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 LIMTED

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

TWENTY-FIRST REPORT OF THE MONITOR
MARCH 16, 2012

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 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 Twenty-First Report of the Monitor (the "Twenty-First Report") is to report to and provide updated information to this Court on:

   a) the Applicants' cash receipts and disbursements since the date of the Initial Order;

   b) the Applicants' and Non-Applicants' Claims Process;

   c) the Settlement Approval Process, namely:

      - background;

- the Torys and KPMG Settlements;
- the Outside Directors' Settlement (collectively hereinafter referred to as the "Settlements"); and

d) the Monitor's observations and commentary.

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

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

INTRODUCTION

5. Throughout these *CCAA* proceedings, the Monitor has regularly delivered communications and court reports that are available on its website (www.ey.com/ca/hollinger) containing the Applicants' statements of receipts and disbursements, cash projections and periodic updates on any material activities and initiatives undertaken, including those of the Non-Applicant subsidiaries.

6. As discussed in previous reports of the Monitor, including most recently the Seventeenth Report, the Applicants' principal assets consist of two major components:

a) cash held by the Applicants and Non-Applicants arising from asset liquidations; and

b) the Litigation Assets.

7. As previously reported, since prior to filing the Applicants have not conducted any active business. They are exclusively engaged in winding-up their affairs and realizing on their assets (including the claims that are subject to the Settlements and other Litigation Assets) with a view to distributing the net proceeds to stakeholders in accordance with their legal entitlements or a plan of arrangement, all under the supervision of this Court and in accordance with the Multi-Party Settlement Agreement ("MPSA") as described herein.

8. Among other activities described herein, the Applicants have continued to pursue recoveries through litigation with several parties, including: certain former officers and directors; former legal counsel, Torys LLP ("Torys"); former auditors, KPMG LLP ("KPMG"); and former lenders (collectively referred to as the "Litigation Assets"). A number of these claims have been provisionally resolved (subject to Court approval) and are currently the subject of the Settlement Approval Motion returnable before this Court on April 19 and 20, 2012.

9. During the cross-examinations conducted on affidavits on the pending Settlement Approval Motion, further and updated information was requested with respect to the receipts and disbursements of the Applicants and the claims that have been filed in the Applicants' and Non-Applicants' Claim Processes. Consequently, the Monitor is providing this comprehensive update to the financial disclosure included in the Seventeenth Report.

10. The purpose of this report is to provide a comprehensive financial update on the Applicants' receipts and disbursements to date and to provide the Monitor's observations and commentary on the Settlements.

THE APPLICANTS' ACTUAL CASH RECEIPTS AND DISBURSEMENTS

11. As at February 29, 2012, the cash balances held by each of the Applicants (excluding the approximately $0.5 million held in trust by Aird & Berlis LLP for an officers' indemnity trust in support of Hollinger's indemnities in respect of two former officers) and the principal Non-Applicants, were as follows:

	(Millions)
Applicants	$ 2.3
Domgroup	$ 9.6
10 Toronto	$ 1.7

12. For presentation purposes, the Monitor has divided these proceedings into the following four main time periods as described greater detail in the Seventeenth Report of the Monitor:

a) from August 1, 2007 until the Multi-Party Settlement Agreement (the "MPSA") was approved by an order of this Court (i.e. May 21, 2008);

b) from May 22, 2008 until STMG (now Chicago Newspaper Liquidation Corporation or "CNLC") filed for protection under Chapter 11 of the *U.S. Bankruptcy Code* on March 31, 2009;

c) from April 1, 2009 to February 28, 2011, during which time the Applicants have been principally engaged in the pursuit of the Litigation Assets; and

d) from March 1, 2011 to February 29, 2012 during which time the Applicants have been principally engaged in the pursuit of the Litigation Assets and seeking approval of the Settlements from this Court.

13. As previously reported and approved by order of this Court dated May 27, 2010 (and thereafter amended), Domgroup entered into a $7.7 million debtor-in-possession ("DIP") loan facility with the Applicants. Interest on the DIP is charged to and paid by the Applicants at the Canadian Imperial Bank of Commerce's Prime Rate, plus 3% per annum, on any draws made against the facility. As of February 29, 2012 outstanding draws were approximately $7.7 million in total.

14. The Applicants' Statement of Receipts and Disbursements as shown in Appendix "A" hereto provides a detailed description of the Applicants' cash flow during each of these periods.

APPLICANTS' AND NON-APPLICANTS CLAIMS PROCESS

15. In the Applicants' Claims Process, forty-eight claims (including inter-company claims) were received either on or before the Claims Bar Date. Four additional claims were received after the Claims Bar Date and have been accepted for filing.

Applicant	Number of Claims Received
Hollinger	34
Sugra	8
4322525	10

16. The breakdown of secured and unsecured claims filed against the Applicants, excluding claims for contribution and indemnity and any disallowed or withdrawn claims, that have been either filed or accepted is as follows:

Secured/Unsecured	Number of Claims Filed		Approximate Value of Claims Filed
Super priority *	1	$	1,988,388
Secured	6		222,101,492
Unsecured	26		836,822,114
Total		$	1,060,911,994

* This alleged priority and quantum of this claim remain subject to determination by this Court.

17. The total value of the claims filed against the Applicants (including intercompany claims) that have been accepted to date, excluding various claims for contribution and indemnity, is $832,777,845.

18. Some significant claims asserted by several Non Arms-Length Claimants and other creditors are inextricably connected to the ongoing litigation involving the Applicants. They cannot be dealt with in isolation from claims of the Litigation Trustee. In many cases, the legal issues in question in the actions commenced (or threatened) by the Litigation Trustee are issues that are central to the adjudication of the claims in the

Applicants' Claims Process. In particular, the allegations made (or threatened) by the Litigation Trustee may, if proven, adversely affect, limit or eliminate the claims (which are to be determined by this Court), of those Non Arms-Length Claimants, including any claims for contribution and indemnity.

19. In the Non-Applicants' Claims Process, thirty-six claims (excluding inter-company claims) were received either on or before the Claims Bar Date. Four additional claims were received after the Claims Bar Date, including a claim filed by Representative Counsel and accepted for filing.

Non-Applicant	**Number of Claims Received**
Domgroup	32
10 Toronto	8
Willett Foods	0
Holclay Holdings	0

20. The Applicants, Non-Applicants and the Monitor are continuing to address these claims. Pursuant to the Applicants' Claims Order the Monitor is not to determine claims advanced by Non Arms-Length Claimants. Any such claims are to be determined by this Court.

21. The Non-Applicants have, in consultation with the Monitor, continued to settle third party claims in full pursuant to the Non-Applicants' Claims Order and the MPSA.

22. As described in the Nineteenth Report and the Twentieth Report, the approved settlement payment of $4.9 million to the Domgroup OPEB Beneficiaries was made on October 11, 2011. The claim is now resolved in full. Representative Counsel fees for Koskie Minsky LLP since 2009 total $611,680.

23. Appendix "B" contains an updated waterfall schedule and notes with commentary on the status of the outstanding Applicant and Non-Applicant claims as at February 29, 2012.

THE SETTLEMENT APPROVAL PROCESS

Background

24. As previously discussed, pursuant to the MPSA the Litigation Trustee is responsible for administering the Litigation Assets[1] efficiently in a cost-effective manner with a view to maximizing the net return, after costs, from the Litigation Assets to the Applicants, their creditors and other stakeholders.

25. An Advisory Committee comprised of Mr. Arnold Cader (the nominee of DK) and Mr. William Brock (the nominee of the Applicants) was established to provide advice and direction to the Litigation Trustee, also pursuant to the MPSA.

26. The initial funding and reserve funding (as described in the MPSA) was provided by the Applicants for pursuit of the Litigation Assets. The funding was completed in accordance with the MPSA. The funds have been segregated from the general cash assets of the Applicants and are used exclusively for the purpose of funding the administration of the Litigation Assets.

27. The Litigation Trustee has been pursuing the claims within his mandate. The Monitor is advised that the Litigation Trustee, in consultation with the Advisory Committee and the CRO, devoted considerable time and resources to preparing litigation positions against:

   a) certain former directors or officers including: Conrad Black, Barbara Amiel-Black, David Radler, John Boultbee, Peter White, Daniel Colson, Charles Cowan and Peter Atkinson;

   b) the companies owned or controlled by some or all of certain former directors or officers including: RCL, Ravelston Management Inc., 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 509646 N.B. Inc., 509647 N.B. Inc., Moffatt Management Inc., Black-Amiel Management Inc., Argus Corporation Limited, Conrad Black Capital Corporation, Hollinger Aviation Inc., Mowitza Holdings Inc.,

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[1] The aggregate amount of damages claimed in all of these actions or threatened actions exceeds $1.5 billion. The Monitor notes that the aggregate value of these assets is uncertain at present but may be material.

364817 Ontario Limited, F. D. Radler Ltd., 1269940 Ontario Limited, 2753421 Canada Limited and 1406684 Ontario Limited;

c) certain former non-management directors, including: Maureen Sabia, Ralph Barford, Fredrik Eaton, the late R. Donald Fullerton, Henry Ketcham II, Allan Gotlieb and Douglas Bassett;

d) certain chartered banks, namely: the Canadian Imperial Bank of Commerce, the Toronto Dominion Bank and the Bank of Nova Scotia;

e) Torys LLP; and

f) KPMG LLP.

Cash Conservation Efforts of the Litigation Trustee

28. The Litigation Trustee and the CRO have worked with counsel to determine how to cost-effectively pursue the Litigation Assets. In order to preserve the cash available to the Litigation Trustee, several fee arrangements with legal counsel have been entered into by the Litigation Trustee and the CRO. These arrangements include fee deferrals pursuant to which certain legal fees have been deferred but are contemplated to be paid at a multiple of two and a half times the deferred amount contingent upon a positive outcome and the receipt of funds by the Litigation Trustee, and subject to the terms of the Initial Order with respect to the payment of legal fees.

29. The Litigation Trustee and the Advisory Committee have both agreed to defer their fees without a multiple until the Litigation Trustee determines that there are sufficient liquid assets in the segregated funds.

30. Pursuant to paragraph 40 of the MPSA, the Litigation Trustee may determine how to use the proceeds of any settlement. In the event that the Settlements are approved by this Court, any settlement proceeds will be added to the segregated funds administered by the Litigation Trustee, who will decide which portion of the proceeds, if any, he will retain to fund further litigation initiatives. The remainder of the proceeds will be available to be transferred to the general cash assets of Hollinger. Subject to paragraph 18 of the MPSA, the CRO may make a distribution to Hollinger's stakeholders subject to a reasonable

reserve for administrative costs (including any applicable legal fees, advisor fees and any other costs secured by the Administration Charge).

