on the part of KPMG LLP Canada or any KPMG Releasee is specifically denied.

11. ***Remedies Upon Breach of this Agreement***: The Parties hereto agree that a breach by either Party of any of its obligations hereunder would cause irreparable harm to the other non-breaching Party for which money damages would not be an adequate remedy. Accordingly, the Parties agree that the non-breaching Party shall be entitled to specific performance and injunctive and other equitable relief in the event the other Party breaches any of its obligations hereunder.

12. ***Governing Law***: This Agreement and any claim related directly or indirectly to this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

13. ***Counterparts and Delivery***: This Agreement may be signed in any number of counterparts, all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by fax transmission or by transmission in PDF or similarly electronic document format. However, Hollinger Inc. agrees to redact all indicators of amounts payable hereunder from any public filings and agrees to seek a sealing order in respect of the redacted information.

14. ***Admissibility***: This Agreement may be filed and used in any action or proceeding as may be necessary to consummate, enforce or seek relief with respect to the Agreement. The Parties, and any predecessors or successors in interest may file and use this Agreement in any action to support a defence of *res judicata*, collateral estoppel, issue estoppel, release, good faith settlement, judgment bar, reduction, or any other theory of claim preclusion, issue preclusion, or similar defence or counterclaim.

15. ***Successors and Assigns***: Unless otherwise stated to the contrary elsewhere in this Agreement, this Agreement shall be binding upon, apply to, and inure to the benefit of the CCAA Applicants, the KPMG Releasees and their respective successors and assigns.

16. ***No Assignments:*** Hollinger Inc. has not assigned or otherwise transferred any of or part of the Intended Claims to any of its parents, subsidiaries, affiliated and related entities or any person or entity including, without limiting the generality of the foregoing, STMG.

17. ***No Waiver***: Any failure by any Party hereto to insist upon the strict performance by the other Party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and such Party, notwithstanding such failure, shall have the right thereafter to insist upon strict performance of any and all of the provisions of this Agreement to be performed by such other Party.

18. ***Further Assurances***: The Parties shall take such further and other steps and execute such further and other documents as may reasonably be required to give effect to the terms of this Agreement.

19. ***Notice***: Any notices required to be given under this Agreement shall be in writing and shall be made by fax transmission or e-mail transmission to the fax numbers and e-mail addresses set out below:

The Honourable John D. Ground, Litigation Trustee of Hollinger Inc., and Hollinger Inc. c/o Thornton Grout Finnigan LLP Attention: Robert I. Thornton, Michael Barrack and Megan Keenberg E-mail: rthornton@tgf.ca mbarrack@tgf.ca and mkeenberg@tgf.ca Fax: (416) 304-1313	KPMG LLP Canada c/o Fraser Milner Casgrain LLP Attention: John Lorn McDougall or Norm Emblem E-mail: john.lorn.mcdougall@fmc-law.com and norm.emblem@fmc-law.com Fax: (416) 863-4592

20. ***Amendments*:** This Agreement supersedes and replaces any and all prior negotiations, understandings, promises, representations, inducements and discussions, whether written or oral. This Agreement may not be changed or modified except in writing signed by both KPMG LLP Canada and Hollinger Inc.

21. ***Authority to Enter into the Agreement*:** The undersigned Parties represent that they have the full authority necessary to execute this Agreement.

HOLLINGER INC. FOR ITSELF AND ON BEHALF OF ALL OTHER CCAA APPLICANTS AND THEIR SUBSIDIARIES OTHER THAN SUN TIMES MEDIA GROUP, INC., AND ITS SUBSIDIARIES

Per: William E. Aziz
Name: **William E. Aziz**
Title: **Chief Restructuring Officer**

The Honourable John D. Ground
Litigation Trustee

Witness to the signature of The Honourable John D. Ground

KPMG LLP CANADA

Per:
Name: PETER SAHAGIAN
Title: GENERAL COUNSEL
I am an authorized signatory

499677

20. ***Amendments*:** This Agreement supersedes and replaces any and all prior negotiations, understandings, promises, representations, inducements and discussions, whether written or oral. This Agreement may not be changed or modified except in writing signed by both KPMG LLP Canada and Hollinger Inc.

21. ***Authority to Enter into the Agreement*:** The undersigned Parties represent that they have the full authority necessary to execute this Agreement.

HOLLINGER INC. FOR ITSELF AND ON BEHALF OF ALL OTHER CCAA APPLICANTS AND THEIR SUBSIDIARIES OTHER THAN SUN TIMES MEDIA GROUP, INC., AND ITS SUBSIDIARIES

Per: William E. Aziz
Name: **William E. Aziz**
Title: **Chief Restructuring Officer**

The Honourable John D. Ground
Litigation Trustee

Witness to the signature of The Honourable John D. Ground

KPMG LLP CANADA

Per:
Name:
Title:
I am an authorized signatory

499677

20. ***Amendments*:** This Agreement supersedes and replaces any and all prior negotiations, understandings, promises, representations, inducements and discussions, whether written or oral. This Agreement may not be changed or modified except in writing signed by both KPMG LLP Canada and Hollinger Inc.

21. ***Authority to Enter into the Agreement*.** The undersigned Parties represent that they have the full authority necessary to execute this Agreement.

HOLLINGER INC. FOR ITSELF AND ON BEHALF OF ALL OTHER CCAA APPLICANTS AND THEIR SUBSIDIARIES OTHER THAN SUN TIMES MEDIA GROUP, INC., AND ITS SUBSIDIARIES

Per: ______________________________
Name: **William E. Aziz**
Title: **Chief Restructuring Officer**

____
The Honourable John D. Ground
Litigation Trustee

____
Witness to the signature of The Honourable John D. Ground

KPMG LLP CANADA

Per: ______________________________
Name: PETER SAHAGIAN
Title: GENERAL COUNSEL
I am an authorized signatory

499677

SCHEDULE "A"

Settlement Approval Order

Schedule "A"

September 3, 2010 Draft

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**_______________the_______th**
	)	
MR. JUSTICE CAMPBELL	)	**DAY OF__________, 2010**

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

ORDER
(KPMG Settlement Approval)

THIS MOTION brought by the Applicants for an Order approving the release and settlement agreement between Hollinger Inc. and KPMG LLP Canada dated September ►, 2010 (the "**KPMG Release and Settlement Agreement**") and for Orders releasing and barring claims against the released parties (the "**KPMG Releasees**" as more particularly defined below) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated ►, 2010, and on hearing the submissions of counsel for the Applicants, KPMG LLP Canada and ►,

1. **THIS COURT ORDERS AND DECLARES** that the Service Protocol Order, dated September ▶ , 2010, respecting the service protocol for this motion has been complied with.

Approval of the KPMG Release and Settlement Agreement

2. **THIS COURT ORDERS** that the KPMG Release and Settlement Agreement is hereby approved in its entirety and that the parties thereto (the "**Parties**") are hereby bound by this Order and by the KPMG Release and Settlement Agreement and are authorized and directed to comply with their obligations thereunder, including, without limitation, to make the payment provided for therein.

3. **THIS COURT DECLARES** that the compromises, arrangements, exculpations, releases, discharges and injunctions contemplated in the KPMG Release and Settlement Agreement and, in particular, those granted by and for the benefit of the KPMG Releasees, are integral components of the settlement between Hollinger Inc. and KPMG LLP Canada and the KPMG Release and Settlement Agreement and are necessary for, and vital to, the success of the settlement between Hollinger Inc. and KPMG LLP Canada and that, effective on the release of this Settlement Approval Order, all such compromises, arrangements, exculpations, releases, discharges and injunctions as set out in the KPMG Release and Settlement Agreement and this Settlement Approval Order are hereby sanctioned, approved and given full force and effect in accordance with and subject to their respective terms and conditions as approved by this Settlement Approval Order.

Release by KPMG Releasees

4. **THIS COURT ORDERS AND DECLARES** that any and all claims filed by the KPMG Releasees in these proceedings be and are hereby extinguished and that the KPMG Releasees are hereby forever barred from asserting or advancing any claim in this proceeding, directly or indirectly against the Applicants or any of their subsidiaries and all such claims are hereby waived.

