Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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

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

SUPPLEMENT TO THE TWENTY-FIRST REPORT OF THE MONITOR
APRIL 17, 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 Supplement to the Twenty-First Report of the Monitor is to advise this Court with respect to the following:

   (a) the release and settlement agreement dated April 9, 2012 between Hollinger and the Estate of the late R. Donald Fullerton ("Fullerton Estate") and the Canadian Imperial Bank of Commerce ("CIBC" and collectively, the "Settling Parties"); and

(b) the Monitor's observations and commentary with respect to the Fullerton Estate and CIBC release and settlement.

TERMS OF REFERENCE

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

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

THE RELEASE AND SETTLEMENT AGREEMENT

5. In its Twenty-First Report, the Monitor provided a comprehensive update on the Applicants' receipts and disbursements through February 28, 2012 and commentary on the status of the KPMG, Torys and Outside Directors' Settlement Agreements.

6. As described in the Twenty-First Report, the Settlement Approval Motion to approve the KPMG, Torys and Outside Directors' Settlement Agreements will be heard on April 19 and 20, 2012.

7. Since the filing of the Twenty-First Report, a release and settlement agreement between Hollinger, the Fullerton Estate and CIBC was reached through mediation by the

Honourable George Adams Q.C. (retired judge) and was agreed in principal on April 9, 2012.

8. On April 16, 2012 the Applicants issued a press release announcing that, subject to Court approval, they had entered into a release and settlement agreement with the Fullerton Estate and CIBC to resolve all claims that were advanced by the Litigation Trustee on behalf of the Applicants (the "Fullerton Estate and CIBC Settlement"). As part of the Fullerton Estate and CIBC Settlement, the Settling Parties have made no admission of liability. The terms of the Fullerton Estate and CIBC Settlement includes releases in favour of the Settling Parties from the Applicants and their subsidiaries, except for the Chicago Newspaper Liquidation Corporation (formerly Sun-Times Media Group) which Hollinger no longer controls, as well as from third parties. The Fullerton Estate and CIBC Settlement is conditional upon the Applicants obtaining an order from this Court giving legal effect to such third party releases.

9. On April 16, 2012, the Applicants brought a motion to, among other things, approve the Fullerton Estate and CIBC Settlement. Amongst the relief sought, the Applicants sought an order sealing references in the Fullerton Estate and CIBC Settlement to the amount proffered by the Settling Parties to settle Hollinger's claims. The Applicants have requested that the motion to approve the Fullerton Estate and CIBC Settlement be heard at the same time as the KPMG, Outside Directors and Torys Settlement Approval Motions on April 19 and 20, 2012.

10. Further details of the Fullerton Estate and CIBC Settlement are included in the Litigation Trustee's report dated April 16, 2012.

11. On December 8, 2011, this Court issued an order 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.

12. The Applicants believe that the only parties affected by the approval of the Fullerton Estate and CIBC Settlement have already filed notices of appearance under the

November 12, 2010 Order and constitute the service list. Service of the April 16, 2012 motion will ensure that all interested parties receive notice of the Fullerton Estate and CIBC Settlement.

13. Neither the Fullerton Estate nor CIBC filed a claim against the Applicants in the Applicants' Claims Process and have agreed, as part of the Fullerton Estate and CIBC Settlement, not to file any claims against the estates of any of the Applicants.

14. The Applicants, the Litigation Trustee, the CRO and the Advisory Committee have kept the Monitor and its counsel apprised of their progress and activities with regards to the negotiation and mediation of the Fullerton Estate and CIBC Settlement. Either the Monitor or its counsel has also attended as an observer at the monthly status meetings chaired by the Litigation Trustee.

15. The Monitor and its counsel were not privy to the negotiations or the mediations leading to the Fullerton Estate and CIBC Settlement.

MONITOR'S OBSERVATIONS AND COMMENTARY

16. As previously discussed in the Twenty-First Report, the KPMG, Torys and Outside Directors' Settlements, if approved, will advance the principal objectives of this CCAA proceeding in that significant Litigation Assets will be monetized and the prospect of distributing a net return to the Applicants' stakeholders will be improved. The Monitor believes that this is also the case with the Fullerton Estate and CIBC Settlement.

17. The Fullerton Estate and CIBC Settlement is the product of lengthy and complicated negotiation and mediation. The Applicants and the Settling Parties are sophisticated, were represented by experienced counsel and were assisted in their discussions by an experienced retired judge and mediator, the Honourable George Adams, Q.C.

18. The Monitor has not been advised of any request by any party for additional time to consider these additional settlements.

19. For the reasons enumerated in the Twenty-First Report, approval of the KPMG, Torys and Outside Directors' Settlements and now the Fullerton Estate and CIBC Settlement

(collectively, the "Settlements"), including the bar orders sought, 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 Denega
Senior Vice President

Christopher Mediratta
Vice President