The Monitor's Involvement in the Settlement Process

31. The Applicants, the Litigation Trustee, the CRO and the Advisory Committee have kept the Monitor and its counsel apprised of their progress and activities. Either the Monitor or its counsel has attended as an observer at the monthly status meetings chaired by the Litigation Trustee.

32. The Monitor and its counsel were not privy to the negotiations or the mediations of any of the Torys, KPMG or Outside Directors' Settlements.

The Torys and KPMG Settlements

33. A settlement agreement between Torys and Hollinger was reached through mediation and finalized on March 26, 2010.

34. 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 to resolve all claims against the Applicants' former law firm that were advanced by the Litigation Trustee on behalf of the Applicants. 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 Court containing such third party releases.

35. A settlement agreement between KPMG and Hollinger was reached through mediation and finalized on October 1, 2010.

36. 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 to resolve all claims against the Applicants' former financial advisor and auditor that were advanced by the Litigation Trustee on behalf of the Applicants. 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 Court containing such third party releases.

37. KPMG filed various claims against Hollinger in the Applicants' Claims Process. KPMG's claims included twelve contingent claims for contribution and indemnity and unpaid and/or unbilled amounts totalling $1,114,284. KPMG has agreed to withdraw these claims in the event that the KPMG Settlement is approved by this Court.

38. Torys did not file a claim against Hollinger in the Applicants' Claims Process and has agreed, as part of the Torys Settlement Agreement, not to file any claims against the estates of any of the Applicants.

39. On November 26, 2010, the Applicants brought a motion to, among other things, approve the Torys and KPMG Settlements. Amongst the relief sought, the Applicants sought an order sealing references in the Settlements to the amounts proffered by each of Torys and KPMG to settle Hollinger's claims (the "Settlement Amounts") as well as certain confidential information pertaining to Torys.

40. The Applicants initially sought an order also sealing a report of the Litigation Trustee, dated November 22, 2010, which contained material over which privilege has been claimed (the "Initial Litigation Trustee's Report"). Prior to the hearing of the sealing motion, the Applicants withdrew their request for a sealing order in respect of the Initial Litigation Trustee's Report and decided not to file or rely upon the Initial Litigation Trustee's Report. Instead, the Applicants filed the Litigation Trustee's Report dated March 31, 2011, in support of the Torys and KPMG Settlements, without redactions and without requests for a sealing order. Conrad Black and Conrad Black Capital Corporation (together "Black") have brought a motion to compel production of the Initial Litigation Trustee's Report. The motion has been adjourned to April 19, 2012 when it will be heard, if necessary, prior to the Settlement Approval Motions scheduled for the same date.

41. In response to the Applicants' motion to approve the Torys and KPMG Settlements, a number of stakeholders raised objections to the relief sought by the Applicants. In

response to objections raised by Black, Barbara Amiel-Black, David Radler, Daniel Colson, Peter White, Ralph Barford, Catalyst Fund General Partner I Inc. and Argus Corporation Limited, the Applicants agreed to bifurcate the requests for sealing orders from the remainder of the relief sought and to bring a separate motion seeking the sealing orders (the "Sealing Motion") in advance of the Settlement Approval Motion.

Protective Order

42. On February 25, 2011, this Court issued a sealing order sealing the confidential and privileged references in the Torys and KPMG Settlements from the public record until the Settlements are finally approved, and approving a form of confidentiality agreement that would govern the disclosure of such confidential references, including the Settlement Amounts, by Hollinger to signatories (the "Torys and KPMG Sealing and Protective Order"). Costs were awarded in favour of the Applicants. Black paid his portion of the costs owing to the Applicants. The remaining cost awards have not yet been paid by the other responding parties.

43. Black then delivered a Notice of Motion seeking leave from the Court of Appeal for Ontario to appeal the Torys and KPMG Sealing and Protective Order. No other responding parties sought leave to appeal the Torys and KPMG Sealing and Protective Order within the applicable appeal period, but Daniel Colson filed responding materials on the appeal which supported Black's position.

44. On May 11, 2011 Black obtained leave from the Court of Appeal to appeal the Torys and KPMG Sealing and Protective Order. Black served a Notice of Appeal on May 12, 2011.

45. The appeal from the Torys and KPMG Sealing and Protective Order was heard by the Court of Appeal for Ontario on August 24, 2011. By reasons dated September 8, 2011, the appeal was dismissed. Costs were awarded in favour of the Applicants, Torys and KPMG.

46. Following the decision from the Court of Appeal, Black delivered a Notice of Application for leave to the Supreme Court of Canada to appeal the order of the Court of Appeal dismissing the appeal of the Torys and KPMG Sealing and Protective Order. No decision has yet been received from the Supreme Court of Canada.

47. In the interim, Black sought a stay of the *CCAA* proceedings (namely, the Settlement Approval Motion) from the Court of Appeal pending the Supreme Court of Canada's determination of the application for leave to appeal. Black's motion before the Court of Appeal for a stay of proceedings was heard on November 28, 2011 and, by reasons dated December 5, 2011, the Court of Appeal dismissed the motion. Costs were awarded in favour of the Applicants.

48. The cost awards in respect of the Court of Appeal decision and the stay motion have not yet been paid, pending the outcome of Black's leave application to the Supreme Court of Canada.

Outside Directors' Settlement

49. Hollinger and certain of its former directors, being Maureen Sabia, Allen Gotlieb, Frederick Eaton and Henry Ketcham III (the "Outside Directors"), participated in a confidential mediation on May 18 and 19, 2011 facilitated by the Honourable George W. Adams, Q.C. The parties arrived at a settlement in principle and later negotiated the terms of a settlement agreement, which agreement remains subject to Court approval (the "Outside Directors' Settlement Agreement").

50. The Applicants will seek approval from this Court for the Outside Directors' Settlement Agreement, including an order containing releases in favour of the Outside Directors from third parties who are not parties to the Outside Directors' Settlement Agreement. The motion to approve the Outside Directors' Settlement Agreement will be heard at the same time as the Torys and KPMG Settlement Approval Motions on April 19 and 20, 2012.

51. On December 8, 2011, this Court issued an order:

   a) that the notice and service procedure previously approved by this Court by order dated November 12, 2010 in respect of the Torys and KPMG Settlements was sufficient notice of the Outside Directors' Settlement Agreement and service of the motion materials in respect of the motion to approve the Outside Directors' Settlement Agreement may be effected in accordance with that order;

b) that the settlement amount set out in the Outside Directors' Settlement Agreement be sealed from public record until the Outside Directors' Settlement Agreement is approved (if it is) and all appeals are resolved in favour of Hollinger and the Outside Directors; and

c) approving the form of confidentiality agreement to be signed by stakeholders wishing to gain access to the sealed Outside Directors' Settlement Agreement.

The Settlement Approval Motion

52. The Applicants seek to have their provisional settlements with Torys, KPMG and the Outside Directors (collectively, the "Settling Parties") approved.

53. The settlements with the Settling Parties are conditional upon the Applicants' success on the Settlement Approval Motion and this Court's issuance of orders approving and giving effect to the third party releases contained in each of the Settlement Agreements.

54. The Monitor understands that the Applicants are supported on their motion by the Settling Parties, the Indenture Trustees, DK and Catalyst.

55. Although Black is the only party to file responding materials opposing the Settlement Approval Motion, it is the Monitor's understanding that Black, Barbara Amiel-Black, David Radler, Peter White and Daniel Colson (collectively, the "Responding Parties") have all indicated an intention to oppose the motion.

56. The Monitor's understanding is that final resolution of the claims between the Applicants and the Settling Parties has been achieved principally through:

a) the promise of payments by the Settling Parties to Hollinger;

b) the promise of cooperation by the Outside Directors in defending claims made by Non-Settling Defendants into the estates of the Applicants, and in the pursuit of more substantial recoveries in respect of the remaining Litigation Assets;

c) the release and withdrawal of all claims by the Settling Parties into the estates of the Applicants;

d) the release of all Hollinger-related claims against the Settling Parties by the Applicants; and

e) the inclusion of third party releases and bar orders in favour of the Settling Parties.

57. The Monitor understands from its counsel that the releases and bar orders are intended by the parties to the Settlements to prevent the defendants in other Hollinger-related litigation (the "Non-Settling Defendants") from asserting claims for contribution and indemnity against the Settling Parties in respect of the Settled Claims (as defined in the respective Settlement Agreements). The Applicants have voluntarily waived their right to pursue Non-Settling Defendants for joint and several liability to the extent that such Non-Settling Defendants' liability is demonstrably shared with one or more Settling Parties against whom such Non-Settling Defendants successfully prove a claim for contribution and indemnity. Instead, in those circumstances, the Applicants have agreed to limit their recovery to such Non-Settling Defendants' proportionate share of liability.

MONITOR'S OBSERVATIONS AND COMMENTARY

58. If approved, the Settlements advance three principal objectives of this *CCAA* proceeding in that:

a) significant Litigation Assets will be monetized;

b) significant claims within the claims processes will be resolved; and

c) the prospect of distributing a net return, and the amount of such a return, to the Applicants' stakeholders will be improved.

59. All three Settlements are the product of lengthy and complicated negotiations and mediations. The Applicants, the Litigation Trustee and the Settling Parties are sophisticated parties, were represented by experienced counsel and were assisted in their discussions by an experienced retired judge and mediator, the Honourable George Adams, Q.C.

60. Aside from approval of the Settlements, it is the Monitor's observation that the only available alternate method in order to advance matters towards a possible distribution to stakeholders is a final determination in the courts (after appeals) of each of the proceedings (along with the associated claims within the *CCAA* claims processes) to which the Litigation Assets are subject.

61. This alternative will be lengthy and costly for all stakeholders.

62. The Monitor understands that approval of the Settlement may not result in an immediate distribution to Hollinger's general cash assets or to its stakeholders. However, the Litigation Trustee, in consultation from the Advisory Committee, will determine forthwith after receipt of any settlement proceeds whether the overall recovery to stakeholders could be maximized by further investing some or all of the net proceeds to continuing pursuit of the remaining Litigation Assets.

63. The Monitor notes that approval of the Settlements, including the bar orders sought, will advance this proceeding by resolving litigation that is inextricably linked to potential unsecured claims for contribution and indemnity that are not currently quantifiable without hearings. Approval of the Settlements will be an important step forward toward resolving the complex claims processes and will improve the likelihood of possible distributions for the benefit of stakeholders in accordance with any applicable priorities. Based on these considerations, the Monitor recommends approval of the Settlements as sought by the Applicants.