Release by Hollinger

5. **THIS COURT ORDERS AND DECLARES** that each of the Applicants and their past, present and future subsidiaries and divisions including, without limitation, (a) 4322525 Canada Inc., Sugra Limited, Domgroup Ltd. and 10 Toronto Street Ltd. (but not including the Sun Times Media Group, Inc. and its subsidiaries (collectively, "**STMG**"), (b) all partnerships in which any of the Applicants or any subsidiary thereof is the general partner and any corporation owned by such partnership, and (c) in respect of each of the foregoing, their respective current officers, directors, employees, servants, agents, assigns, successors, heirs, administrators, insurers and any person (as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended to the date hereof, "**Person**") who claims a right or interest through any of them ((a) to (c) collectively, "**Hollinger**") does hereby irrevocably and unconditionally fully and finally release, remise, acquit and forever discharge, without qualification or limitation, KPMG LLP Canada, KPMG LLP (U.S.), all other member firms of KPMG International and their related or affiliated entities and their respective past, present and future partners, officers, directors, employees, servants, agents, assigns, insurers and counsel (collectively, the "**KPMG Releasees**") separately and jointly, of and from all

rights, interests, obligations, debts, dues, sums of money, accounts, reckonings, damages, claims, actions, allegations, causes of action, counterclaims or demands whatsoever, whether known or unknown, in law or equity, of whatever kind or character, suspected, fixed or contingent, that have been, that could be, or that could have been asserted by Hollinger through to and including the date of the KPMG Release and Settlement Agreement (including, without limitation, any claim for contribution, indemnification, reimbursement or any other form of claim over related to the subject matter of the Settled KPMG Claims (as defined below) that could be asserted on or after the date of the KPMG Release and Settlement Agreement by Hollinger based on events occurring prior to and through the date thereof) against the KPMG Releasees concerning: (i) any and all professional services provided by the KPMG Releasees including but not limited to audit, tax and consultation work on behalf of Hollinger; (ii) allegations of injury to Hollinger caused by the KPMG Releasees; (iii) any Intended Claims, as defined in the KPMG Release and Settlement Agreement; and (iv) any and all other claims that Hollinger ever had or may have against the KPMG Releasees ((i) to (iv) collectively, the "**Settled KPMG Claims**").

Third Party Releasors

6. **THIS COURT ORDERS AND DECLARES** that all former and present shareholders, former officers and directors, and all creditors, parents, subsidiaries, affiliates, and related parties of Hollinger, and including, without limitation, STMG and its past and present shareholders, and any other Person (collectively, the "**Third Party Releasors**") hereby release, remise, acquit and forever discharge, without qualification or limitation, the KPMG Releasees, separately and jointly, of and from any and all direct and indirect claims

(contingent, liquidated or unliquidated, proven or unproven, known or unknown, in the nature of damages or otherwise, whether or not asserted and whether arising by contract, agreement, under statute, civil law, common law, or in equity, or otherwise in any jurisdiction) including, without limitation, for contribution, indemnification, reimbursement or other form of claim over against the KPMG Releasees for any liability to or in favour of any party against whom Hollinger has brought or in the future brings any claims against the KPMG Releasees relating in all cases in any way to the subject matter of the KPMG Settled Claims or to Hollinger.

Restriction

7. **THIS COURT ORDERS AND DECLARES** that notwithstanding the foregoing, the releases provided for in paragraphs 3, 4, 5 and 6 do not apply to a claim based on a final judgment that a plaintiff suffered damages, or if civil law applies to such claim, prejudice, as a direct result of such plaintiff's reliance on express fraudulent misrepresentations made by KPMG or its agents, when KPMG had actual knowledge that the misrepresentations were false.

Bar Orders

8. **THIS COURT ORDERS** that, without limiting the effect or validity of any provision of this Settlement Approval Order, all Third Party Releasors are permanently and forever barred, estopped, stayed and enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever

(including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the KPMG Releasees or any of them in relation to or otherwise in connection with the subject matter of the KPMG Settled Claims or Hollinger. Without limiting the foregoing and for greater certainty, the provisions of this paragraph apply to the claims against the KPMG Releasees or any of them that have been brought in the following proceedings:

(a) Ontario Superior Court of Justice (Commercial List) Court File No. CV-08-00007549-00CL, entitled *Moffat Management Inc. et al. v. Sun-Times Media Group, Inc. et al.*; and

(b) Ontario Superior Court of Justice (Commercial List) Court File No. 06-CL-6259, entitled *Conrad M. Black et al. v. Argus Corporation Limited et al.*

9. **THIS COURT ORDERS AND DECLARES** that each and every Third Party Releasor is hereby permanently and forever barred, stopped, stayed and enjoined, as of the date of this Order, from: (i) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree, or order against the KPMG Releasees or their property in respect of any claims relating in any way to the KPMG Settled Claims; or (ii) taking any action to interfere with the implementation and consummation of the KPMG Release and Settlement Agreement.

Recognition and Enforcement

10. **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 Applicants, 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

____

The Honourable Mr. Justice C. Campbell

Schedule "A"

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 AND ARRANGEMENT OF HOLLINGER INC., 4322525 CANADA INC. AND SUGRA LIMITED

Court File No: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER
(KPMG Settlement Approval)

ThorntonGroutFinnigan LLP
Suite 3200, Canadian Pacific Tower
100 Wellington St. West, P.O. Box 329
Toronto-Dominion Centre
Toronto, ON M5K 1K7

Robert I. Thornton (LSUC #24266B)
D.J. Miller (LSUC #34393P)

Tel: (416) 304-1616
Fax: (416) 304-1313

Solicitors for the Applicants

SCHEDULE “B”

Mediation Agreement

IN THE MATTER OF A MEDIATION TO BE CONDUCTED, PURSUANT TO SECTION 11, OF THE *Limitations Act, 2002,* S.O. 2002, c.24, Sch. B.

BETWEEN:

HOLLINGER INC.

INTENDED PLAINTIFF

-and-

KPMG LLP

INTENDED DEFENDANT

AGREEMENT TO MEDIATE

1. **PARTIES and INTENDED ACTION**

(a) The parties, Hollinger Inc. (the "Intended Plaintiff") and KPMG LLP Canada ("KPMG" or the "Intended Defendant") agree to enter into an agreement (the "Agreement") pursuant to section 11 of the *Limitations Act 2002,* S.O. 2002 c. 24, Sch.B, (the *"Limitations Act"*);

(b) The terms of this Agreement arise out of acknowledgement by KMPG of an intention expressed by Hollinger Inc. to commence legal proceedings (the "Intended Action") against KPMG, in respect of KPMG having given advice and conducted audit, tax and transaction advisory services work for Hollinger Inc. and related persons;

(c) Hollinger Inc. has advised KPMG that, the Intended Action includes any and all actions, suits, claims, causes of action, or demands, whether in Canada or elsewhere, whether known or unknown, which may be brought on behalf of Hollinger Inc., arising out of KPMG's aforementioned client relationship with Hollinger Inc., which claims include, without limiting the generality of the foregoing, breach of contract, breach of fiduciary duty and negligence.

2. **LIMITATIONS**

(a) The parties herein wish to arrive at a mutually acceptable resolution of the Intended Action in a co-operative manner, and accordingly, wish to conduct a mediation pursuant to section 11 of the *Limitations Act*. The parties agree that the execution of this Agreement evidences a bona fide intention to mediate the issues arising out of the Intended Action;

(b) The parties agree that this Agreement will toll any limitation periods applicable to the Intended Action immediately upon the execution of this Agreement by all parties hereto, pursuant to section 11 of the *Limitations Act;*

(c) The parties agree to forthwith appoint a mutually acceptable Mediator to commence the mediation referred to herein;

(d) The parties agree that following the appointment of a Mediator, if a change of Mediator is agreed or becomes necessary for any reason, the appointment of a subsequent Mediator will not bring this Agreement to an end;

(e) The parties agree to conduct the mediation contemplated by this Agreement in good faith, in a forthright and expeditious manner, and to make a serious attempt to settle the Intended Action.

