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

SECOND REPORT OF THE MONITOR
AUGUST 31, 2007

1. On August 1, 2007, Hollinger Inc. ("Hollinger") and certain of its subsidiaries (collectively the "Applicants") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to the Order of this Honourable Court dated August 1, 2007 (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the monitor of the Applicants (the "Monitor") in these CCAA proceedings.

PURPOSE

2. The purpose of this Second Report of the Monitor (the "Second Report") is to advise this Honourable Court with respect to the following:

   (a) Order of August 31, 2007 and appendices reflecting an interim agreement as to the first extension of the stay of proceedings;

   (b) Updated Cash Flow Projection for the period September 1 to September 28, 2009; and

   (c) Status of certain non-Applicant asset divestitures.

TERMS OF REFERENCE

3. In preparing this Report, the Monitor has relied upon unaudited financial information and records of the Applicants and discussions with management of the Applicants. The Monitor has not performed an audit or other verification of such information. An examination of the financial projection as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

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

STATUS OF AUGUST 29, 2007 MOTIONS AND APPLICANTS' DISCUSSIONS WITH STAKEHOLDERS

5. The Applicants sought a 60 day extension of the Stay Period. Certain stakeholders sought to terminate or substantially limit these CCAA proceedings in their motions returnable on August 29, 2007.

6. On August 29, 2007, the motions were adjourned to August 31, 2007 and the stay of proceedings with respect to the Applicants was extended until and including August 31, 2007.

7. The hearing of the motions was adjourned to provide an opportunity for the Applicants and their stakeholders to see if they could reach an interim agreement yielding an appropriate environment for negotiations leading to a global consensual resolution between the Applicants and their key stakeholders.

8. During the period August 29 to August 31, the Applicants and their stakeholders, with the assistance of the Monitor, engaged in discussions that resulted in a consensual agreement

among the Applicants and certain key stakeholders, including the Indenture Trustee, DK and STMG (the "Settlement Term Sheet") that forms the basis of the order extending the existing stay of proceedings. A primary component of the Settlement Term Sheet is a standstill on any litigation or related proceedings involving the Applicants and their stakeholders until September 21, 2007 (the "Standstill").

9. The Settlement Term Sheet was approved by this Honourable Court by its order and endorsement of August 31, 2007. The Stay Period has been extended to and including September 28, 2007.

10. The August 31, 2007 order is attached as Appendix A.

CASH FLOW AND INFORMATION PACKAGE

11. The Monitor has been advised by the Applicants that they acknowledge the stakeholders' requests for detailed, ongoing financial information. The Applicants appear to be making progress, with limited resources, to accommodate these requests.

12. Pursuant to the terms of the August 31, 2007 order the Monitor will deliver to the Service List the Applicants' revised cash flow projection (the "September 1 Projection") which reflects the Standstill and the Applicants' cash conservation initiatives along with certain supporting information regarding the September 1 Projection.

13. Accordingly, the Monitor attaches to this Second Report the following:

- Appendix B – September 1 Projection including the underlying assumptions for the period September 1, 2007 to September 28, 2007;
- Appendix C – Consolidated Weekly Cash Flow Variance Analysis for the Applicants for the two week period ended August 24, 2007 as compared to same period of the August 24 Projection included in the Monitor's First Report;
- Appendix D – Summary of Legal Accruals as of August 31, 2007 including both invoiced and unbilled time relating to legal expenses and a breakdown between pre CCAA filing and post CCAA filing amounts;

- Appendix E – Revised schedule to the August 28, 2007 letter from the Monitor's counsel to the Service List regarding legal fee information which presents the monthly run rate for legal costs used in the September 1 Projection.
- Appendix F – Listing of Retainers

14. The Settlement Term Sheet contemplates that the newly-appointed directors of STMG may require the advice of independent counsel. This cost will be indemnified by the Applicants. The amount will depend upon factors which cannot be predicted at this time. No provision has been made for such costs in the September 1 Projection.

STATUS OF CERTAIN NON-APPLICANT ASSET DIVESTITURES

15. As indicated in the Monitor's First Report, Holcay and Hollinger entered into a share repurchase agreement with CFP ("SPA") on August 9, 2007.