ALL OF WHICH IS RESPECTFULLY SUBMITTED BY:

ERNST & YOUNG INC.

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

Per:

Brian M. Denega
Senior Vice President

Christopher Mediratta
Vice President

APPENDIX A

Hollinger Inc., 4322525 Canada Inc., Sugra Limited
Description of the Applicants' Receipts and Disbursements and Notes to the Statement of Receipts and Disbursements
August 1, 2007 to February 29, 2012

Background

Since prior to filing, the Applicants have not conducted any active business. They are exclusively engaged in winding up their affairs and realizing on their assets (including the claims that are subject to the Settlements and other Litigation Assets) with a view to distributing the net proceeds to stakeholders in accordance with their legal entitlements, or a plan of arrangement, all under the supervision of this Court and in accordance with the MPSA.

For presentation purposes, the Monitor has divided these proceedings into the following four main time periods:

- ► from August 1, 2007 until the MPSA was approved by an order of this Court (i.e. May 21, 2008);
- ► from May 22, 2008 until STMG filed for protection under Chapter 11 of the U.S. Bankruptcy Code (i.e. March 31, 2009);
- ► from April 1, 2009 to February 28, 2011, during which time the Applicants have been principally engaged in the pursuit of the Litigation Assets; and
- ► from March 1, 2011 to February 29, 2012 during which time the applicants have been principally engaged in the pursuit of the Litigation Assets and seeking approval of the Settlements from this Court.

A full description of the activities during each of the four periods is detailed in the Seventeenth Report of the Monitor.

Summary of Significant Events during each Time Period

I. August 1, 2007 to May 21, 2008

1. After filing, certain key creditors took an active role in these proceedings:

- ► STMG, an operating subsidiary and significant creditor of several of the Applicants which was at the date of filing a publicly traded company on the New York Stock Exchange ("NYSE");
- ► Davidson Kempner Capital Management LLC ("DK"), the most significant noteholder with in excess of 40% of the Senior First Lien Notes and in excess of 70% of the Senior Second Lien Notes;
- ► HSBC Bank USA, National Association, as trustee under the Indenture dated September 30, 2004, and Wells Fargo Delaware Trust Company, National Association (as successor by merger to Delaware Trust Company, National Association, formerly known as Wachovia Trust Company, National Association ("Wells Fargo")), as trustee under the Indenture dated March 10, 2003 (collectively, the "Indenture Trustees"), as representatives of the holders of the Senior First and Second Lien Notes; and
- ► Catalyst Fund General Partner I Inc., a significant preferred shareholder of Hollinger and, later, a self-declared "super-priority" creditor.

2. On July 31, 2007, the Applicants exercised their voting rights and removed three directors from the board of directors of STMG and expanded the size of the board to eleven members by appointing six new directors. The Applicants issued a press release dated August 1, 2007, describing the changes to STMG's board of directors.

3. During the period following the commencement of these proceedings, there were significant disagreements among the major creditors, shareholders and the Applicants concerning many aspects of the Applicants' activities, management and restructuring efforts.

4. The noteholders' security in the STMG shares, including the proposed methodology to be used to monetize the multiple voting Class B Shares, was a focal point of discussions

between the Applicants, DK, the Indenture Trustees and STMG. These shares were also the subject of an adequate protection motion in the Chapter 15 proceedings in Delaware.

5. The Applicants, STMG, the Indenture Trustees and DK obtained an order of this Court dated August 31, 2007 approving an agreement that established a framework for negotiations amongst the parties regarding the STMG shares (the "Standstill Agreement").

6. Pursuant to the Standstill Agreement, the Applicants instructed their litigation counsel to cease work (subject to necessary preservation steps) on all litigation matters.

7. Given the number of parties involved and the relative value of the shares to the Applicants' estates, considerable time, effort and resources were expended in negotiating a resolution to the issues surrounding the STMG shares, the governance of STMG and the governance of the Applicants themselves.

8. During these negotiations, which continued from August 1, 2007 to late May, 2008, this Court ordered serial short–term extensions to the stay of proceedings.

9. In accordance with the Standstill Agreement and various information requests and in order to ensure that all stakeholders had current financial information to facilitate the negotiations, the Monitor prepared frequent reports and communications based on information provided by the Applicants. These communications included updates on the status of the negotiations between the parties, updated statements of receipts and disbursements and an analysis of the legal fees incurred and paid since the date of filing. In total, the Monitor issued twenty communications to the Service List, in addition to formal court reports filed periodically.

10. As discussed in the Monitor's Fifth and Sixth Reports, the Honourable Justice Morawetz provided invaluable assistance to the negotiating parties for several months. Ultimately this process led to a framework being reached in early November 2007 to settle the issues and move forward with a scheme of governance, asset realization and distribution. The negotiating parties engaged in further discussions to convert this framework into a formal settlement agreement to be presented to this Court for approval.

11. As reported in the Monitor's Thirteenth Communication, the negotiating parties, with the assistance of the Honourable Justice Morawitz, believed they had reached a framework for settling their issues subject to resolving certain details and ancillary issues upon which they reported to this Court on November 6, 2007. However, the three-way negotiations between the Applicants, STMG and DK ended on December 18, 2007 without a settlement agreement being finalized.

12. On February 28, 2008, the Applicants filed a notice of motion seeking an order:

- ► authorizing and directing the Applicants to prepare and file a Plan of Arrangement;
- ► authorizing the Applicants to take certain steps to restructure certain of their operations and management, including the appointment of a Litigation Guardian (as it was then referred to) to preserve, protect and realize upon the Litigation Assets; and
- ► establishing a claims process for the filing, review and determination of all claims against the Applicants, and the appointment of a Claims Officer.

13. On that same date, DK filed a notice of motion seeking, among other things, a termination of the CCAA proceedings and an order declaring the Applicants bankrupt.

14. On February 29, 2008, this Court extended the stay of proceedings to April 25, 2008 and directed that all of the motions be scheduled for a hearing on April 22 and 23, 2008, if necessary. Concurrently, the parties continued discussions to reach a resolution.

15. On March 25, 2008, the Applicants announced that they had entered into a settlement agreement with STMG (the "STMG Settlement"). The STMG Settlement required approval by both the Ontario Superior Court of Justice and the United States Bankruptcy Court for the District of Delaware in order to become effective.

16. On April 10, 2008, the Applicants filed a notice of motion seeking an order:

- ► approving the terms of the STMG Settlement and authorizing and directing the implementation of the STMG Settlement, all as described in a term sheet dated March 25, 2008;

- ► authorizing the Applicants to take certain steps to restructure certain of their operations and management to further reduce costs and to continue to enhance asset realizations; and
- ► establishing a claims process as described in a draft claims order filed by the Applicants.

17. After the STMG Settlement was reached, the parties continued to negotiate towards a resolution that included DK and the Indenture Trustees.

18. The Applicants' motion to approve the MPSA was approved by an Order of this Court of May 21, 2008, binding upon the parties to the MPSA and the Indenture Trustees. Among other things, the MPSA resolved:

    - ► the conversion of the multiple voting Class B STMG shares into Class A shares at a conversion rate of 1.1 Class A share for every Class B share;
    - ► the quantum of the claims by STMG against the Applicants;
    - ► the quantum of the claims by the Indenture Trustees against the Applicants;
    - ► the composition of the STMG board of directors;
    - ► certain priority payments to be made to DK, STMG and the Indenture Trustees; and
    - ► a mechanism to pursue to the Litigation Assets, including the appointment of the Litigation Trustee and the Advisory Committee.

II. May 22, 2008 to March 31, 2009

19. The MPSA provides for several steps to be completed in order to allow the Applicants and the Non-Applicants to wind up their affairs in order to maximize realizations in the Applicants' estates.

20. Once the Hollinger board of directors resigned, BlueTree Advisors Inc., an entity controlled by William Aziz, CA, was appointed as the chief restructuring officer (the "CRO") of the Applicants and an officer of the Court in consideration of a monthly fee of $65,000, plus GST as applicable and reimbursement of reasonable expenses.

21. As provided in the MPSA, all monthly work fees payable under Hollinger's consulting agreement with G. Wesley Voorheis, the former CEO of the Applicants, or any entity controlled by him, were suspended. Mr. Voorheis resigned as an officer and director of

the Applicants effective as of May 21, 2008. The provisions of the MPSA deferred a fee payable pursuant to this consulting agreement, to be paid depending on the returns to be potentially realized on the Litigation Assets as a result of actions commenced or threatened by the Litigation Trustee.

22. On May 21, 2008, this Court made the Claims Order, as a result of a motion by the Applicants, authorizing the Monitor to conduct a claims process for the Applicants (the "Applicants' Claims Process"). The Claims Order established July 11, 2008 as the Claims Bar Date for claims arising prior to August 1, 2007, or arising after that date if as a result of the restructuring, repudiation or termination of any contract, lease or employment agreement.

23. From August 1, 2007 to May 21, 2008, the share price of the STMG Class A common shares decreased from US$4.45 to US$0.431 per share. In May 2008, STMG's Class A common shares were de-listed from the NYSE and were subsequently moved to the Over-the-Counter Bulletin Board ("OTCBB") on June 17, 2008. As a result of this decrease in realizable value for the Applicants' estates and the quantum of claims that were filed in the Applicants' Claims Process, it became apparent that, subject to possible realizations from the Litigation Assets, Hollinger's shareholders were unlikely to realize any substantial recovery on their investment. Shortly thereafter, the Applicants engaged in discussions with the OSC concerning possible relief from the burden of their public company reporting requirements.

24. As approved by an Order of this Court of July 21, 2008, Hollinger consented to the OSC issuing an order on August 5, 2008 that ceased all trading in and all acquisitions of Hollinger's securities, whether direct or indirect, except in defined circumstances. Cease trade orders were also issued by other provincial regulators. As a result of the cease trade orders, the Applicants were no longer required to produce going-concern public entity financial statements and were permitted to cease obtaining audit opinions on their financial statements.

25. By order of this Court of August 27, 2008 (the "Non-Applicants' Claims Order"), the Monitor was authorized to conduct a claims process for the Non-Applicants (the "Non-

[1] Bloomberg – share price on the NYSE and the OTCBB

Applicants' Claims Process"). The Non-Applicants' Claims Order established September 30, 2008 as the Claims Bar Date. The costs associated with the Non-Applicants' Claims Process, including any settlements of claims, are not included in the Applicants' Statement of Receipts and Disbursements appended to this report.