3. **MEDIATION**

(a) It is understood that in order for mediation to work, open and good faith communications are essential. Accordingly, all written and oral communications, negotiations, and statements made in the course of the mediation will be treated as privileged settlement discussions and absolutely confidential and without prejudice. Therefore:

(i) the parties agree that all communications and documents shared, which are not otherwise discoverable, shall be without prejudice and shall be kept confidential as against the outside world, and shall not be used for any purpose other than the mediation under this Agreement;

(ii) the Mediator, as a condition to his/her appointment, must agree to preserve the confidentiality of the mediation and all information disclosed in connection with the mediation;

(iii) the Mediator shall not be compellable as a witness in any civil proceeding, and the Mediator's notes and records are inadmissible before the court in any civil proceeding;

(iv) this Agreement to Mediate shall be kept confidential save for any reporting obligation Hollinger Inc. or KPMG may have to an insurer, the O.S.C., or other authority. In the event that disclosure of this Mediation Agreement is required, the form and extent of disclosure will be subject to the prior review of the parties.

(b) The mediation will be attended by representatives of the parties empowered to negotiate on their behalf;

(c) The mediation will be private, and will be held on dates to be mutually agreed upon by the parties in conjunction with the Mediator appointed pursuant to the terms of this Agreement;

(d) The mediation shall be conducted pursuant to the laws of Ontario and the laws of Canada;

(e) While both parties intend to continue with mediation until a settlement agreement is reached, it is understood that either or both parties may, for any reason and in their sole discretion, withdraw in writing from mediation at any time, the effect of which will be to recommence the running of any limitation periods applicable to the Intended Action;

(f) The parties agree that, in the event of the failure of the mediation and the inability of the parties to reach any settlement, all rights, causes of action and defences that they may have against each other arising from facts existing up to the present time are preserved and may be fully asserted as if the mediation had never occurred.

4. **MEDIATOR**

(a) The Mediator:

(i) shall be independent from the parties and does not act as legal counsel for either party during the mediation and therefore shall not be required to offer legal advice and shall have no duty to assert or protect the legal rights of any party, to raise any issue not raised or to determine who should participate in the mediation;

(ii) shall be a neutral facilitator who will assist the parties to reach their own settlement; and

(iii) has no duty to ensure the enforceability or validity of any agreement reached.

(b) The Mediator may disclose to any party any information provided by the other party which the Mediator believes to be relevant to the issues being mediated, unless a party has specifically requested the Mediator to keep particular information confidential;

(c) The parties jointly and severally agree to indemnify and save the Mediator harmless from any and all liability, costs, claims, demands, proceedings and causes of action, howsoever arising under this Agreement or as a result of the conduct of the mediation and its consequences, provided that the Mediator has carried out his or her duties honestly;

(d) The Mediator will not be liable to the parties for any act or omission in connection with the duties of the Mediator under this Agreement;

(e) The appointment of the Mediator and any rights arising out this Agreement are personal to the Mediator and may not be assigned without the prior written consent of the parties herein.

5. **MEDIATION BRIEFS**

(a) Each side will file a Mediation Brief with the Mediator appointed pursuant to the terms of this Agreement, and serve at least one copy thereof on the other side. The parties will agree, with due consideration to the scheduled mediation, on a an appropriate timetable for serving their respective materials. The materials to comprise the Brief shall be in accordance with the directions of the Mediator.

6. **ENTIRE AGREEMENT**

(a) This Agreement constitutes the entire agreement among the parties and except as herein stated, contains all of the representations and warranties of the respective parties. There are no oral representations or warranties among the parties of any kind. This Agreement may not be amended or modified in any respect, except by written instrument signed by all the parties;

(b) This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. Delivery of this Agreement may be made by facsimile transmission. A copy of this Agreement, duly executed in counterparts by the parties hereto and delivered by facsimile transmission shall constitute a valid and binding Agreement.

7. **SUCCESSORS and ASSIGNS**

(a) This Agreement shall enure to the benefit of, and be binding upon, the parties hereto, their respective heirs, personal legal representatives, successors and assigns.

IN WITNESS WHEREOF the INTENDED PLAINTIFF has duly executed this Agreement as of the __________ day of November, 2005.

HOLLINGER INC.

Per: RC Benson

Name: Randall C. Benson
Title: Chief Restructuring Officer
I have the authority to bind the corporation

IN WITNESS WHEREOF the INTENDED DEFENDANT has duly executed this Agreement as of the __________ day of November, 2005.

KPMG LLP

Per: ________________________

Name:
Title:
I have the authority to bind the corporation

parties of any kind. This Agreement may not be amended or modified in any respect, except by written instrument signed by all the parties;

(b) This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. Delivery of this Agreement may be made by facsimile transmission. A copy of this Agreement, duly executed in counterparts by the parties hereto and delivered by facsimile transmission shall constitute a valid and binding Agreement.

7. **SUCCESSORS and ASSIGNS**

(a) This Agreement shall enure to the benefit of, and be binding upon, the parties hereto, their respective heirs, personal legal representatives, successors and assigns.

IN WITNESS WHEREOF the INTENDED PLAINTIFF has duly executed this Agreement as of the __________day of November, 2005.

HOLLINGER INC.

Per: ______________________________

Name:
Title:
I have the authority to bind the corporation

IN WITNESS WHEREOF the INTENDED DEFENDANT has duly executed this Agreement as of the 25TH day of November, 2005.

KPMG LLP

Per: ______________________________

Name: PETER SAHAGIAN
Title: GENERAL COUNSEL
I have the authority to bind the ~~corporation~~ partnership

SCHEDULE "C"

MPS Order

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**WEDNESDAY, THE**
	)	
MR. JUSTICE CAMPBELL	)	**21st DAY 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

ORDER
(Approval of Multi-Party Settlement and Cost Reduction / Asset Enhancement Program)

THESE MOTIONS, made by Hollinger Inc. ("Hollinger"), 4322525 Canada Inc. ("432") and Sugra Limited (the "Applicants"), and by Sun-Times Media Group, Inc. ("STMG") for an Order approving the terms of a settlement with STMG and Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, "DK") and authorizing and approving the Applicants to take steps to restructure certain of their operations and management to reduce costs and enhance asset realizations was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants dated May 14, 2008, the Seventh Report of Ernst & Young Inc. in its capacity as Court-appointed Monitor of the Applicants (the

"Monitor"), STMG's Amended Fresh as Amended Notice of Motion dated May 15, 2008, an unredacted version of the Multi-Party Settlement (as defined herein) filed under seal and such other materials as this Court may direct be filed as part of the record herein, and on hearing from counsel for the Applicants, STMG, DK, the Indenture Trustees (as defined herein), Conrad Black, Conrad Black Capital Corporation, Barbara Amiel Black, Catalyst Fund General Partner I Inc., the Receiver of the Ravelston Corporation Limited and the Monitor 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 and STMG's Amended Fresh as Amended Notice of Motion dated May 15, 2008 herein and on being advised that all material terms of the settlement are contained and disclosed in the Multi-Party Settlement;

Approval of Multi-Party Settlement

1. **THIS COURT ORDERS** that the agreement among the Applicants, STMG and DK, a redacted version of which is annexed as Schedule "A" hereto (the "Multi-Party Settlement") and all transactions, actions and activities contemplated therein (the "Settlement Steps"), are hereby approved, the execution of the Multi-Party Settlement by the Applicants is hereby approved and ratified and the Applicants and the other parties thereto are hereby authorized and directed to carry out each of the Settlement Steps, including, without limitation, authorizing the issuance of the Additional Shares pursuant to a Consent, if necessary, and no further Order of this Court is necessary to give effect to any aspect of the Multi-Party Settlement. Terms not defined in this Order shall have the meaning described in the Multi-Party Settlement.

2. **THIS COURT ORDERS AND DECLARES** that the Multi-Party Settlement is fair and commercially reasonable.

3. **THIS COURT ORDERS AND DECLARES** that the information contained in Schedule "B" to the Multi-Party Settlement is commercially sensitive and shall be sealed pending further Order of this Court.

4. **THIS COURT ORDERS** that the Multi-Party Settlement shall be binding upon and enforceable against, and enure to the benefit of, the Applicants and any successors thereto including, without limitation, any trustee in bankruptcy, receiver or receiver and manager in respect of any or all of the Applicants and shall also be binding upon and enforceable against, and enure to the benefit of, STMG, DK, Delaware Trust Company, National Association, in its capacity as collateral agent and as trustee under the indenture dated as of March 10, 2003 with respect to the senior secured notes issued by Hollinger ("Delaware Trust"), and HSBC Bank USA, National Association, in its capacity as trustee under the indenture dated as of September 30, 2004 with respect to the senior secured notes issued by Hollinger ("HSBC"), and any other person having notice of this Order. The aforesaid indentures are collectively referred to herein as the "Indentures".