16. Pursuant to the SPA, the transaction was to close August 30, 2007 subject to the purchaser arranging financing.

17. The Applicants have indicated that the closing date of the transaction has been extended for 7 days by the purchaser as a result of its financing not being concluded. The September 1 Projection assumes that the proceeds will not be received until October 2007 to be conservative.

18. The aggregate proceeds from the sale of shares and Holcay's share of CFP's dividend will be approximately $5.5 million.

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

APPENDIX A

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 31ST
	)	
MR. JUSTICE COLIN CAMPBELL	)	DAY OF AUGUST, 2007

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 OR COMPROMISE OR ARRANGEMENT WITH RESPECT TO **HOLLINGER INC., 4322525 CANADA INC. AND SUGRA LIMITED**

Applicants

ORDER

THIS MOTION, made by the Applicants for an Order extending the Stay Period defined in the Order of the Honourable Mr. Justice Morawetz dated August 1, 2007 (the "Initial Order") and come back motions brought by Sun-Times Media Group, Inc. ("STMG"), Davidson Kempner Capital Management LLC ("DK"), the Indenture Trustees, HSBC Bank USA, National Association and Delaware Trust Company, National Association (the "Trustees") for various relief, were heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the motion materials and the First Report of the Monitor and upon the consent of all parties appearing,

1. **THIS COURT ORDERS** that the time for service of this notice of motion is hereby abridged so that the motion is properly returnable today, and further, that any requirement for service of the Notice of Motion on any party not served is hereby dispensed with.

2. **THIS COURT ORDERS** that all capitalized terms not herein defined shall have the meanings set out in the Initial Order.

3. **THIS COURT ORDERS** that the motions of the Applicants, STMG, DK and the Trustees originally returnable on August 29, 2007 are hereby adjourned to September 26, 2007

4. **THIS COURT ORDERS** all rights and positions of all parties existing as of August 29, 2007, including come-back rights, are preserved to the hearing of the motions on September 26, 2007.

5. **THIS COURT ORDERS** that the Stay Period in the Initial Order with respect to the Applicants is hereby extended to and including September 28, 2007.

6 **THIS COURT ORDERS** that the Applicants, STMG, DK, the Trustees and all other parties interested in these proceedings shall comply with the provisions set out in the term sheets attached as Appendix "A" and "B" to this Order.

C. Irwin, Registrar

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

AUG 3 1 2007

PER/PAR:

APPENDIX "A"

Hollinger Inc. CCAA Proceedings Settlement Term Sheet
For motions returnable August 29, 2007

1. All settlement negotiations commencing August 29, 2007 and during the Interim Period (as defined below) involving all parties to these proceedings, court assisted or otherwise, are acknowledged to be without prejudice and confidential. The negotiations are not to be disclosed or relied upon in any proceeding(s).

2. The August 29, 2007 motions are adjourned to September 26, 2007. All rights and positions of all parties existing as of August 29, 2007, including come-back rights, are preserved to the hearing of the motions on September 26, 2007.

3. Stay extension on consent to September 28, 2007.

4. The Parties (being DK, Indenture Trustees, STMG, the Applicants) and the CCAA Monitor ("Monitor") to attempt good faith settlement negotiations including with the assistance of Morawetz J. on September 10-11, 2007. Dates and parties subject to confirmation by Morawetz J.

5. Standstill on litigation proceedings against the Applicants in Canada and the United States from August 29, 2007 to 5 p.m. Friday, September 21st, 2007 (the "Standstill Period"), unless standstill ended on consent of the Applicants. No steps to be taken in either the Canadian or U.S. insolvency proceedings before 5 p.m. on Friday, September 21st (The class action/insurance settlement; the partial lift stay with respect to OSC and/or SEC proceedings and advice and directions necessary with respect to the interpretation and implementation of this agreement are excluded from the standstill).

6. The consent of the Indenture Trustees to the Standstill Period shall not be used against it by any of the Parties. Judge Walsh has adjourned the August 30, 2007 status conference to September 4, 2007 at 4 pm. The scheduling of the adequate protection motion will be addressed orally with Judge Walsh on Tuesday, with counsel making submissions as to the time required following the expiry of the standstill for preparation, etc. Whatever period of time Judge Walsh determines to be reasonable for the hearing of the motion following the expiry of the Standstill Period will be accepted by all parties. The Applicants agree (and the Indenture Trustees accept) that the Applicants' counsel will not be preparing or incurring expenses during the Standstill Period to prepare for the motion.