26. The funding for the Litigation Trustee as contemplated by the MPSA was established during this period. The Litigation Trustee engaged counsel to re-engage in the pursuit of the Litigation Assets, which had been put on hold under the Standstill Agreement.

27. On January 2, 2009, STMG voluntarily de-registered its Class A common stock from the OTCBB. After de-registration, STMG's Class A common stock was quoted on the Pink Sheets.

28. On March 31, 2009 STMG announced that it and certain affiliates had filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware.

29. At the time of its bankruptcy filing, STMG remained financially and legally burdened by liabilities, including a US$510 million claim by the United States Internal Revenue Service. The Monitor understands that STMG was also adversely affected by the downturn in circulation and print advertising revenue. The reasons for STMG's filing are more fully described in the declaration of James McDonough, the Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of STMG dated March 31, 2009. As a result of STMG's bankruptcy proceedings, the trading price of the Applicants' Class A common stock in STMG declined to nil. Set out below is a table showing the trading prices of STMG's Class A shares on the NYSE from January 2007:

Date	US$ per share[2]
January 3, 2007	$4.92
August 1, 2007	$4.45
December 31, 2007	$2.20
May 21, 2008	$0.43
December 31, 2008	$0.05
April 1, 2009	$0.02

30. After the STMG bankruptcy filing, the Applicants focused their efforts on realizing upon their Litigation Assets and amounts due from the Non-Applicants.

III. April 1, 2009 to February 28, 2011

31. After the commencement of STMG's Chapter 11 proceedings, the Applicants continued their work on implementing the MPSA, including winding up the affairs of the Non-Applicants, continuing to evaluate the claims filed in the Applicants' and Non-Applicants' Claims Processes and pursuing the Litigation Assets.

32. In December 2009, pursuant to court order, $2.3 million of the priority distributions required pursuant to the MPSA were made by the Applicants to DK and the Indenture Trustees.

33. As a result of a motion by the Applicants on May 27, 2010, this Court authorized the payment of the remaining $2.2 million of the priority distributions due pursuant to the MPSA. The Applicants made these distributions in June 2010.

34. As previously reported, in order to determine which, if any, third parties are beneficiaries entitled to share in US$24.5 million of insurance settlement proceeds from the fourth excess layer of directors' and officers' insurance previously held by the Applicants, an Interpleader action was commenced in the Delaware Superior Court. On January 12, 2010, the Delaware Superior Court issued an order calling for individuals and entities

[2] Bloomberg – share price on the NYSE, the OTCBB and Pink Sheets.

with an interest in the Interpleader action to submit claims by February 26, 2010. The Monitor understands that the Applicants and STMG made a joint filing and have made several submissions to that court. The Applicants and STMG (who have a sharing agreement governed by the MPSA in respect of these funds) were among several parties (including Conrad Black, Barbara Amiel-Black, Peter White, John Boultbee and other individuals who were formerly either officers or directors of the Applicants) that have filed claims to these funds, which claims are currently in the process of adjudication by the Delaware Superior Court.

35. During this period, the Monitor (in consultation with the Applicants and the Non-Applicants) has continued to review, accept, revise or disallow claims filed in both claims processes. Several court attendances have been required to address certain claims.

36. On May 27, 2010, Domgroup obtained approval from both its board of directors and this Court to advance a $4.2 million Debtor-in-Possession ("DIP") loan to Hollinger and which was subsequently amended to $7.7 million. Domgroup is charging interest to Hollinger at the Canadian Imperial Bank of Commerce's Prime Rate + 3% per annum on any draws that are made on the DIP loan. The DIP loan is repayable by offsetting amounts owing from Domgroup to Hollinger. As of February 29, 2012, $7.7 million has been drawn on the DIP loan. By order of this Court, the Initial Order was amended to allow for a $7.7 million DIP loan charge to rank behind both the Administrative Charge and the Directors' Charge.

37. During the period, the Applicants continued to pursue recovery of the Litigation Assets. They sought negotiated settlements with both Torys and KPMG and, to facilitate this, agreed to participate in separate mediations with each party.

38. Hollinger entered into mediation agreements with each of Torys and KPMG that included provisions to toll the relevant limitation periods pursuant to section 11 of the *Limitations Act, 2002*, S.O. c. 24, Sch. B.

39. Hollinger and Torys engaged in a mediation process before the Honourable George W. Adams, Q.C. (retired justice) on March 23 and 24, 2010.

40. Hollinger and KPMG engaged in a mediation process before Mr. Adams on March 29 and 30, 2010.

41. In the months preceding the aforementioned mediations, the Litigation Trustee and the Applicants incurred significant legal fees associated with preparing their mediation briefs and reply materials, producing document briefs and reviewing Torys' and KPMG's mediation and document briefs.

42. Pursuant to the November 12, 2010 Service and Notice Procedure Order of this Court (the "Service and Notice Procedure Order"), all known creditors, defendants, shareholders, stakeholders and other potential interested parties were notified of the requirement to file a Notice of Appearance before the Notice of Appearance Bar Date.

43. On February 25, 2011, this Court issued a sealing order sealing the confidential references in the Settlements from the public record until the Settlements are finally approved, and approving a form of confidentiality agreement which would govern the disclosure of such confidential references, including the Settlement Amounts, by Hollinger to signatories of the confidentiality agreement (the "Torys and KPMG Sealing and Protective Order").

IV. March 1, 2011 to present

44. Conrad Black and Conrad Black Capital Corporation ("Black") sought and, on May 11, 2011, were granted leave to appeal the Torys and KPMG Sealing and Protective Order to the Court of Appeal for Ontario. By reasons dated September 8, 2011, Black's appeal was dismissed.

45. Black has sought leave to appeal the Court of Appeal for Ontario decision to the Supreme Court of Canada. This leave application is currently pending.

46. In the interim, Black brought a motion to stay the Settlement Approval Motion pending the outcome of his leave application. By reasons dated December 5, 2011, the Court of Appeal dismissed Black's stay motion.

47. Hollinger and certain of its former directors, including Maureen Sabia, Allen Gotlieb, Frederick Eaton and Henry Ketcham III (the "Outside Directors"), participated in a confidential mediation process on May 18 and 19, 2011 facilitated by the Honourable

George W. Adams, Q.C. (retired judge). The parties arrived at a settlement in principle and later negotiated the terms of a settlement agreement, which remains subject to Court Approval.

48. On December 8, 2011, this Court ordered that service and notice of the Outside Directors' Settlement Approval conducted in accordance with the Service and Notice Procedure Order of November 12, 2010, was good a sufficient service and notice thereof. In addition, the December 8, 2011 Order provided for the sealing of the Settlement Amount set out under the Outside Directors Settlement Agreement until such Agreement is finally approved by the Court, and for the approval of a confidentiality agreement governing the disclosure of the Settlement Amount, on a confidential basis, to interested signatories.

49. In August 2011, the Chicago Newspaper Liquidation Corporation ("CNLC") announced to the Applicants and to certain other defendants that it has reached a memorandum of understanding (the "MOU") with Peter Atkinson, Barbara Amiel-Black, Conrad Black, John Boultbee, Daniel Colson and Mark Kipnis (the "Settling Individuals") relating to the claims that were filed in the Interpleader Action.

50. On December 14, 2011, CNLC and the Settling Individuals (the "Settling Interpleader Parties") moved for entry of a scheduling order and approval of a settlement agreement made between them in accordance with the MOU (the "Interpleader Settlement"). On December 21, 2011, Hollinger filed a response with the Delaware Superior Court, objecting to the relief sought by the Settling Interpleader Parties on both procedural and substantive grounds relating to the lack of notice of settlement negotiations and the inconsistency of the Interpleader Settlement with the obligation of CNLC, under the MPSA, to act in cooperation with Hollinger to maximize the portion of the interpleader funds to be shared by CNLC and Hollinger.

51. On January 25, 2012, Hollinger filed a Notice of Motion in this Court seeking declaratory relief providing that (i) CNLC is in breach of the MPSA and the MPSA Order; (ii) any amendments or variances to the MPSA Order are to be brought to this Court for determination; (iii) 15% of all funds received by CNLC from the proceeds of the Interpleader fund be immediately paid to Hollinger; and (iv) any excess proceeds received by CNLC from the Interpleader fund be paid into this Court. A date has not yet

been set for this motion which will be heard, if necessary, following the adjudication of the Interpleader Settlement approval in the Delaware Superior Court, subject to the implementation on consent of a mechanism to preserve all parties' rights upon allocation.

52. As of February 17, 2012, the Settling Interpleader Parties have entered into settlement agreements with all other party and non-party claimants to the Interpleader fund.

53. In February 2012, representative counsel to the retired and disabled employees of Hollinger Canadian Publishing Holdings ("HCPH"), a subsidiary of CNLC, raised objections with the Delaware Superior Court pertaining to the proposed improper payment of litigation trust funds from HCPH to CNLC to fund the Interpleader Settlement.

54. On March 13, 2012, HCPH convened a case conference before this Court to advise the Court of its intention to bring a motion in respect of the payment of these trust funds.

55. Hollinger and CNLC continue to engage in discussions with a view to resolving their respective entitlements to proceeds from the Interpleader Settlement.