5. **THIS COURT ORDERS AND DIRECTS** Delaware Trust and HSBC (collectively, the "Indenture Trustees"), on the one hand, and the Applicants, STMG and DK, on the other, to co-operate with each other to facilitate the implementation of the Multi-Party Settlement insofar as it relates to the Indenture Trustees and their collateral. In particular, Delaware Trust is hereby directed to relinquish possession and control of the STMG Class B share certificates held by it as collateral (the "Class B Certificates") to or at the direction of the Applicants, and in exchange to simultaneously receive, upon issuance, from the Applicants or such other person at the direction of the Applicants, the certificates representing the Exchanged Shares and the Additional Shares in substitution for the Class B Certificates.

6. **THIS COURT ORDERS** that, notwithstanding any other provisions of this Order, the provisions of this Order and the Multi-Party Settlement are without prejudice to the rights, if any, of the Applicants and any other person in respect of the Class A shares of STMG currently owned by the Applicants or any of them that are not Exchanged Shares or Additional Shares or that may be subject to any escrow agreement in relation to Hollinger's Class II preference shares.

7. **THIS COURT ORDERS AND DECLARES** that nothing contained in this Order or in the Multi-Party Settlement shall:

(a) affect the obligations of the Applicants to reimburse the Indenture Trustees in accordance with the Indentures (such reimbursable amounts being referred to herein collectively as the "Trustees' Fees and Expenses"); or

(b) impair or modify the liens of the Indenture Trustees pursuant to the Indentures and any existing related agreements for payment of the Trustee's Fees and Expenses.

8. **THIS COURT ORDERS AND DIRECTS** the Monitor to report to this Court when all transactions, releases and acknowledgements of claims contemplated by the Multi-Party Settlement to occur on or forthwith after Court Approval have been completed or performed. The Monitor may report upon such other matters in relation to the Multi-Party Settlement at such time or times as the Monitor deems necessary or appropriate.

9. **THIS COURT ORDERS** that, without prejudice to the rights of any party pursuant to the comeback clause of the Initial Order, the Applicants, the Monitor, STMG, DK, the CRO (defined below), the Litigation Trustee or the Indenture Trustees may, at any time upon seven (7) days notice to the Service List, return to this Court to seek directions or other relief regarding the implementation of the Multi-Party Settlement or any other matter arising in relation to the Multi-Party Settlement.

10. **THIS COURT ORDERS** that notwithstanding:

(a) the pendency of these proceedings or any ancillary proceedings;

(b) a bankruptcy of any of the Applicants; and

(c) the provisions of any federal or provincial statute,

none of the Multi-Party Settlement or any of the transactions contemplated thereby will be void or voidable at the instance of creditors or claimants or their representatives, including any trustee in bankruptcy, and do not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation and they do not constitute conduct giving rise to an oppression remedy or any other cause of action.

11. **THIS COURT ORDERS** that the approval of the Multi-Party Settlement, and in particular paragraph 16 thereof, shall not vary or be deemed to vary the Order of this Court dated February 27, 2007 in *STMG v. Conrad Black et al.* (Court File No. 06-CL-6678) and shall be without prejudice to the rights of the defendants in that action, Conrad M. Black, Barbara Amiel Black, Black-Amiel Management Inc., Conrad Black Capital Corporation, 1269940 Ontario Limited and 2753421 Canada Limited to make any arguments or take any position upon any motion seeking an Order as contemplated in paragraph 16 of the Multi-Party Settlement.

Approval of Cost Reduction and Asset Enhancement Program of the Applicants

(a) Appointment of CRO and Litigation Trustee

12. **THIS COURT ORDERS** that William E. Aziz shall be and is hereby appointed as an officer of this Court to be the Chief Restructuring Officer ("CRO") over and in respect of all property,

assets and undertaking of the Applicants, other than the Litigation Assets, upon the terms described herein and in the Multi-Party Settlement.

13. **THIS COURT ORDERS** that justice John D. Ground (retired) is hereby appointed as an officer of this Court to be the Litigation Trustee over and in respect of all claims and causes of action in favour of the Applicants (collectively, the "Litigation Assets") on the terms described herein and in the Multi-Party Settlement.

14. **THIS COURT ORDERS** that the CRO and the Litigation Trustee are hereby authorized and directed to preserve, protect and realize upon the assets of the Applicants for the benefit of the Applicants and their creditors and other stakeholders as contemplated by the Multi-Party Settlement including, in the case of the CRO, without limitation and if thought necessary or desirable by the Applicants, the preparation and delivery of a plan of arrangement in respect of the Applicants as contemplated by the Multi-Party Settlement.

15. **THIS COURT ORDERS** that the CRO and the Litigation Trustee are hereby empowered, authorized and directed to do all things, carry out all actions and perform all duties described in the Multi-Party Settlement and specifically:

(a) to engage and give instructions to counsel and to engage and give direction to consultants, appraisers, agents, advisors, experts, auditors, accountants, managers and such other persons from time to time on whatever basis either of them may agree to assist with the exercise of their powers and duties;

(b) to execute, assign, issue and endorse documents of whatever nature in respect of the Applicants for any purpose pursuant to this Order or the Multi-Party Settlement; and

(c) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Applicants or any of their property and undertaking and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to any appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding.

16. **THIS COURT ORDERS** that the Litigation Trustee may obtain financing in respect of the Litigation Assets at such times, in such amounts and upon such terms as the Litigation Trustee may consider to be appropriate after seeking direction from the Advisory Committee in accordance with the Multi-Party Settlement.

17. **THIS COURT ORDERS** that nothing herein contained shall require the CRO or the Litigation Trustee to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any property, assets or undertaking of any of the Applicants that might be environmentally contaminated, that might be a pollutant or a contaminant or that 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 (collectively, the "Environmental Legislation"), provided however that nothing herein shall exempt the CRO or the Litigation Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Applicants are, and are hereby declared to be, and shall remain, in Possession, occupation and control of all of their property, assets and undertaking, subject to further Order of this Court.

18. **THIS COURT ORDERS** that neither the CRO nor the Litigation Trustee shall, as a result of this Order or anything done pursuant to their duties and powers under this Order, deem the CRO or the Litigation Trustee to be in Possession of any property, assets or undertaking within the meaning of any Environmental Legislation.

19. **THIS COURT ORDERS** that each of the CRO and the Litigation Trustee shall incur no liability or obligation as a result of his appointment or the carrying out of any of the provisions of this Order, save and except for any gross negligence or any wilful misconduct on his part. The Applicants shall indemnify and hold harmless each of the CRO and the Litigation Trustee with respect to any liability or obligation as a result of his appointment or the fulfilling of his duties in carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on his part. No action, application or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise against either the CRO or the Litigation Trustee as a result of, or relating in any way to his appointment, the fulfillment of his duties or the carrying out of any Order of this Court except with leave of this Court being obtained. Notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the CRO or Litigation Trustee (as the case may be) at least seven (7) days prior to the return date of any such motion for leave.

20. **THIS COURT ORDERS** that the Applicants' indemnity in favour of the CRO and the Litigation Trustee shall survive any termination, replacement or discharge of the CRO or Litigation Trustee. Upon any termination, replacement or discharge of the CRO or Litigation Trustee, all claims against such officers of the Court for which leave of the Court has not already been sought and obtained shall be, and are hereby forever discharged.

21. **THIS COURT ORDERS** that, without limiting any other provision of this Order, each of the CRO and the Litigation Trustee may from time to time apply to this Court for advice and directions in the discharge of his powers and duties hereunder.

22. **THIS COURT ORDERS** that the Monitor, the CRO and the Litigation Trustee may report to the Court on their activities from time to time as any of them may see fit or as this Court may order.

(b) Monitor

23. **THIS COURT ORDERS** that, in addition to its duties described in the Initial Order and the Claims Process Order of even date herewith, the Monitor is hereby authorized to perform the functions and carry out the responsibilities described herein and in the Multi-Party Settlement. Performance of these functions and responsibilities is subject to the provisions of the Initial Order, particularly paragraphs 21 through 31 thereof.

(c) Directors' Insurance

24. **THIS COURT ORDERS** that the Applicants be and are hereby authorized to purchase run-off insurance for the officers and directors of the Applicants as described in the Monitor's Seventh Report.