7. During the period August 29, 2007-September 28, 2007 (the "Interim Period") subject to any further order of the court made on September 26, 2007:

   a. Monitor will deliver updated cash flows/disclosure of retainers/accrued and unbilled legal fees/pre-filing component by end of week of August 31st;

APPENDIX "A"

b. Monitor will deliver "waterfall" report, including Subsidiaries (as defined below), by September 7, 2007;

c Monitor to deliver weekly reporting on variances to August 31 cashflow;

d. Applicants to deliver and Monitor to confirm delivery of written instructions confirming oral instructions to litigation counsel to stand down (subject to necessary preservation steps/subject to (f) below);

e. No new retainers/mandates to litigation counsel without Monitor consent;

f. Applicants shall make no payments for work done after instructions to cease work unless approved by the Monitor;

g. Applicants to receive and deliver to Monitor weekly reporting from all counsel re: WIP/AR;

h. Applicants shall make no payment of legal fees incurred pre-filing (net of retainers) without court order; and

i. Applicants to make best efforts to maintain status quo with non-Applicant subsidiaries (10 Toronto/Domgroup/Holcay) ("Subsidiaries") including the following:

   i. No payments made by Subsidiaries out of the ordinary course;

   ii. Legal fees of Subsidiaries to be curtailed as much as possible/only in the ordinary course for necessary steps including any litigation defence (including in respect of the motion currently scheduled for September 26, 2007 subject to an adjournment to October 4, 2007 or thereafter, regarding a claim by the administrator of the pension plan regarding 10 Toronto Street Inc.);

   iii. No new encumbrances of Subsidiaries; and

   iv. Payments to Applicants from Subsidiaries to be consistent with August 31, 2007 cashflows.

APPENDIX "B"

Voting of Shares: During the Standstill Period, each of Hollinger Inc. and 4322525 Canada Inc. (collectively, "Hollinger") agrees not to exercise its right to vote (or act by written consent) with respect to any shares of common stock of Sun-Times Media Group, Inc. ("STMG") beneficially owned by Hollinger provided STMG has not taken any actions, directly or indirectly, inconsistent with the Stockholder Written Consent in Lieu of Meeting of Hollinger, dated July 31, 2007, or has not otherwise interfered with Hollinger's changes to the STMG Board, including, without limitation, by amending the bylaws of STMG. Nothing herein shall prejudice the rights of the secured noteholders and the indenture trustees under the security agreement and the trust indenture including, without limitation, any argument denying the rights of Hollinger to vote such shares.

Board of Directors: During the Standstill Period, each of Wesley Voorheis, William Aziz and Edward Hannah (the "Hollinger Directors") agree not to attend any meeting of the STMG Board of Directors or any committee thereof. Except for the Special Committee of the STMG Board (provided the mandate of the Special Committee is not expanded during the Standstill Period), STMG agrees to provide an agenda to the Hollinger Directors with advance notice of each such meeting reflecting the matters to be discussed or acted upon at such meeting. If such Hollinger Director, after receipt of a written opinion by independent legal counsel, has determined in good faith that attending the meeting of the STMG Board of Directors or any committee thereof and/or voting with respect to any matter is required by his fiduciary duties under applicable law to STMG stockholders other than solely Hollinger, then they shall each be entitled to attend such meeting and/or vote. During the Standstill Period, with the exception of the Special Committee (provided the mandate of the Special Committee is not expanded during the Standstill Period), STMG agrees that (1) no corporate action shall be taken at a meeting of the STMG Board of Directors other than with respect to the matters reflected on the agenda for such meeting and (2) any corporate actions purported to be taken at a meeting of the STMG Board of Directors other than matters reflected on the agenda for such meeting shall be void and of no effect.

Hollinger expressly acknowledges and agrees that it has requested the Hollinger Directors make such agreement in connection with the standstill arrangements forming part of this agreement to negotiate, and agrees to waive any claims it might otherwise have (as shareholder of STMG) against the Hollinger Directors for breach of fiduciary duties as a result of not attending or voting at any such meetings of STMG during the Standstill Period.

STMG expressly acknowledges and agrees that it has requested the Hollinger Directors make such agreement in connection with the standstill arrangements forming part of this agreement to negotiate, and agrees to waive any claims it might otherwise have against the Hollinger Directors for breach of fiduciary duties as a result of not attending or voting at any such meetings of STMG during the Standstill Period.