Hollinger Inc., 4322525 Canada Inc., Sugra Limited (collectively the Applicants)
The Applicants' Statement of Receipts and Disbursements
August 1 2007 to February 29, 2012

Appendix A

C$ 000s	August 1, 2007 to May 21, 2008	May 22, 2008 to March 31, 2009	April 1, 2009 to February 28, 2011	March 1, 2011 to February 29, 2012	TOTAL - August 1, 2007 to February 29, 2012	Notes
Opening Cash Balance	1,495	472	5,840	1,664	1,495	1
Receipts						
Interest income	60	22	117	19	218	
Sale of assets	5,798	-	-	-	5,798	2
Other	-	2,005	141	100	2,246	3
Intercompany Accounts Receivable (Payable) - 10 Toronto Inc.	4,818	2,985	2,300	-	10,103	4
Intercompany Accounts Receivable (Payable) - Domgroup Ltd.	27	8,658	(109)	(344)	8,232	5
DIP Borrowings	-	-	4,200	3,500	7,700	6
Total receipts	10,703	13,670	6,649	3,275	34,297	
Disbursements						
Payroll & Benefits	(390)	(146)	(15)	-	(551)	7
Directors Fees and D&O Insurance	(674)	(1,070)	-	-	(1,744)	8
General Corporate and Litigation Legal Fees					-	
Adair Morse LLP	(42)	(12)	(37)	(60)	(151)	
Davies Ward Phillips & Vineberg LLP	(1,718)	(574)	(156)	(44)	(2,492)	
Eimer Stahl Kelovorn & Solberg LLP	(683)	(35)	(46)	(4)	(768)	
Fasken Martineau DuMoulin LLP	(663)	(3)	-	-	(666)	
Morris Nichols Arsht & Tunnell LLP	(133)	(8)	(56)	(41)	(238)	
Paliare Roland LLP	(159)	(19)	(183)	(31)	(392)	
Thornton Grout Finnigan LLP	-	-	(430)	(284)	(714)	
Voorheis & Co LLP	(115)	-	-	-	(115)	
Weil, Gotshall & Manges LLP	(70)	-	-	-	(70)	
Other	(109)	(10)	(92)	(12)	(223)	
Foreign Exchange	(18)	(1)	8	2	(9)	21
Litigation Trust	-	(481)	(1,973)	(267)	(2,721)	
Total General cororate and Litigation legal Fees	(3,710)	(1,143)	(2,965)	(741)	(8,559)	9
Chapter 15 Legal Fees (US)						
Morris Nichols Arsht & Tunnell LLP	(39)	(22)	(3)	-	(64)	
Weil, Gotshall & Manges LLP	(863)	49	-	-	(814)	11
Foreign Exchange	(10)	(8)	(1)	-	(19)	21
Total Chapter 15 Legal Fees (US)	(912)	19	(4)	-	(897)	10
CCAA Legal Fees (Canada)						
Davies Ward Phillips & Vineberg LLP	-	(36)	-	-	(36)	
Thornton Grout Finnigan, LLP	(1,821)	(1,050)	(421)	(340)	(3,632)	
Other	-	(63)	(10)	-	(73)	
Total CCAA Legal Fees (Canada)	(1,821)	(1,149)	(431)	(340)	(3,741)	12
CCAA Monitor Fees						
Ernst and Young Inc.	(1,004)	(367)	(296)	(281)	(1,948)	
Lenczner Slaght Royce Smith Griffin LLP	(359)	(106)	(101)	(84)	(650)	
Blank Rome LLP	(7)	(2)	-	-	(9)	
Willkie Farr & Gallagher LLP	(23)	(3)	-	-	(26)	
Total CCAA Monitor Fees	(1,393)	(478)	(397)	(365)	(2,633)	13
Sub-total Chapter 15 legal, CCAA Legal and CCAA Monitor Fees	(4,126)	(1,608)	(832)	(705)	(7,271)	
Ernst and Young Inc. (Inspector)	(35)	(4)	-	-	(39)	14
Nash Consulting	(81)	(95)	(172)	-	(348)	15
Contractor Fees						
Blue Tree Advisors Inc. (CRO)	-	(692)	(1,611)	(881)	(3,184)	
VC & Co Incorporated (CEO)	(752)	(79)	-	-	(831)	
Total Contractor Fees	(752)	(771)	(1,611)	(881)	(4,015)	16
Finance, Tax Administration and Financial Advisor Fees						
BMO Nesbitt Burns	(565)	(1,000)	-	-	(1,565)	17
Blue Tree Advisors Inc	(422)	-	-	-	(422)	
Domgroup Ltd.	-	(14)	(95)	(67)	(176)	
Zelfman and Company	(93)	(4)	-	-	(97)	
10 Toronto Street Inc.	-	(41)	(254)	(113)	(408)	
Other Professionals	(203)	(60)	(65)	-	(328)	
Total Finance, Tax Administration and Financial Advisor Fees	(1,283)	(1,119)	(414)	(180)	(2,996)	18
Operating Costs related to Premises	(207)	(207)	(284)	(175)	(873)	19
Taxes	-	24	94	-	118	20
Foreign Exchange	(152)	27	(41)	-	(166)	21
Other	(317)	(14)	(86)	-	(417)	22
Total disbursements before payments to creditors	(11,727)	(6,126)	(6,326)	(2,682)	(26,861)	
Total Distributions to Creditors	-	(2,175)	(4,500)	-	(6,675)	23
					-	
Change in cash	(1,024)	5,369	(4,177)	593	761	
					-	
Closing Cash Balance	471	5,841	1,663	2,257	2,257	

The ending cash balances of the principal Non-Applicants (with material amounts of cash), excluding the Domgroup Post Retirement Benefits Trust, were as follows:

10 Toronto Street Inc.	**7,394**	**4,344**	**1,593**	**1,695**	**1,695**
Domgroup Ltd.	**31,296**	**24,039**	**17,712**	**9,550**	**9,550**
Consolidated Ending Cash Balance	**39,161**	**34,223**	**20,969**	**13,502**	**13,499**

Notes to the Statement of Receipts and Disbursement

Cash Balances

1. Cash Balances are shown in the Applicants' Statement of Receipts and Disbursements thousands of Canadian dollars and exclude approximately $0.5 million held in trust by Aird & Berlis LLP for the officers' indemnity trust. The Opening Cash Balance includes approximately $1.0 million held in a bank account in the name of Holcay Holdings, a wholly-owned subsidiary of Hollinger Inc.

Receipts

2. Sale of Assets consists primarily of the payment in full of the promissory note of US $4.2 million, issued by Cayman Islands Free Press in favour of Holcay Holdings Ltd. As a condition of sale of Holcay's investment in Cayman Islands Free Press, and a US $1.0 million dividend payment from Cayman Islands Free Press.

3. Other Receipts consist primarily of a payment received from the Ravelston Corporation Limited, ("RCL") relating to Hollinger's portion of the remaining proceeds from the settlement by RCL with CanWest Global Communications Corp. Pursuant to this Court's Order, dated March 26, 2009, STMG is required to share all proceeds from this settlement equally with Hollinger. In addition, Other Receipts include the return of unclaimed dividends that were held by Computershare Investment Trust from dividends that were declared and issued by Hollinger well before the commencement of these proceedings.

4. Inter-company Accounts Receivable (Payable) to 10 Toronto consist of the net inter-company receipts from 10 Toronto on account of its indebtedness to the Applicants.

5. Inter-company Accounts Receivable (Payable) to Domgroup primarily consist of the net inter-company receipts from Domgroup on account of its net indebtedness to the Applicants, offset by the payment of interest on account of draws made on the debtor-in-possession ("DIP") facility between Domgroup and Hollinger, pursuant to an Order of this Court dated May 27, 2010 and amended on December 15, 2010. As previously

reported, during the week ended October 5, 2007, Holcay Holdings repaid in full its $1.7 million inter-company amounts owing to Domgroup.

6. DIP Borrowings represent borrowings on the DIP facility between Domgroup and Hollinger in accordance with the Order dated May 27, 2010 and amended thereafter

Disbursements

All amounts include GST and HST, as applicable. Due to the tax status of the Applicants, they are not eligible for any reimbursement of these taxes.

7. Payroll & Benefits represent a reimbursement to 10 Toronto by Hollinger for 50% of the total employee related costs of 10 Toronto, including payroll, contracted services, benefits and severance costs.

8. Directors Fees and D&O Insurance represent the payments to former members of the board of directors of Hollinger for services performed and the purchase of a run-off insurance policy.

9. General Corporate and Litigation Legal Fees represent fees paid to date on account of general corporate and litigation services. The Applicants were involved in a number of legal initiatives both prior to August 1, 2007 and subsequent to filing. The legal initiatives included but were not limited to:

- the CCAA and Chapter 15 proceedings, including preparing for mediations and the Chapter 15 adequate protection motions;
- the changes to the STMG board;
- advice to the Applicants' board of directors;
- matters related to on-going criminal proceedings in Illinois;
- matters related to claims by the Securities and Exchange Commission of the United States;
- pursuit of the Litigation Assets, including the mediations and the Settlement approval process for the Torys Settlement, KPMG Settlement and Outside Directors Settlement and the fees and disbursements incurred by the Litigation Trustee; and
- Ontario Securities Commission ("OSC") proceedings and compliance with provincial securities law.

10. Chapter 15 Legal Fees reflect the legal fees associated with the Chapter 15 filing and certain other US legal issues.

11. Legal fees for Weil, Gotshall & Manges LLP are presented net of a retainer refund of $123,000 which was provided in March 2009.

12. *CCAA* Legal Fees reflect the legal fees of the Applicants' counsel.

13. *CCAA* Monitor Fees reflect the fees and disbursements of the Monitor and of both its Canadian and U.S. counsel.

14. Ernst & Young Inc. (Inspector) consist of the fees and costs of Ernst and Young Inc. in its capacity as Court-Appointed Inspector relating to dealing with documents of the Applicants under the custody and control of the Inspector pursuant to the order of this Court dated December 15, 2006.

15. Nash Consulting disbursements relate to the fees and costs of a firm engaged by the Applicants to catalogue and administer their records pursuant to Court orders made in the proceedings which involved the appointment of the Inspector.

16. Contractor Fees represent fees paid to external contractors for services rendered to the Applicants, including the former CEO and the current CRO. In accordance with the terms of the MPSA that were approved by an Order of this Court dated May 21, 2008, BlueTree Advisors Inc., an entity controlled by William Aziz, CA, was appointed as the CRO of the Applicants and an officer of the Court in consideration of a monthly fee of $65,000, plus HST as applicable and reimbursement of reasonable expenses. All monthly work fees payable under Hollinger's consulting agreement with VC & Co Incorporated, an entity controlled by G. Wesley Voorheis, the former CEO of the Applicants, were suspended pursuant to the MPSA. Mr. Voorheis resigned as an officer and director of the Applicants effective as of May 21, 2008. The provisions of the MPSA deferred a fee payable pursuant to this consulting agreement, to be paid depending on the returns to be potentially realized on the Litigation Assets as a result of actions undertaken or threatened by the Litigation Trustee.

No additional fees have been paid by the Non-Applicants to the former CEO and CRO since August 1, 2007. The fees paid by the Applicants to the former CEO and the CRO have not yet been allocated by Hollinger to the Non-Applicants.