(d) Other Actions

25. **THIS COURT RATIFIES AND APPROVES** all actions and activities of the Applicants, including its current officers, directors and management, in authorizing any of the transactions, actions and activities or other matters approved, authorized or directed pursuant to this Order.

Extra-Territorial Assistance

26. **THIS COURT REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any Province 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 state, federal or other court or any judicial, regulatory or administrative body of the United States of America to act in aid of and to assist this Court in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:
MAY 27 2008

PER/PAR: JSN

SCHEDULE "A"

EXECUTION COPY

Multi-Party Settlement Term Sheet

The Applicants seek Court Approval, as described herein, of the following terms of agreement among the Applicants, Sun-Times Media Group, Inc. ("STMG") and Davidson Kempner Capital Management LLC and its affiliates listed in Schedule "A" hereto (collectively, "DK").

A. STMG

1. Upon Court Approval, the Court shall authorize and direct Hollinger, 432, STMG and any other necessary parties to forthwith take the steps necessary to convert Hollinger's and 432's existing Class B shares into an equal number of Class A shares (the "Conversion"), subject to and prior to the steps described in paragraphs 2 and 3 hereof.

2. If STMG's stockholders are required to approve (the "Stockholder Approval") the issuance of the Additional Shares (as defined below), then, upon Court Approval, the Court shall authorize Hollinger, and Hollinger shall approve the issuance of the Additional Shares, pursuant to a stockholder written consent (the "Consent").

3. If Stockholder Approval is required, as soon as possible after the Consent Effective Date (as defined below), Hollinger and STMG shall effect the Conversion pursuant to the Restated Certificate of Incorporation of STMG. The Consent shall be effective after all actions required by the Securities Exchange Act of 1934, as amended (the "1934 Act"), have been taken and the issuance of the Additional Shares is permitted by the 1934 Act (the "Consent Effective Date"). If no Stockholder Approval is required, Hollinger and STMG shall effect the Conversion pursuant to the Restated Certificate of Incorporation of STMG as soon as possible after Court Approval.

4. Forthwith after the later of (i) Court Approval and (ii), if Stockholder Approval is required, the Consent Effective Date, STMG will issue to Hollinger (or as it may direct) 1,499,000 additional Class A shares (the "Additional Shares"). The number of Additional Shares represents 10% of the number of Hollinger's and 432's existing Class B shares.

5. All transactions will comply with all applicable laws and regulations and rules of applicable stock exchanges.

6. Upon the later of (i) Court Approval and (ii) immediately after the next annual meeting scheduled for June 17, 2008, the six directors appointed by Hollinger to the Board of STMG (Wes Voorheis ("Voorheis"), William Aziz ("Aziz"), Edward Hannah, Peter Dey ("Dey"), Brent Baird ("Baird") and Albrecht Bellstedt ("Bellstedt")) will submit their resignations from the board of STMG. Upon submitting their resignations, each resigning director will receive: (a) a written confirmation from STMG that any existing STMG indemnity will remain in place and that such resigning director will be covered by the STMG directors and officers insurance policy in effect from time to time on the same

terms as may be applicable to any other current STMG directors; and (b) reimbursement by STMG of all reasonable legal fees incurred by the independent directors (Dey, Baird and Bellstedt) in respect of their tenure as directors of STMG. Upon payment of such fees by STMG, Hollinger will reimburse STMG for all amounts paid in respect of such legal fees, except for US$75,000.

7. Upon Court Approval, Hollinger will pay to STMG the reasonable fees and costs, including legal fees, of STMG incurred in connection with the CCAA proceedings of the Applicants, from August 1, 2007 up to and including the date of Court Approval. However, the total amounts payable to STMG by Hollinger under this paragraph shall be subject to a cap of US$2 million in the aggregate.

8. STMG and Hollinger will cooperate to maximize the recoverable portion of the class action insurance settlement proceeds payable to them and such proceeds shall be allocated so that STMG receives 85% of such proceeds, and Hollinger receives 15% of such proceeds.

9. Hollinger and STMG agree to divide their respective recoveries from the insolvency proceeding of Ravelston equally as between them.

10. The following claims of STMG shall be allowed as unsecured claims against the Applicants (the "STMG Allowed Claims") in the amounts indicated below, subject to confirmation of the calculations of the quantum of such claims by the Monitor:

    (a) a claim in respect of the promissory note executed by 4322525 Canada Inc. ("432") in the amount of US $40,545,974;

    (b) all claims for contribution and indemnity STMG has or may assert against Hollinger in the amount of US$28,663,588; and

    (c) a claim for the aircraft lease settlement in the amount of CDN$1,281,941.

11. Other than the STMG Allowed Claims, all other claims of STMG and its subsidiaries against the Applicants or any of their other subsidiaries, and all claims of the Applicants and their subsidiaries against STMG and its subsidiaries, shall be released upon Court Approval. The Applicants agree, in connection with their release of STMG, that they will not seek contribution, indemnification, reimbursement or any other form of claims over from Torys LLP or any of its predecessor or successor partnerships, F. David Radler or North American Newspapers Ltd. for any consideration paid or payable by any of the Applicants to STMG under this Term Sheet. For greater certainty, nothing contained in this paragraph shall limit or otherwise compromise in any manner, the Applicants' right to pursue or continue to pursue those named parties for any claims whatsoever, save and except only in respect of consideration paid or payable by the Applicants to STMG under this Term Sheet.

12. The total recoveries of STMG under the STMG Allowed Claims shall be capped at a maximum of US$15 million (the "STMG Cap"). After receipt of the STMG Cap, the

balance of the STMG Allowed Claims will be assigned to the Applicants for the benefit of the Applicants' other general unsecured creditors.

13. Upon STMG receiving distributions in the aggregate amount of US$7.5 million in respect of the STMG Allowed Claims (after giving effect to any valid and effective subordination regarding distributions under the 432 promissory note referred to in paragraph 10(a) above, if any), fifty percent (50%) of all distributions thereafter payable to STMG in respect of the STMG Allowed Claims shall be assigned to the Applicants.

14. Prior to any agreement in respect of the terms contained herein, STMG will ensure that nothing herein or in any plan of arrangement (the "Plan") of the Applicants, if any, giving effect to the terms hereof or in the implementation of any such Plan will:

(a) cause the Rights (as defined in the STMG rights plan) to become exercisable;

(b) cause any Person (as defined in the STMG rights plan) to become an Acquiring Person (as defined in the STMG rights plan); or

(c) trigger the application of the STMG rights plan.

15. STMG will continue with its independent examination of all strategic alternatives available to STMG.

16. Subject to the terms of any existing court orders or agreements pursuant to which the Applicants may be restricted, the Applicants will support the making of an order providing STMG with equal rights in respect of the Applicants' Mareva injunction against Conrad Black and Barbara Amiel Black. STMG shall be permitted to reserve its right as to whether to seek such an order.

B. DK

17. (a) Forthwith after Court Approval, the Class A shares of STMG resulting from the Conversion (the "Exchanged Shares"), plus the Additional Shares, being 10% of the number of Hollinger's and 432's existing Class B shares, when issued shall be voted by the indenture trustees for the benefit of and at the direction of noteholders in the manner contemplated by the indentures up to that number of shares that is equal to or less than 19.999% of the aggregate number of STMG Class A shares then outstanding rounded down to the nearest whole share. The indenture trustees, for the benefit of the noteholders, may thereupon exercise all voting or other rights associated with the Exchanged Shares and the Additional Shares when issued subject to the limitation referred to in the immediately preceding sentence and subject to the rights and at the direction of the noteholders in the manner contemplated by the indentures (provided that any shares of the Applicants shall not be voted other than in favour of the election of the directors described in Schedule "C" hereto and other resolutions proposed by STMG at the next annual meeting of shareholders scheduled to occur on or about June 17, 2008 and thereafter without restriction) and may dispose of or otherwise realize upon such shares in any commercially reasonable manner and subject to the applicable law and as directed by the noteholders in a manner contemplated by the indentures (provided that

any such disposition or realization shall not be considered part of any Plan for the purposes of paragraph 14 hereof). The Applicants shall provide proxies and do such acts and things as will facilitate such rights.