No Actions: During the Standstill Period STMG will not commence any action or take any proceedings against the Hollinger Directors, Brent Baird, Albrecht Bellstedt or Peter Dey.

APPENDIX "B"

<u>Delay Not to be Held as Prejudicial:</u> Forbearance from taking action by the Hollinger Directors during the Standstill Period will not be used or held against them in relation to any steps or action they may thereafter seek to take in respect of STMG, including without limitation, causing a strategic process to be implemented in relation to STMG.

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

Court File No. 07-CL-7

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

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Solicitors for the respondent
Ernst & Young Inc.

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited, (collectively the "Applicants")
Weekly Cash Flow Projection
For the Period September 1, 2007 to September 28, 2007

		Week Ending			
		1	2	3	4
		Friday	Friday	Friday	Friday
C$ 000s	Notes	07-Sep	14-Sep	21-Sep	28-Sep
Opening Cash Balance	1	907	-	-	-
Receipts					
Dividends		-	-	-	-
Interest income	2	2	-	-	-
Other	3	-	-	-	-
Intercompany Accounts Receivable	4	588	1,199	306	326
Total receipts		590	1,199	306	326
Disbursements					
Payroll & Benefits	5	(42)	-	(19)	-
Directors Fees	6	-	-	(59)	-
Legal Fees	7	(506)	(597)	(91)	(91)
Chapter 15 Legal Fees (US)	8	(257)	(267)	(10)	(10)
CCAA Legal Fees (Canada)	9	(220)	(281)	(60)	(60)
CCAA Monitor Fees	10	(150)	(40)	(40)	(40)
Contractor Fees	11	(127)	-	-	-
Advisors	12	(153)	(14)	(15)	(124)
Interest on Senior Secured Notes	13	-	-	-	-
Operating Costs related to building	14	(20)	-	-	-
Taxes	15	-	-	-	-
Other	16	(21)	(1)	(12)	(1)
Total Disbursements		(1,496)	(1,199)	(306)	(326)
Net Cash Inflow / Outflow		(907)	-	-	-
Closing Cash Balance		-	-	-	-

See accompanying notes and assumptions which should be read in conjunction herewith

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited, (collectively the "Applicants")
Cash Flow Projection
Notes and Assumptions

These cash flow projections include cash flow projections for Hollinger Inc, 4322525 Canada Inc. and Sugra Limited, (colllectively the "Applicants).

These projections are based on information from the Applicants which has not been audited, reviewed or otherwise verified.
This is not a projection or forecast under section 4250 of the CICA Handbook.
The actual timing and amount of the cash flows may fluctuate from the estimates shown herein and these fluctuations may be material.

Foreign Exchange Rate used for this projection is **1.07**

1) The Cash balance is shown in thousands of Canadian dollars and excludes the amounts held in trust by Aird & Berlis for the officers' indemnity trust. The opening cash balance includes approximately $0.6 million held in a bank account in the name of Holcay Holdings, a wholly owned subsidiary of Hollinger Inc. It is assumed that any cash held by Holcay Holdings is available for use by the Applicants, upon payment of any amounts owing by Holcay.

2) Interest income is estimated based on projected cash balances and actual recent rates of return. No provision has been made for interest, fees or other charges in connection with any borrowings that may be required.

3) Hollinger Inc., through Holcay Holdings, currently owns the Cayman Islands Free Press. The company is entering into a transaction to sell the Cayman Islands Free Press, with total net proceeds estimated to be $5.5 million. This transaction was expected to close during the first week of September 2007 but has now been extended by the purchaser. Although the extension is short at present, these projections assume the proceeds are not received until October 2007. It is assumed that the sale proceeds would be available to the Applicants.

4) Intercompany accounts receivable consist of intercompany repayments from 10 Toronto Street, a wholly owned subsidiary of Hollinger Inc. The Applicants advise that 10 Toronto owed Hollinge approximately $9.6 million as at filing and has agreed to repay up to $7.5 million of the intercompany balance during the period.

5) Payroll and benefits represent a reimbursement to 10 Toronto by Hollinger for 50% of the total employee related costs, including payroll, benefits and prefiling severance costs.

6) Directors' fees assume one monthly meeting of the board of directors and each committee.