17. The Applicants' financial advisor, BMO Nesbitt Burns Inc. ("BMO"), provided financial advice and analysis to the Applicants. BMO's fees were protected under the Administration Charge in the Initial Order, as amended. BMO's engagement agreement provided for success fees payable in respect of various events and transactions, past and future. The Applicants and BMO, in consultation with counsel for STMG and DK, agreed to resolve the outstanding amount owed to BMO with a payment of $1 million as a full and final settlement of all transaction fees owing under the BMO engagement letter. The payment to BMO was approved by an Order of this Court dated November 26, 2008

18. Finance, Tax Administration and Financial Advisor Fees represent payments to various professionals including Hollinger's auditors, financial advisor, and transfer agent. Financial, Tax, Administration and Financial Advisor Fees also include a reimbursement to 10 Toronto for the Applicant's portion of advisor fees incurred and paid by 10 Toronto. For the period from August 1, 2007 to May 21, 2008 inclusive, BlueTree Advisors Inc., an entity controlled by William Aziz, CA, acted as CFO of the Applicants. The fees paid by the Applicants to the former CFO have not yet been allocated by Hollinger to the Non-Applicants.

19. Operating Costs related to premises represent the Applicants' portion of costs for leases payments and operating costs shared with the Non-Applicants.

20. Taxes include the receipt of certain tax refunds.

21. Foreign Exchange represents the effect of translating the Applicants' US dollar cash balances and disbursements into Canadian dollars.

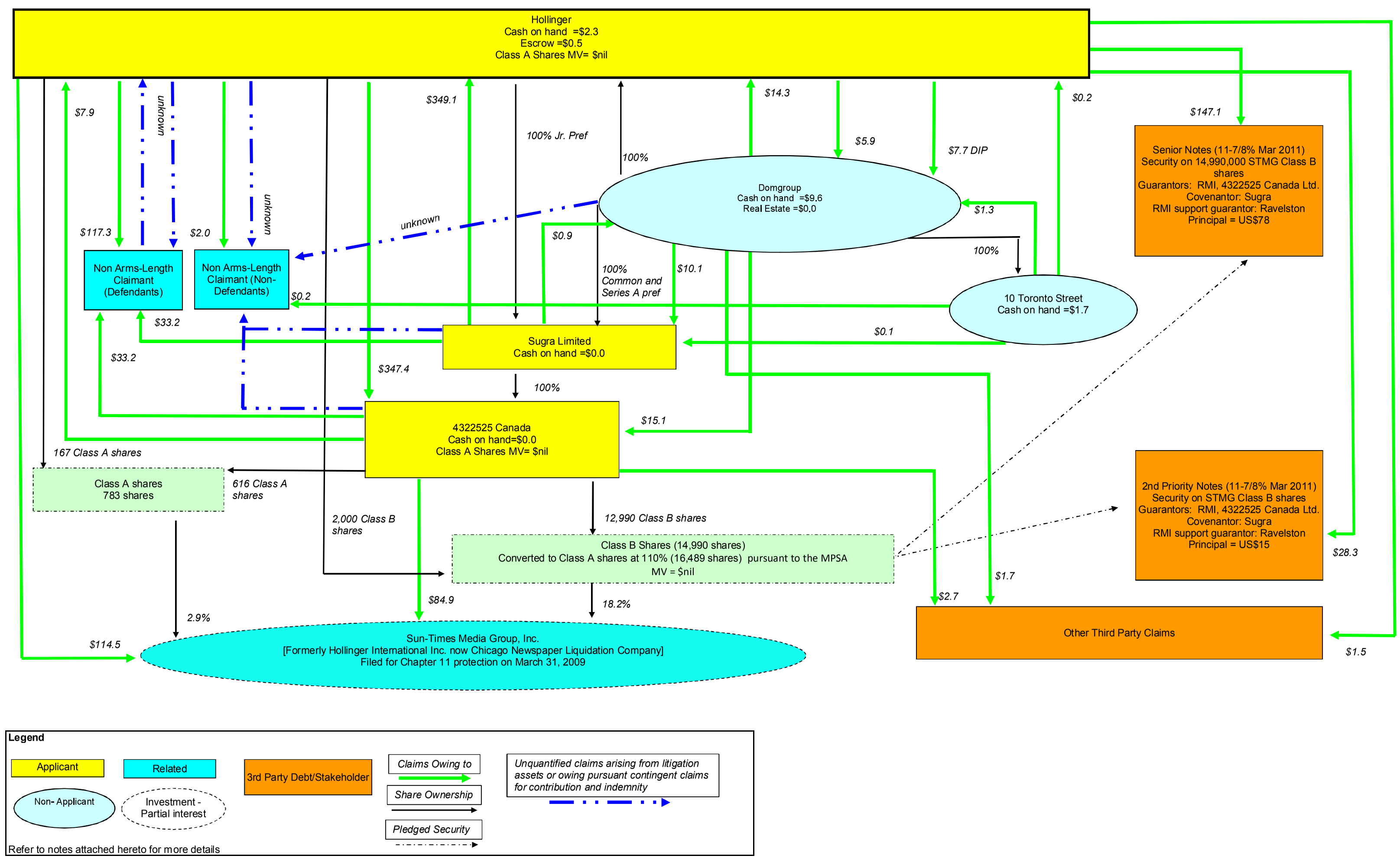
22. Other disbursements include sundry expenses including computer support, TSX fees and other disbursements.

23. Distributions to creditors represent the various priority distributions as contemplated in the MPSA and approved by an Order from this Court dated May 21, 2008.

APPENDIX B

Appendix B

Illustrative Waterfall Summary
As at February 29, 2012 (except as indicated in the accompanying notes)
CDN $ millions
Shares 000's



The accompanying notes are an integral part of this summary
Unaudited - Prepared based on information provided by the Applicants and the Non-Applicants.

Notes to the Waterfall Summary

Overview

1. The waterfall analysis (the "Waterfall Summary") has been prepared based on unaudited information provided by the Applicants and the Non-Applicants with the assistance of the Monitor and includes information relating to:

   - the Applicants, consisting of:
     - Hollinger;
     - Sugra; and
     - 4322525; as well as
   - certain of the Non-Applicant subsidiaries (the "Non-Applicants") comprised of:
     - Domgroup; and
     - 10 Toronto

2. The Waterfall Summary is based on the unaudited and unconsolidated financial information of the Applicants and the Non-Applicants, as well as certain supporting financial schedules, as at February 29, 2012. The Monitor has not performed an audit or other verification of such information.

3. All dollars amounts are expressed in Canadian dollars, except where otherwise noted, and are approximate.

4. The Waterfall Summary provides a summary of both the Applicants' and the Non-Applicants' remaining significant assets and inter-company amounts receivable and payable between the Applicants and the Non-Applicants as of February 29, 2012.

5. Please refer to the Monitor's Third Report for illustrative information pertaining to additional upstream inter-company amounts between related parties and the Applicants and Non-Applicants.

6. The Waterfall Summary reflects certain claims by Non Arms-Length creditors and other creditors that are also defendants to actions commenced or threatened by the Litigation

Trustee. However, certain of these claims include provisions for claims for contribution and indemnity which are not quantifiable as this time.

7. The Waterfall Summary presents the inter-company accounts receivable and inter-company accounts payable on a gross basis, before any management valuation allowance, except as explicitly stated.

8. For financial statement disclosure purposes, management historically made assessments of the collectability of the inter-company and third party accounts receivable and, in certain circumstances, applied a valuation allowance. These valuation allowances as of June 30, 2007 are shown in the schedules included in Appendix B of the Monitor's Third Report.

9. These Notes to the Waterfall Summary indicate potential priority claims that have been asserted by certain creditors.

10. Except with respect to claims by the Noteholders, neither the Applicants nor the Monitor have finally determined the ranking or validity of all claims or the validity and enforceability of any security, subordinations, trust or escrow agreements. Any references suggesting security or priority are those of the Applicants and have not been reviewed or verified.

11. The claim amounts shown herein reflect the current status as of February 29, 2012.

12. The Applicants advise that they and the Non-Applicants remain subject to audit and assessment/re-assessment by the relevant tax authorities for certain periods. The Monitor is advised that both the Applicants and the Non-Applicants are in the process of implementing a tax minimization strategy.

13. The Applicants believe that the resolution or determination of all of these contingent assets and liabilities will have a material impact on the recoveries to stakeholders.

14. The Monitor notes that certain assets and liabilities reflected in the Waterfall Summary are denominated in U.S. dollars (although translated to and reflected in Canadian dollars) and therefore are subject to foreign exchange volatility over time.

15. Pursuant to paragraph 18 (b) of the MPSA, the claims of the Indenture Trustees under the two debentures dated March 10, 2003 and September 30, 2003 continue to accrue interest

in accordance with the debentures at the contractual rate until they are paid in full. Consequently, the amounts included in the waterfall and the claims analysis reflects these claims valued as of February 29, 2012.

16. The Monitor has not undertaken any review of the historical transactions that gave rise to any inter-company balances included herein.

17. The following notes provide a summary of pertinent information and considerations for each of the Applicants and Non-Applicants and are to be read in conjunction with the Waterfall Summary.

<u>10 Toronto</u>

18. 10 Toronto does not conduct any direct business operations of its own and is a wholly-owned subsidiary of Domgroup. 10 Toronto currently utilizes the services of one former employees of 10 Toronto on a contract basis.

19. At the outset of the *CCAA* proceedings 10 Toronto had several employees, all of whom have since been relieved of their duties as the need for their services diminished. 10 Toronto advise that severance amounts were fully paid to these employees and they have released all claims against 10 Toronto.

20. The assets of 10 Toronto include \$1.7 million of cash on hand as at February 29, 2012. The Company has completed the sale of its remaining artwork through auctions and the proceeds are included in the cash balance.

21. 10 Toronto has inter-company accounts payable due to the Applicants and Non-Applicants of:

- ► \$0.3 million due to the Applicants, of which approximately \$0.2 million is due to Hollinger (with the balance of \$0.1 million due to Sugra). 10 Toronto had previously agreed to pay down its inter-company balance in order to fund the Applicants' on-going cash requirements (on an as-needed basis) during the *CCAA* proceedings, subject to approval from its board of directors and the Court. Since the date of filing 10 Toronto has repaid \$10.1 million thereby reducing the outstanding balance owing to the Applicants as at June 30, 2007, including interest, to \$0.3 million; and

- ► $1.3 million is due to Domgroup.

22. Ravelston Corporation Limited ("RCL") filed a proof of claim against 10 Toronto in respect of an inter-company advance of $0.5 million. Based on information provided by the Non-Applicants, the Monitor issued a Notice of Disallowance stating that amounts claimed by RCL in its Proof of Claim should be fully set off by the amounts owed to 10 Toronto in respect of management services performed and invoiced and which remain unpaid. RCL filed a Notice of Dispute. The Applicants and the Monitor were previously in discussions with counsel to RCL to discuss resolving the claim without the need for adjudication. These discussions ended due to RCL's unresponsiveness.