(b) The Conversion and the issuance of the Additional Shares shall be subject to a registration rights agreement, to be negotiated among DK, the Applicants and STMG, all acting reasonably (the "Registration Rights Agreement") forthwith after Court Approval. In all events, such Registration Rights Agreement shall include a provision with respect to payment of fees connected with any such registration, and shall include a provision permitting STMG to postpone the filing of a registration statement or its efforts to cause such registration statement to become effective if at the time the right to delay is exercised by STMG it shall determine in good faith that such offering would interfere with any acquisition, financing or other transaction that STMG is actively pursuing and is material to STMG or would involve initial or continuing disclosure obligations that would not be in the best interests of STMG.

(c) Upon being paid in full, all principal, interest and costs and other amounts, payable under the indentures), the indenture trustees will remit any remaining shares and any surplus proceeds to Hollinger and 432.

18. (a) Subject only to a reasonable reserve for (i) administrative costs (including any applicable legal fees, advisor fees and any other costs secured by the Administration Charge and also including a reserve to pay the reasonable costs, fees and expenses in respect of DK's post-Court Approval role as described herein) and (ii) disputed claims, such reserves to be determined by the CRO (as defined in the STMG Term Sheet) and the Monitor, both acting reasonably (and subject to their right to seek directions from the Court), and in consultation with DK and STMG, and subject to the segregated funds described below, all other cash and realizable proceeds of the Applicants (including the 15% share of the insurance settlement proceeds referred to herein) and the non-applicant subsidiaries of the Applicants (other than STMG and its subsidiaries) shall be distributed as efficiently as reasonably possible to the creditors who have proved claims in accordance with the claims process for each of the Applicants. Distributions will be determined and made on a non-consolidated basis giving effect to inter-company claims but including only 50% of a claim by 432 against Hollinger in the amount of approximately CDN$342.5 million and subject to the following payments in the priority specified below:

(i) firstly, to pay a transaction fee to DK in consideration of its agreement to the terms hereof of CDN$1.5 million;

(ii) secondly, to pay the reasonable fees and disbursements, including reasonable legal fees and disbursements, of the indenture trustees up to and including Court Approval; and

(iii) thirdly, to pay the reasonable legal fees and disbursements of DK up to and including Court Approval;

provided that the total amount available to fund items (i) through (iii) hereof shall not exceed CDN$4,500,000. The priority payments described herein will not affect the timing or amount of the payment to STMG described in paragraph 7 herein.

(b) The Applicants will acknowledge claims owing by 432 and also by Hollinger to the indenture trustees in the full amount of the principal, interest and costs owing under the two debentures dated March 10, 2003 and September 30, 2004, the amount of which is estimated to be US$103,235,062 as of December 31, 2007. These claims will continue to accrue interest (unless and until the Applicants become bankrupt) in accordance with the debentures at the contractual rate until paid in full. The claims will be reduced only by distributions received by the indenture trustees from the estates of the Applicants and by amounts actually received from or in respect of the Exchanged Shares and the Additional Shares.

(c) The Monitor and the CRO, with periodic reports as requested (acting reasonably) and at least monthly to DK and STMG, will work to resolve and determine all disputed claims as efficiently as reasonably possible. The Monitor and the CRO will seek the input of DK and STMG before allowing any claims against the Applicants (other than the claims of STMG and the indenture trustees acknowledged herein). The Monitor and the CRO, in consultation with DK and STMG, will provide estimates of the net recovery to creditors based on the "waterfall" analysis of the Monitor and the information now known regarding the claims of all creditors (including the claims of STMG allowed under the STMG Term Sheet), such estimate to be updated after the claims bar dates for the Applicants and for the non-applicant subsidiaries as described herein.

(d) STMG will acknowledge that its claim against 432 in respect of the 432 loan is subordinated to and in favour of the claims of the indenture trustee for and in respect of only the senior bonds against 432.

19. DK agrees to:

(a) withdraw its motion seeking the bankruptcies of the Applicants; and

(b) support Court approval in the Applicants' CCAA proceeding ("Court Approval") consisting of: (i) approval of this agreement and (ii) approval of the other relief sought by the Applicants in their Notice of Motion dated April 10, 2008 to the extent not inconsistent with the terms described herein.

C. General Conditions

20. A standard CCAA claims process shall be implemented immediately for all claims against the Applicants, except claims against the Applicants by their subsidiaries (other than STMG and its subsidiaries).

21. A subsequent claims process shall be implemented in respect of the non-Applicant subsidiaries of the Applicants to ensure that all creditors of those subsidiaries are identified prior to the asset consolidation herein contemplated.

22. The Applicants, in consultation with the Monitor, shall prepare a plan to accumulate at Hollinger, on a tax-effective basis, all assets of the non-Applicant subsidiaries of the Applicants (other than STMG and its subsidiaries) after payment of all claims of creditors of such subsidiaries.

23. The Applicants agree to work with the Monitor, in consultation with DK and STMG (and subject to the right of all parties to seek directions from the Court), to realize upon any assets of the Applicants and the non-applicant subsidiaries (other than the cash, the Exchanged Shares, the Additional Shares and the Litigation Assets described herein) with a view to distributing net proceeds thereof as efficiently as reasonably possible and to provide the necessary proxies. In particular, the Applicants will consider making such distributions pursuant to periodic Court orders in the CCAA proceedings as opposed to incurring the costs associated with formalizing and approving a Plan.

24. The form and content of any Plan, if necessary or advisable to implement the terms hereof, as it relates to STMG shall be satisfactory to STMG, acting reasonably and, as it relates to DK and the indenture trustees, shall be satisfactory to DK, acting reasonably.

25. All steps and transactions described herein that are to occur upon Court Approval are intended to take place simultaneously, and the parties shall co-operate with each other to coordinate the timing of the effectiveness of such steps and transactions.

26. The information contained in Schedules "B" and "C" hereof is confidential and commercially sensitive. The parties agree to seek an order sealing Schedule "B", pending further order of the Court, and Schedule "C", until such time as the information contained therein is disclosed by STMG, and agree that Schedules "B" and "C" will be redacted from any publicly disclosed materials.

D. Corporate Governance

27. Aziz, or an entity controlled by him, shall be appointed forthwith by the Court Approval order as the chief restructuring officer (the "CRO") of the Applicants and an officer of the Court in consideration of a monthly salary of $65,000, payable in advance, plus GST as applicable and reimbursement of reasonable expenses. Such engagement shall be on a month-to-month basis and may be terminated by Aziz upon 30 days' prior written notice.

28. The CRO shall be responsible, among other things, for developing and implementing the asset consolidation and repatriation plan and assisting the Monitor with the claims process.

29. The board of directors of Hollinger shall be reduced as soon as possible to a maximum of three persons.

30. Upon Court Approval, Hollinger and Voorheis will agree to suspend payment of all monthly work fees payable under Hollinger's consulting agreement with Voorheis or any entity controlled by him and Voorheis shall resign as an officer and director of the Applicants or any subsidiary.

31. In accordance with the engagement letter between Hollinger and BMO Nesbitt Burns Inc. ("BMO"), dated June 15, 2007, payment of all monthly work fees payable to BMO ceased in February 2008.

E. Litigation Assets

32. As part of the Court Approval order, justice John D. Ground shall be appointed as an officer of the Court to perform the role of litigation trustee (the "Litigation Trustee") of all claims and causes of action in favour of the Applicants (the "Litigation Assets") on such terms as may be agreed between the Applicants and justice Ground and subject to approval by the Court.

33. The Litigation Trustee will supervise, control and administer all aspects of the Litigation Assets of the Applicants, in consultation with the Applicants and subject to monitoring by the Monitor and supervision by the Court.

34. The Litigation Trustee may, if he considers it necessary or advisable, retain the services of Voorheis or an entity controlled by him on an hourly basis to provide assistance or advice in respect of the Litigation Assets.

35. The Litigation Trustee will be responsible for administering the Litigation Assets efficiently and in a cost-effective manner with a view to maximizing the net return, after costs, from the Litigation Assets to the Applicants and their creditors and other stakeholders and shall provide periodic reports to the Advisory Committee (as defined herein) and such other reports as may be requested by any member of the Advisory Committee, acting reasonably.

36. An advisory committee shall be established to provide advice and direction to the Litigation Trustee (the "Advisory Committee") comprised of one nominee of DK, one representative of the Applicants (other than Wes Voorheis) and the Litigation Trustee. The Litigation Trustee shall act in accordance with any majority decision of the Advisory Committee. For greater certainty, in the event of any disagreement as between the representative of DK and the representative of the Applicants, the Litigation Trustee shall have a deciding vote.