7) Legal fees represent payment on account of general corporate and litigation services both for the benefit of and against the companies and reflect the new run rates in accordance with the settlement term sheet and do not include any prefiling amounts

8) Chapter 15 Legal Fees reflect the estimated legal fees associated with a Chapter 15 filing and certain other US legal issues.

9) CCAA Legal Fees reflect the estimated legal fees of both the Company's and Monitor's respective counsel.

10) CCAA Monitor Fees reflect the estimated monitor fees associated with a CCAA filing.

11) Contractor Fees represent fees paid to individuals for services rendered to the Applicants.

12) Advisor Fees represent payments to various professionals including the Inspector, auditors, transfer agent and others.

13) Interest on Senior Secured Notes of approximately US $6.0 million is payable is twice a year in March and September.
The projection assumes that these payments are stayed by CCAA filing.

14) Operating Costs (re building) represent a reimbursement to Domgroup by Hollinger for 50% of the total Adelaide and Wellington offices lease costs and operating costs.

15) Taxes represent GST and monthly instalments of corporate tax. The projection does not include any receipts or disbursements as a result of reassessments or penalty payments on late filings.

16) Other includes sundry expenses including computer support, TSX fees and other disbursements.

17) The projections do not include any potential recoveries due to successful litigation or miscellaneous asset sales.

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited, (collectively the "Applicants")
Consoldated Weekly Cash Flow Variance Analysis

C$ 000s	Projected Results for the Two Weeks Ended Friday 31-Aug	Actual Results for the Two Weeks Ended Friday 31-Aug	Variance	Notes
Opening Cash, ex. Funds in Trusts	1,074	1,074	-	
Receipts				
Dividends	-	-	-	
Interest income	-	-	-	
Other	-	-	-	
Intercompany Accounts Receivable	2,027	871	(1,156)	1
Total receipts	2,027	871	(1,156)	
Disbursements				
Payroll & Benefits	(17)	-	17	2
Directors Fees and Insurance	(38)	(38)	(0)	
Legal Fees (including retainers)	(1,417)	(778)	639	3
Chapter 15 Legal Fees (US)	(492)	-	492	3
CCAA Legal Fees (Canada)	(723)	-	723	3
CCAA Monitor Fees	(225)	-	225	3
Contractor Fees	-	(9)	(9)	
Advisors	(162)	(197)	(36)	
Interest on Senior Secured Notes	-	-	-	
Operating Costs related to building	-	-	-	
Taxes	-	-	-	
Other	(27)	(15)	12	
Total Disbursements	(3,100)	(1,038)	2,062	
Change in cash	(1,074)	(167)	907	
Closing cash, ex. Funds in Trusts	-	907	907	

1) Actual receipts from Intercompany were less than projected due to lower than anticipated disbursements which reduced the need to collect intercompany receivables from 10 Toronto Street Inc

2) The Applicants did not reimburse certain related companies for building and employee costs during the period, which represent a timing difference These amounts will be reimbursed in a subsequent period

3) Actual disbursements for legal and restructuring costs were lower than projected A portion of the difference represents a timing difference from the projection, which is expected to reverse in the near term

Summary of Legal and Monitor Accruals
As At August 31, 2007
CDN $

	Pre Filing	Post Filing	Outstanding Invoices	WIP	Total Revised "Bubble" at Aug 31	Total Revised "Bubble" for Aug 31 Cash Flow Projection **(excludes pre filing amounts)**
Legal fees total	759,056	602,798	1,361,855	409,409	1,771,264	1,012,207
CCAA Legal Fees	1,404	260,925	262,329	180,000	442,329	440,925
Ch 15 legal fees total	85,687	81,460	167,147	433,076	600,223	514,536
Overall Total	846,148	945,183	1,791,331	1,022,485	2,813,816	1,967,669

F/X **1.07**

Note that the Applicants project to pay down the August 31, 2007 post filing "bubble" equally during the weeks ending September 7 and 14, 2007.
Unaudited - Prepared from information provided by the Applicants.