23. Domgroup and STMG are the only two secured creditors of RCL. Pursuant to the MPSA, any recoveries from RCL would be shared equally between STMG and Domgroup. The CRO of Domgroup agreed to waive its portion, representing 50% of the total claim, in exchange for which RCL reduced the amount of its Notice of Dispute with 10 Toronto from approximately $0.5 million to $0.2 million. Pursuant to the Non-Applicants' Claims Order, as a Non-Arm's Length creditor, this claim must be referred to Court for adjudication.

<u>Domgroup</u>

24. Domgroup does not conduct any direct business operations of its own.

25. The assets of Domgroup include:

- ► Cash of $9.6 million at February 29, 2012;
- ► Interest in real estate consisting of a small remnant strip of land, Plan 335 Sheet 21 PT LOT C11, King St W., in Oshawa, Ontario with little to no commercial value;
- ► Inter-company accounts receivable from the Applicants and Non-Applicants totalling $8.1 million, including:
  - ➢ $1.3 million due from 10 Toronto;
  - ➢ $0.9 million due from Sugra. The Monitor notes that Domgroup owes Sugra $10.1 million;
  - ➢ $5.9 million due from Hollinger. The amount due from Hollinger previously included accrued interest. As previously reported, upon investigation of the

books and records, management could not support the accrued interest obligation and, in June 2008, the interest amount of \$3.4 million was written off. The receivable is denominated in U.S. dollars and is revalued using the month-end noon rate from the Bank of Canada. The Monitor notes that Domgroup owes Hollinger \$14.3 million;

- ➢ As previously reported and as approved by an Order of this Court dated May 27, 2010 and subsequently amended thereafter, Domgroup entered into an agreement to provide a \$7.7 million DIP loan facility to the Applicants, with interest to be charged to Hollinger at the Canadian Imperial Bank of Commerce's Prime Rate plus 3% per annum on any draws made on the loan and interest paid monthly. Total current DIP draws are approximately \$7.7 million.

- ► The Waterfall Summary does not reflect inter–company amounts owing to Domgroup's inactive Non-Applicants, including Safeguard Drugs, Quintana Sales, 021173 NB (formerly Willet Foods) and Highway Markets. The Non-Applicants have advised that these subsidiaries had minimal third party assets and liabilities and have been wound up.

26. Domgroup's inter-company liabilities due to the Applicants and Non-Applicants include:

- ► \$14.3 million due to Hollinger relating to accumulated intercompany advances and repayments. As stated in the Monitor's Third Report issued September 7, 2007, Domgroup had inter-company liabilities due to Hollinger as of June 30, 2007 of \$23.6 million. Domgroup subsequently agreed to pay down its inter-company balance owed to Hollinger, subject to approval from its board of directors and pursuant to Court approval. Since then, Domgroup has repaid \$1 million, thereby reducing the outstanding balance, including interest, to \$14.3 million. The remaining balance due is non-interest bearing. Domgroup also has a receivable of \$5.9 million due from Hollinger;
- ► \$10.1 million due to Sugra, consisting of principal of \$4.0 million plus interest, pursuant to a promissory note. The promissory note indicates that it is secured by a General Security Agreement ("GSA"). Sugra has not been able to locate a signed

GSA. The Applicants advise that no security has been registered at this time. Domgroup also has a non-interest bearing receivable of $0.9 million due from Sugra; and

- $15.1 million due to 432 Canada, including principal of $6.0 million plus interest evidenced in the form of a promissory note. The promissory note indicates that it is secured by a GSA. 432 Canada has not been able to locate a signed GSA. The Applicants advise that no security has been registered at this time.

27. RCL and Ravelston Management Inc., by its Receiver and Manager and Interim Receiver, RSM Richter Inc. (together hereinafter defined as “the Ravelston Group”), a Non Arms-Length creditor, asserted a contingent claim to preserve any claim for set-off, reimbursement, contribution, indemnity, costs and other relief against Domgroup on account of claims sought by Domgroup in an action commenced by Domgroup and others against the Ravelston Group in the Ontario Superior Court of Justice as Court File No. 05-CL-5822. Based on information provided by the Non-Applicants, the Monitor issued a Notice of Disallowance for this claim. This notice was not disputed and the allowed time for dispute under the Non-Applicants’ Claims Order has lapsed.

28. In addition, The Ravelston Group, Argus Corporation Limited, 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 506646 N.B. Inc. and 509647 N.B. Inc., asserted a contingent claim to preserve any set-off, reimbursement, contribution, indemnity, costs and other relief against Domgroup on account of claims sought by Domgroup and others against the Ravelston Group in the Ontario Superior Court of Justice as Court File No. 06-CL-6261. Based on information provided by Management, the Monitor issued a Notice of Disallowance for this claim. The Ravelston Group has filed a Notice of Dispute. The Applicants and the Monitor were previously in discussions with counsel to the Ravelston Group with a view to resolving the claim without the need to proceed to Court for adjudication. These discussions ended due to Ravelston Group’s unresponsiveness. Pursuant to the Non-Applicants’ Claims Order, as a Non-Arm’s Length creditor, this claim must be referred to Court for adjudication.

29. Crystalline Investments Limited (“Crystalline”) and Burnac Leaseholds Limited (“Burnac”) filed claims against Domgroup totalling approximately $2.7 million relating

to former real estate property leases held by Domgroup. In consultation with the CRO, the Monitor issued Notices of Disallowance reducing the claims to nil. Both Burnac and Crystalline filed Notices of Dispute. Given the size of these two claims, the Non-Applicants, in consultation with both the Monitor and its key stakeholders, sought to refer these claims to this Court for determination pursuant to the provisions of the Non-Applicants' Claims Process. In December 2010, this Court declined to hear the matter and directed that it be adjudicated by the Claims Officer.

30. On August 23, 2011, the Claims Officer rendered his decision on the claims of Crystalline Investments Limited and Burnac Leaseholds Limited. These claims arose out of alleged breaches of leases that Domgroup's predecessor had assigned to a third party in 1985. The Claims Officer dismissed Burnac's claim for $2,026,964 plus interest, and reduced Crystalline's claim for $717,703 plus interest to $473,474. The Claims Officer reserved the issues of interest, taxes and costs pending further submissions.

31. After receiving the Claims Officer's decision, Crystalline moved to amend its Proof of Claim to add a further claim of $1,002,566 relating to losses suffered before the subject premises were re-demised effective March 15, 1998. Crystalline asserts that these claims had been an issue in the underlying Superior Court of Justice action that was outstanding at the time of the commencement of the CCAA proceedings by the Applicants, but had inadvertently not been included in Crystalline's Proof of Claim as required by the Non-Applicant Claims Order dated August 27, 2008. Domgroup objected to this late claim, and also asserted that the Claims Officer lacked jurisdiction to allow a late or amended claim. Following further submissions by Domgroup and Crystalline, on February 6, 2012, the Claims Officer ruled that the amendment to the Crystalline proof of claim was to be allowed in the amount of $1,720,269.

32. Domgroup has appealed the Claims Officer's decision in respect of Crystalline's claim. Burnac has also appealed the dismissal of its claim.

<u>Sugra</u>

33. Sugra does not conduct any direct business operations of its own and is a wholly-owned subsidiary of Hollinger. Sugra's primary function was to manage the operations of the

Hollinger group's private aircraft and related personnel until this function was transferred to Hollinger Aviation in February 2002.

34. Sugra is a covenantor under the senior and second lien notes.

35. Sugra's assets include inter-company accounts receivable from the Applicants and Non-Applicants including:

- ► $0.1 million due from 10 Toronto; and
- ► $10.1 million due from Domgroup, consisting of principal of $4.0 million plus interest, pursuant to a promissory note. The promissory note indicates that it is secured by a GSA. Sugra has not been able to locate a signed GSA. The Applicants advise that no security has been registered at this time. Sugra also has a non-interest bearing payable of $0.9 million due to Domgroup.

36. Sugra's liabilities consist primarily of $349.1 million due to Hollinger. The Monitor has not undertaken any review of the historical transactions that give rise to this inter-company payable.

37. The Ravelston Group, Argus Corporation Limited, 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 506646 N.B. Inc. and 509647 N.B. Inc., asserted a contingent claim to preserve any set-off, reimbursement, contribution, indemnity, costs and other relief against Sugra on account of claims sought by Sugra and others against the Ravelston Group in the Ontario Superior Court of Justice as Court File No. 06-CL-6261. Based on information provided by the Applicants, the Monitor issued a Notice of Disallowance for this claim. The Ravelston Group has filed a Notice of Dispute. The Applicants and the Monitor were previously in discussions with counsel to the Ravelston Group with a view to resolving the claim without the need to proceed to Court for adjudication. These discussions ended due to Ravelston Group's unresponsiveness. Pursuant to the Non-Applicants' Claims Order, as a Non-Arm's Length creditor, this claim must be referred to Court for adjudication.

38. A Non Arms-Length creditor who is also a defendant to actions commenced or threatened by the Litigation Trustee has filed a $33.2 million claim against Sugra in the Applicants' Claims Process.

<u>432 Canada</u>

39. 432 does not conduct any direct business operations of its own and is a wholly-owned subsidiary of Sugra.

40. 432 Canada's assets include:

- ► 14,904,944 Class A shares of STMG, which combined with the 2,366,979 shares held by Hollinger, comprise a total of 17.3 million Class A Shares and approximately 21.1% of the Class A shares of STMG. At the date of the *CCAA* filing, 432 Canada owned 12.99 million Class B shares of STMG, which combined with the 2.0 million shares held by Hollinger, comprised 100 percent of STMG's Class B shares. The STMG Class B shares possessed ten to one multiple voting rights, compared to the STMG Class A shares, which provided the Applicants with voting control of STMG. These shares were not publicly traded. Pursuant to paragraph 4 of the MPSA, STMG converted the Class B shares into Class A shares at a conversion rate of 1 to 1.1.;
- ► 615,944 of the Class A shares of STMG held in support of share exchange requests made by holders of the 1.7 million of Hollinger's Series II preference shares. These Class A shares were held pursuant to an escrow agreement with Computershare Trust Company of Canada ("Computershare"). The Applicants obtained an Order to terminate the Escrow Agreement and relieve Computershare of its obligation to hold the Class A shares of STMG. The STMG shares were returned to Hollinger.
- ► As a result of STMG's bankruptcy proceedings, the market value of all of the 432 and Hollinger's Class A common shares, including the converted Class B shares, in STMG declined to $nil.
- ► Inter-company accounts receivable from the Applicants and Non-Applicants totalling including:
  - ➢ $347.4 million due from Hollinger. 432 Canada also has $7.9 million in accounts payable to Hollinger. Pursuant to the MPSA, 50% of the net inter-company balance between Hollinger and 432 Canada will be recognized for the purposes of calculating a distribution; and

- $15.1 million due from Domgroup, consisting of $6.0 million plus interest evidenced in the form of a demand promissory note. The promissory note indicates that it is secured by a GSA. 432 Canada has not been able to locate a signed GSA. The Applicants advise that no security has been registered at this time.