37. The nominee of DK to the Advisory Committee shall not receive any remuneration for so acting other than as specified below. The representative of the Applicants shall be a senior Canadian litigation counsel and shall be paid at his or her usual hourly rate by the Applicants. At the option of DK, its nominee may receive compensation on an equivalent basis to that of the representative of the Applicants. All members of the Advisory Committee shall be indemnified in respect of any claims made against them in such capacity excepting only claims arising from their wilful misconduct or gross negligence.

38. The Litigation Trustee will supervise and administer the Litigation Assets on a day-to-day basis, including giving direction to counsel. The Litigation Trustee will seek such direction from the Advisory Committee as he deems necessary or appropriate, but, in particular, the Litigation Trustee will seek direction from the Advisory Committee with respect to litigation strategy, financing (if any) for the Litigation Assets, whether to accept or make any settlement offer and the use of proceeds of any settlement.

39. The amount described in Schedule "B" hereto shall be segregated from the general cash assets of the Applicants and used exclusively for the purpose of funding the administration of the Litigation Assets. Payment of any amount payable to Mr. Wes Voorheis shall be made as contemplated in Schedule "B".

40. The Litigation Trustee will be responsible for administering the Litigation Assets efficiently and in a cost effective manner with a view to maximizing the net return, after costs, from the Litigation Assets to the Applicants and their creditors and other stakeholders.

41. Representatives of DK and Hollinger will hold all information received by them as members of the Advisory Committee in strict confidence pursuant to a form of confidentiality agreement acceptable to Hollinger, the Litigation Trustee and such representatives, all acting reasonably.

42. DK or Hollinger may apply to Court at any time to seek such changes to the provisions of the order appointing the Litigation Trustee as either of them may deem necessary or appropriate.

Subject to Court Approval being obtained to the terms hereof, pursuant to an Order in form and content satisfactory to the parties, for consideration received, each of the undersigned agrees to the above as evidenced by their respective signatures as of this 14th day of May, 2008. This agreement may be signed in counterparts and delivered by electronic transmission.

HOLLINGER INC., SUGRA LIMITED and

4322525 CANADA INC.

Per: ______________________
(I have authority to bind each of the corporations)

SUN TIMES MEDIA GROUP, INC.

Per: ______________________

Per: ______________________

(I/We have authority to bind the corporation)

DAVIDSON KEMPNER CAPITAL MANAGEMENT LLC on its own behalf and on behalf of the affiliates listed in Schedule "A" hereto (collectively, "DK")

Per: ______________________

Per: ______________________

(I/We have authority to bind the entities collectively referred to as "DK")

SUN TIMES MEDIA GROUP, INC.

Per: ______________________

Per: ______________________
(I/We have authority to bind the corporation)

DAVIDSON KEMPNER CAPITAL MANAGEMENT LLC on its own behalf and on behalf of the affiliates listed in Schedule "A" hereto (collectively, "DK")

Per: Av______________________

Per: ______________________

(I/We have authority to bind the entities collectively referred to as "DK")

Schedule "A"

MH Davidson Co.

Davidson Kempner International Limited

Davidson Kempner Institutional Partners

Davidson Kempner Partners

Schedule "B"

REDACTED AND SEALED

PURSUANT TO COURT ORDER

DATED MAY 21, 2008

Schedule "C"

The directors to be proposed for election at the annual general meeting of shareholders of STMG to be held on June 17, 2008 are the following, which, for greater clarity, are all of the current directors of STMG. The six directors referred to in paragraph 6 of the Multi-Party Settlement Term Sheet will, notwithstanding any such election, resign in accordance with paragraph 6 of the Multi-Party Settlement Term Sheet.

The Hon. Raymond G.H. Seitz
William Aziz
Brent D. Baird
Albrecht W. A. Bellstedt Q.C.
Herbert A. Denton
Peter Dey
Cyrus F. Freidheim, Jr.
Edward Hannah
Gordon A. Paris
Graham W. Savage
G. Wesley Voorheis

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 AND ARRANGEMENT OF HOLLINGER INC., 4322525 CANADA INC. AND SUGRA LIMITED

Court File No: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

ThorntonGroutFinnigan LLP
Suite 3200, Canadian Pacific Tower
100 Wellington St. West, P.O. Box 329
Toronto-Dominion Centre
Toronto, ON M5K 1K7

Robert I. Thornton – 24266B
D.J. Miller – 34393P

Tel: (416) 304-1616
Fax: (416) 304-1313

Solicitors for the Applicants

APPENDIX C

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**

Applicants

NOTICE OF APPEARANCE

TO: ERNST & YOUNG INC.
Court-appointed Monitor of Hollinger Inc, and others
222 Bay Street
Toronto, Ontario
Canada M5K 1J7

Attention: Christopher Mediratta
Phone: **1-888-788-9099**
Email: christopher.mediratta@ca.ey.com
Fax: (416) 943-3300

AND TO: LENCZNER SLAGHT ROYCE SMITH GRIFFIN LLP
Lawyers for the Monitor of Hollinger Inc. and others
130 Adelaide Street West
Suite 2600
Toronto, Ontario
Canada M5H 3P5

Attention: Peter Griffin
Matthew Lerner
Email: pgriffin@litigate.com
mlerner@litigate.com
Fax: (416) 865-9010

I, ______________________________(please check at least on of the following boxes as applicable: (insert name)

☐ am a Creditor of the Applicants or the Non-Applicants;

☐ am an officer of a Creditor.

☐ am a current or former Shareholder of Hollinger Inc.;

☐ am a Defendant; or

☐ am another affected Person;

Under the Order of Mr. Justice Campbell dated ►, 2010, Persons who wish to appear and be heard on the motions currently scheduled for ►, 2010 (the "Settlement Approval Motions") to approve the settlements described in the Notice sent to such parties (the "Settlements") may do so by filing this Notice of Appearance with the Monitor and Lenczner Slaght Royce Smith Griffin LLP by way of fax/email/regular mail/courier provided that such Notice of Appearance is received by the Monitor and its counsel on or before noon (EST) on December 3, 2010.

I hereby notify the Monitor that: (a) I intend to appear at the Settlement Approval Motions; and (b) I will appear in person or through my own counsel at my own expense at the Settlement Approval Motions and to the extent I wish to appear in any other proceedings relating to the Settlements.

Failure to file a Notice of Appearance with the Monitor and its counsel on or before noon (EST) on December 3. 2010 will result in you being bound by all terms of the Settlement Approval Orders and in you being forever barred and enjoined from objecting to, opposing, disputing in any manner whatsoever, appealing or moving to set aside or vary the Settlements, the KPMG Settlement Agreement and the Torys Settlement Agreement and the Settlement Approval Orders.

______________________	______________________
Date	Signature
My contact information for service is as follows:	My lawyer's address for service is as follows:
______________________	______________________
______________________	______________________
______________________	______________________
(please insert an email address for service or a street address if you do not have an email address)	(please complete the above information for the lawyer, if any, you have retained to represent you at the Settlement Approval Motion)

My contact phone number is as follows:

____

APPENDIX D

NOTICE CONCERNING HOLLINGER INC., 4322525 CANADA INC. AND SUGRA LIMITED (hereinafter collectively referred to as the "Applicants")

RE: NOTICE OF SETTLEMENT OF CLAIMS AND CAUSES OF ACTIONS IN FAVOUR OF THE APPLICANTS INVOLVING KPMG LLP CANADA (THE "KPMG SETTLEMENT"), TORYS LLP (ONTARIO) AND TORYS LLP (NEW YORK) (THE "TORYS SETTLEMENT"), AND NOTICE OF A BAR DATE RELATING TO THE KPMG SETTLEMENT AND THE TORYS SETTLEMENT AND AN ORDER APPROVING THESE SETTLEMENTS

The Applicants and the Court-appointed Litigation Trustee have entered into two settlement agreements (collectively, the "Settlements") in respect of which Court Orders will be sought.