Amounts included in revised cash flow projection
Cdn

	1 Friday 7-Sep-07	2 Friday 14-Sep-07	3 Friday 21-Sep-07
Bubble			
Legal	506,104	506,104	-
Chapter 15	257,268	257,268	-
CCAA	220,463	220,463	-
Revised Run Rate			
Legal	-	90,250	90,250
Chapter 15	-	10,063	10,063
CCAA	-	60,375	60,375
Total			
Legal	506,104	596,354	90,250
Chapter 15	257,268	267,331	10,063
CCAA	220,463	280,838	60,375

Hollinger Inc.
Legal Fees Analysis
Illustrative Monthly Run Rates

CDN$ (000's)

		First Report of Monitor - Cash Run Rate Beginning beginning August 25	Illustrative Monthly Run Rate - Lights On & Standstill - For the Period September 1, 2007 to September 28, 2007 (Note 1)			Difference	
		Cash Basis	Low Accrual Basis	September 1 Projection Accrual Basis	High Accrual Basis	Low	High
Legal Fees							
Canadian General Corporate/Securities/Regulatory Filings, Mareva, etc.	Note 2	100	100	175	200	-	100
US General Corporate/Securities/Regulatory Filings, Mareva, etc.	Note 2			75			
Litigation		425	79	30	130	(347)	(295)
Other		43	5	35	20	(38)	(23)
Contingency	15% Note 5	100	28	46	53	(72)	(48)
Legal Fees	Note 2	668	211	361	403	(457)	(266)
Chapter 15 - Legal	Note 2	500	200	35	200	(300)	(300)
Contingency	15% Note 5		30	5	30	30	30
Chapter 15 - Legal	Note 3 & 4	500	230	40	230	(270)	(270)
CCAA - Legal		360	210	210	260	(150)	(100)
Contingency	15% Note 5		32	32	39	32	39
CCAA - Legal		360	242	242	299	(119)	(61)
Total		1,528	683	643	932	(845)	(597)

F/X rate 1.07

Overview

The above categories are those reflected in the Applicants' cash flow projection included as an Appendices to the First Report of the Monitor. The categories include legal expenses related to the following:

Legal Fees - expenditures related to the Applicants' litigation assets and general corporate legal costs including securities and regulatory matters for both Canada and the United States.

Chapter 15 Legal Fees (US) - expenditures related to the Chapter 15 proceedings in the United States

CCAA Legal Fees (Canada) - expenditures related to the CCAA proceedings including both the Applicants' and Monitor's counsel.

Notes:

1) The illustrative low and high run rates reflect management's initial cash conservation efforts as noted in the First Report of the Monitor and assume the effect of the implementation of a short-term standstill agreement with respect to all litigation and motions within the CCAA and Chapter 15 proceedings. The September 1 Projection reflects additional analysis based on the settlement term sheet recently negotiated among the Applicants and their major stakeholders.

There will be a lag from the point at which management has instructed its legal advisors to reduce their time spent pursuing certain litigation to the actual cash savings realized on a cash flow basis. Management expects to complete implementation of a substantial portion of their cash conservation initiatives related to legal fees for litigation assets by August 31. Management's efforts to reduce the cash burn are designed to provide an opportunity to focus efforts on the short term goal of reaching a global settlement with its noteholders and STMG. Given the complex nature of the litigation and the need to retain the in depth knowledge accumulated with respect to the litigation assets these reduced run rates can not be maintained indefinitely without risking impairment of the litigation assets. The Applicants' ability to preserve the value of the litigation assets for stakeholders without significant expenditures beyond September 28 will have to be re-addressed by management in consultation with their legal advisors and the Monitor.

2) Certain general corporate, securities and regulatory legal costs were previously forecast as part of "CCAA-Legal" and "Chapter 15-Legal". These have been re-classified and included as part of Legal Fees. Canadian general corporate legal costs for September 2007 include an amount for preparing for the Annual General Meeting.

3) Illustrative run rates reflect management's estimates during the period of a standstill.

4) Given that legal and related professional costs shown above represent estimates by management and the actual timing and amount of the disbursements may fluctuate from the estimates shown herein and these fluctuations may be material, management has included a contingency of 15% in each of the categories.

Hollinger Inc.
Retainers

			Outstanding Retainers As At August 31, 2007
ThorntonGroutFinnigan LLP	Cdn	$	100,000
Ernst & Young Inc./LSRSG	Cdn	$	150,000
Morris, Nichols, Arsht & Tunnell LLP	US	$	50,000
Weil Gotshal & Manges LLP	US	$	100,000
Cody Ford	US	$	15,000