41. 432 Canada's liabilities include:

- $84.9 million due to STMG consisting of principal of US$20.4 million plus interest at 16.5 percent per annum, compounded quarterly, pursuant to a demand promissory note (the "432 Note"). The 432 Note is subject to a subordination agreement with respect to the principal and interest owing pursuant to the notes issued under the indentures. The principal plus accrued interest accrued to the date of filing of the 432 Note amount was confirmed in paragraph ten of the MPSA. Interest continues to accrue;
- Claims by the Canada Revenue Agency and the Ministry of Revenue in the combined amount of $2.7 million, primarily related to the imposition of gross negligence penalties for the year ended December 31, 2004. A notice of disallowance was originally filed with regards to the Canada Revenue Agency but after negotiations, a reduced claim of $2.6 million was allowed.
- A Non-Arm's Length creditor who is also a defendant to actions commenced or threatened by the Litigation Trustee has filed a $33.2 million claim against 432 Canada in the Applicants' Claims Process;
- 432 Canada is a guarantor under the senior and second lien notes, US $78 million and US $15 million respectively, and has granted security over certain of its assets, including its shares of STMG. The first and second lien notes filed secured claims against 432 Canada. The amount as at February 29, 2012 of each including interest is $147.1 million and $28.3 million respectively; and
- The Ravelston Group, Argus Corporation Limited, 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 506646 N.B. Inc. and 509647 N.B. Inc., asserted a contingent claim to preserve any set-off, reimbursement, contribution, indemnity, costs and other relief against 432 Canada on account of claims sought by 432 Canada and others against the Ravelston Group in the Ontario Superior Court of

Justice as Court File No. 06-CL-6261. Based on information provided by the Applicants, the Monitor issued a Notice of Disallowance for this claim. The Ravelston Group has filed a Notice of Dispute. The Applicants and the Monitor were previously in discussions with counsel to the Ravelston Group with a view to resolving the claim without the need to proceed to Court for adjudication. These discussions ended due to Ravelston Group's unresponsiveness. Pursuant to the Applicants' Claims Order, as a Non-Arm's Length creditor, this claim must be referred to Court for adjudication.

<u>Hollinger</u>

42. Hollinger does not conduct any direct business operations of its own. One asset is their direct and indirect ownership interest in STMG referred to above.

43. Hollinger's other principal assets are:

- ► The Litigation Assets, including claims asserted or threatened against a number of parties in five principal proceedings, including in the threatened proceedings which are subject of the Settlements. The aggregate amount of damages claimed in all of these actions or threatened actions exceeds $1.5 billion. The Monitor notes that the aggregate value of these assets is uncertain at present but may be material. The Applicants have expressed their view to the Monitor that these assets have significant value. The Monitor has not conducted any such assessment of the Litigation Assets;
- ► a direct or indirect interest in certain active and inactive Non-Applicants, including 10 Toronto and Domgroup;
- ► Cash of $2.3 million at February 29, 2012;
- ► Cash held in escrow in the amount of $0.5 million. The escrowed funds are in support of Hollinger's indemnities in respect of two former officers. The Monitor has not evaluated and expresses no view on the enforceability of the escrow arrangement;
- ► Hollinger's share of the U.S. $24.5 million of insurance settlement proceeds from the fourth excess layer of directors' and officers' insurance previously held by the Applicants. An interpleader action was commenced in the Delaware Superior

Court. Pursuant to the MPSA, STMG and Hollinger agreed to share any proceeds 85 percent and 15 percent, respectively;

- In early December 2011, CNLC announced to the Applicants and to certain other defendants that it has reached a memorandum of understanding (the "MOU") with Peter Atkinson, Barbara Amiel-Black, Conrad Black, John Boultbee, Daniel Colson and Mark Kipnis (the "Settling Individuals") relating to the claims that were filed in the Interpleader Action;
- On December 14, 2011, CNLC and the Settling Individuals (the "Settling Parties") moved for entry of a scheduling order and approval of a settlement agreement made between them in accordance with the MOU. On December 21, 2011, the Applicants filed a response with the Delaware Superior Court, objecting to the relief sought by the Settling Parties on both procedural and substantive grounds relating to the lack of notice of settlement negotiations and the inconsistency of the settlement with the obligation of CNLC, under the MPSA, to act in cooperation with Hollinger to maximize the portion of the interpleader funds to be shared by CNLC and Hollinger. Hollinger has also filed a motion in this Court seeking a declaration that CNLC has breached the MPSA by virtue of the MOU;
- Hollinger has significant tax losses and is in the process of evaluating whether such losses can be monetized for the benefit of Hollinger's stakeholders;
- As described in paragraph 40, as a result of STMG's bankruptcy, the market value of Hollinger's Class A shares, including the converted Class B shares, in STMG declined to $nil;
- Intercompany accounts receivable from the Applicants and Non-Applicants, including:
    - $0.2 million due from 10 Toronto. 10 Toronto previously agreed to pay down its inter-company balance in order to fund the Applicants' ongoing cash requirements (on an as-needed basis) during the *CCAA* proceedings (subject to approval from its board of directors and the Court). To date, since the initiation of the *CCAA* proceedings, 10 Toronto has repaid $10.1 million to Hollinger;

- $349.1 million due from Sugra. The Monitor has not undertaken any review of the historical transactions that gave rise to this inter-company account receivable;
- $14.3 million due from Domgroup, relating to accumulated inter-company advances and repayments. There is no interest applied to this amount; and
- $7.9 million due from 432 Canada.

44. Hollinger's inter-company accounts payable due to the Applicants and Non-Applicants liabilities include:

- Senior First Lien Notes in the amount of US $78 million and Senior Second Lien Notes in the amount of US $15 million. The first and second lien notes filed secured claims against Hollinger. The amount as at February 29, 2012 of each including interest is $147.1 million and $28.3 million respectively;
- $347.4 million due to 432 Canada. Hollinger also has receivables of $7.9 million due from 432 Canada. Pursuant to the MPSA, 50 percent of the net inter-company balance between Hollinger and 432 Canada will be recognized for the purposes of calculating a distribution;
- $5.9 million due to Domgroup. The amount due to Domgroup previously included accrued interest. Upon investigation of the books and records, management could not support the accrued interest obligation and in June 2008 the interest in the amount of $3.4 million was written off; and
- As previously reported and approved by an Order of this Court dated May 27, 2010 and subsequently amended thereafter, Domgroup provided a $7.7 million DIP loan facility to the Applicants, with interest to be charged to Hollinger at the Canadian Imperial Bank of Commerce's Prime Rate plus 3 percent per annum on any draws made on the loan. Current DIP draws are approximately $7.7 million.

45. Hollinger executed a Limited Recourse Guarantee and a Security Agreement in favour of STMG on March 10, 2003 with respect to 432 Canada's obligations under the 432 Note. The Applicants advise that STMG's rights under the 432 Note and Security Agreement executed by Hollinger are limited to any recovery obtained under a guarantee executed by RCL in favour of Hollinger that was assigned and pledged by Hollinger to STMG.

STMG filed claims totalling $114.5 million against Hollinger, including an 84.9 million claim under the guarantee and claims approved by the MPSA for contribution and indemnity of $28.3 million and $1.3 million for lease settlements. The Applicants believe that pursuant to the MPSA, STMG should not have claimed this $84.9 million against Hollinger.

46. The Ravelston Group, a Non Arms-Length creditor, asserted a contingent claim to preserve any set-off, reimbursement, contribution, indemnity, costs and other relief against Domgroup on account of claims sought by Domgroup in an action commenced by Domgroup and others against the Ravelston Group in the Ontario Superior Court of Justice as Court File No. 05-CL-5822. Based on information provided by the Non-Applicants, the Monitor issued a Notice of Disallowance for this claim. This notice was not disputed and the allowed time for dispute under the Non-Applicants Claim Order has lapsed.

47. In addition, The Ravelston Group, Argus Corporation Limited, 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 506646 N.B. Inc. and 509647 N.B. Inc., asserted a contingent claim to preserve any set-off, reimbursement, contribution, indemnity, costs and other relief against Hollinger on account of claims sought by Hollinger and others against the Ravelston Group in the Ontario Superior Court of Justice as Court File No. 06-CL-6261. Based on information provided by the Applicants, the Monitor issued a Notice of Disallowance for this claim. The Ravelston Group has filed a Notice of Dispute. The Applicants and the Monitor were previously in discussions with counsel to the Ravelston Group with a view to resolving the claim without the need to proceed to Court for adjudication. These discussions ended due to Ravelston Group's unresponsiveness. Pursuant to the Applicants' Claims Order, as a Non-Arm's Length creditor, this claim must be referred to Court for adjudication.

48. Non Arms-Length creditors who are also defendants to actions commenced or threatened by the Litigation Trustee, have filed quantifiable claims of $117.3 million against Hollinger in the Applicants' Claims Process which include:

► a claim of $83.0 million plus an unknown contingent claim for contribution and indemnity;

- ► a claim of $0.9 million plus an unknown contingent claim for contribution and indemnity;
- ► a claim of $0.2 million plus an unknown contingent claim for contribution and indemnity which has been settled. The terms are confidential according to the settlement agreement unless otherwise ordered by the Court;
- ► a claim of approximately $5,000 plus an unknown contingent claim for contribution and indemnity; and
- ► a claim of $33.2 million, including an estimated amount for contribution and indemnity.

49. As previously reported, Catalyst, a Non Arms-Length creditor, has recently asserted that its claim against Hollinger of approximately $2.0 million is a super-priority claim. In the Applicants' Claims Process, the claim was originally filed with the Monitor by Catalyst as an unsecured claim against Hollinger. This matter will need to be adjudicated by this Court.

50. Other third-party claims filed against Hollinger total $1.5 million and include:

- ► KPMG's original claim, excluding claims for contribution and indemnity, totalling $1.1 million and including amounts for the following (this claim would be withdrawn with approval of the KPMG Settlement):
- ► The Ontario Ministry of Revenue's claim totalling $0.3 million; and
- ► Four other claims totalling $0.02 million.