The KPMG Settlement Agreement settles all claims and causes of action advanced by Hollinger Inc. on its own behalf and on behalf of all other CCAA applicants and their subsidiaries other than Chicago Newspaper Liquidation Corp. (formerly known as Sun-Times Media Group) and its subsidiaries. In return for payment by KPMG of the settlement amount and withdrawal of KPMG's claims against the Applicants, Hollinger is seeking a Court ordered release in favour of KPMG LLP Canada, KPMG LLP (U.S.), all other member firms of KPMG International and their related or affiliated entities and their respective past, present and future partners, officers, directors, employees, servants, agents, assigns, insurers and counsel (collectively, the "KPMG Releasees"). The intent of the release is to eliminate any basis for any direct or indirect claim by any Person against the KPMG Releasees in any way relating to the subject matter of the KPMG Settlement, save and except claims based on a final judgment that a plaintiff suffered damages or, if under civil law, prejudice as a direct result of the plaintiff's reliance on express fraudulent misrepresentation made by any or all of the KPMG Releasees or their agents when any or all the KPMG Releasees had actual knowledge that the misrepresentation was false.

The Torys Settlement Agreement settles all claims and causes of action advanced by Hollinger Inc. on its own behalf and on behalf of all other CCAA applicants and their subsidiaries other than Chicago Newspaper Liquidation Corp. (formerly known as Sun-Times Media Group) and its subsidiaries. In return for payment by Torys of the settlement amount and Torys agreement that it will not file any claims against the estates of any of the Applicants, Hollinger is seeking a Court ordered release in favour of Torys and its past, present and future partners, employees, directors, officers, affiliates, agents, advisors, insurers and their predecessors, successors and assigns (collectively, the "Torys Releasees"). The intent of the release is to eliminate any basis for any direct or indirect claim by any Person against the Torys Releasees in any way relating to the subject matter of the Torys Settlement, save and except claims based on a final judgment that a plaintiff suffered damages or, if under civil law, prejudice as a direct result of the plaintiff's reliance on express fraudulent misrepresentation made by any or all of the Torys Releasees or their agents when any or all the Torys Releasees had actual knowledge that the misrepresentations was false.

The Settlements and the Settlement Approval Orders sought contain terms and provisions that may compromise, limit or release certain of your rights. Please consult the Settlement Document Package for more details at the Monitor's website www.ey.com/ca/hollinger.

This Notice is being published pursuant to an Order of the Superior Court of Justice (the "Court") made ►, 2010 (the "Service and Notice Procedure Order"). This Notice has been approved by the Court pursuant to the Service and Notice Procedure Order. A copy of this Notice will be sent to Creditors and Defendants (as defined in the Service and Notice Procedure Order) on or before ►, 2010 in accordance with the Service and Notice Procedure Order. Persons may obtain a Settlement Document Package, including the forms of the Settlement Approval Orders, further details of the KPMG Settlement Agreement and the Torys Settlement Agreement and a form of Notice of Appearance (the "Notice of Appearance"), from the Monitor's website at www.ey.com/ca/hollinger.

Motions for approval and implementation of the Settlements including for the barring and release of certain claims (the "Settlement Approval Motions") have been scheduled with the Court in Toronto to be heard on ►, 2010. If you wish to attend and be heard at the Settlement Approval Motions on ►, 2010, a Notice of Appearance must be submitted by pre-paid ordinary mail, courier, email or fax to the Monitor and its counsel, Lenczner Slaght Royce Smith Griffin LLP, at the following addresses:

Ernst & Young Inc.
Court-appointed Monitor of Hollinger Inc. and others
222 Bay Street
Toronto, ON M5K 1J7

Attention: Christopher Mediratta
Email: christopher.mediratta@ca.ey.com
Fax: (416) 943-3300

Lenczner Slaght Royce Smith Griffin LLP
Lawyers for the Monitor of Hollinger Inc. and others
130 Adelaide Street West, Suite 2600
Toronto, Ontario M5H 3P5

Attention: Peter Griffin
Matthew Lerner
Email: pgriffin@litigate.com
mlerner@litigate.com
Fax: 416-865-9010

All Notices of Appearance must be received by the Monitor and its counsel by noon (EST) on ►, 2010 (the "Notice of Appearance Bar Date"). It is your responsibility to ensure that the Monitor and its counsel receive your Notice of Appearance by the Notice of Appearance Bar Date if you wish to appear and be heard. If you file a Notice of Appearance by the Notice of Appearance Bar Date you must be represented in person or through legal counsel at your own expense with respect to the Settlement Approval Motion and any other proceedings regarding the Settlements in which you wish to participate.

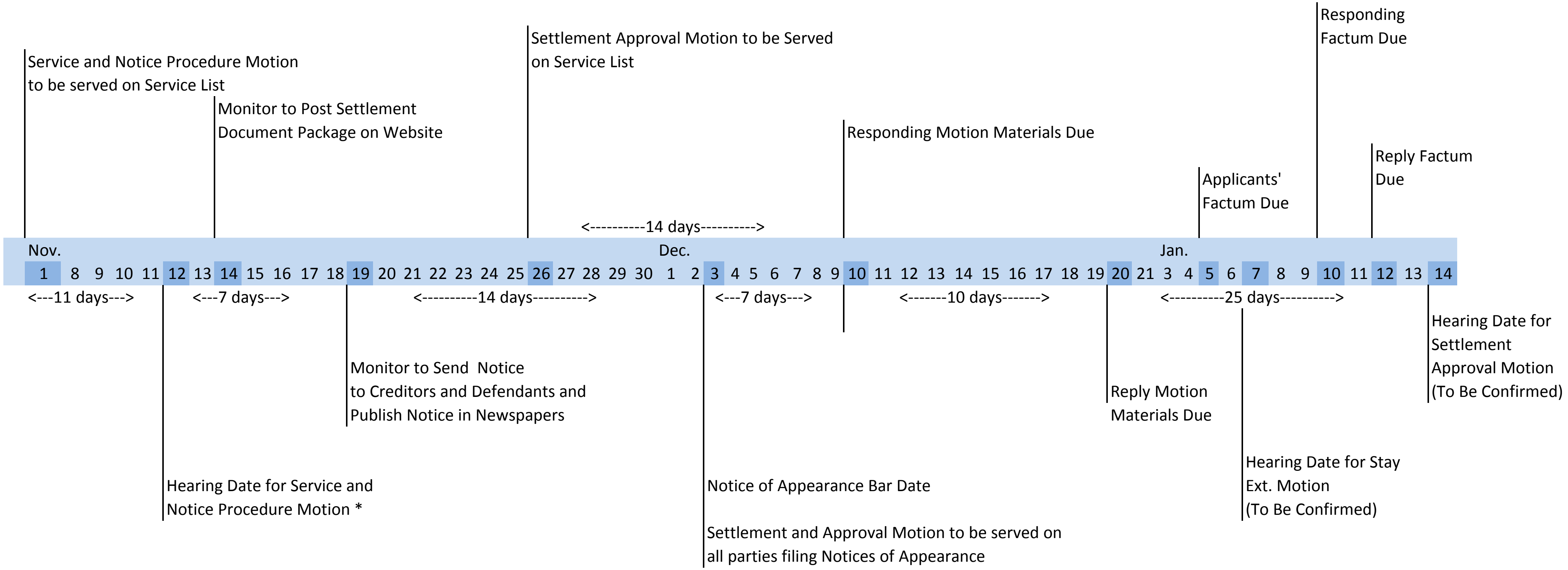
PERSONS WILL BE BOUND BY ALL TERMS OF THE SETTLEMENT APPROVAL ORDERS AND WILL BE BARRED AND ENJOINED FROM OBJECTING TO, DISPUTING IN ANY MANNER WHATSOEVER, APPEALING OR MOVING TO SET ASIDE OR VARY THE SETTLEMENTS OR THE SETTLEMENT APPROVAL

ORDERS IF A NOTICE OF APPEARANCE IS NOT RECEIVED BY THE MONITOR AND ITS COUNSEL ON OR BEFORE THE NOTICE OF APPEARANCE BAR DATE AND SUCH PERSON DOES NOT ATTEND IN PERSON OR BY LEGAL COUNSEL AT THE SETTLEMENT APPROVAL MOTION TO BE HEARD ON ►, 2010 AT THE COURTHOUSE, 8TH FLOOR, 330 UNIVERSITY AVENUE, TORONTO, ONTARIO.

DATED at Toronto this ► day of ►, 2010.

APPENDIX E

Timeline in Respect of Service and Notice Procedure Motion and Settlement Approval Motions



* Timeline assumes Service and Notice Procedure Order is granted on the same date as the hearing of the motion with the timelines contained therein unamended by the Court.