Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

AMENDED NOTICE OF MOTION
(Approval of ~~STMG~~Multi-Party Settlement and Cost Reduction / Asset Enhancement Program)

THE APPLICANTS will make a motion before a Judge presiding over the Commercial List on a date to be set following a scheduling appointment before the Honourable Mr. Justice Campbell to be held on ~~Tuesday, April 15, 2008~~Thursday, May 15, 2008 at 9:30 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order:

   (a) approving the terms of a multi-party settlement (the "Multi-Party Settlement") among the Applicants, Sun-Times Media Group, Inc. ("STMG") and Davidson Kempner Capital Management LLC and certain of its affiliates (collectively "DK") ~~with STMG (the "STMG Settlement") and~~;

(b) authorizing and directing the implementation of the ~~STMG~~Multi-Party Settlement by the Applicants, STMG, DK- and all other necessary parties;

all as described in the ~~term sheet~~Multi-Party Settlement executed by the Applicants, STMG and DK ~~Hollinger Inc. ("Hollinger") and Sun-Times Media Group, Inc. ("STMG")~~ dated ~~March 25~~May 14, 2008 ~~(the "Settlement Term Sheet")~~, a redacted version of which is annexed as Schedule "A" hereto; and

(c) sealing Schedule "B" of the Multi-Party Settlement pending further Order of this Court and sealing Schedule "C" of the Multi-Party Settlement until such time as the information contained therein is publicly disclosed by STMG;

2. an Order authorizing and approving the Applicants to take steps to restructure certain of their operations and management to reduce costs and enhance asset realizations as follows:

(a) appointing the existing chief financial officer of the Applicants to be the Chief Restructuring Officer ("CRO") of all property, assets and undertaking of the Applicants other than the litigation assets;

(b) appointing the retired justice John D. Ground to act as Litigation Trustee of the Applicants' litigation assets, to preserve, protect and realize upon such assets for the benefit of the Applicants' stakeholders in consultation with the Applicants under the supervision of the Monitor and this Honourable Court;

(c) eliminating the role of CEO of the Applicants and a cessation of the ongoing work fee of $75,000 per month payable under the contract with the current CEO and approving, ~~a~~ capping and restructuring ~~of any~~ the milestone payments due under such contract in accordance with the Multi-Party Settlement;

~~(d) immediately reducing the size of Hollinger's board of directors from five to three persons but only so long as the possibility of a restructuring plan remains viable and subject to further reduction as described below;~~

~~(e)~~(d) ~~approving the Applicants either presenting a plan of arrangement as contemplated by the Settlement Term Sheet, if principal terms thereof can be agreed with~~

~~representatives of the other major stakeholders of the Applicants on or before June 1, 2008 or such other date as the Court may determine (the "Negotiation Deadline") or, in the alternative, if no such plan terms can be agreed, then to approve~~ approving the Applicants' ongoing cost reduction and asset enhancement program as described herein;

~~(f)~~(e) authorizing the Litigation Trustee to retain G. Wesley Voorheis ("Voorheis") or an entity controlled by him as an advisor to assist the Litigation Trustee in preserving and recovering value from the litigation assets, on such terms as the Litigation Trustee deems appropriate for purposes consistent with the Multi-Party Settlement, ~~Term Sheet,~~ at Voorheis' usual hourly rates;

~~(g)confirming that the $75,000 monthly work fee payable to the Applicants' financial advisor, BMO Nesbitt Burns Inc., has ceased;~~

~~(h)authorizing a further reduction in the size of the board of directors of Hollinger from three to zero if terms regarding a plan of arrangement are not agreed in principle on or before the Negotiation Deadline;~~

~~(i)approving the cessation of any work regarding preparation of further audited financial statements for Hollinger unless and until the continuation of Hollinger as a public company is considered necessary or appropriate;~~

~~(j)~~(f) approving an enhanced role for the Monitor and the CRO to grant additional authority to the CRO to realize upon and distribute the assets of the Applicants in as efficient a manner as possible in the event ~~terms of~~ a plan of arrangement ~~are not agreed by the Negotiation Deadline with an enhanced observation and reporting role for the Monitor~~is not presented by the Applicants;

~~(k)~~(g)approving standard receivership-type protections for the Monitor and CRO in the event they are required to perform their enhanced roles so as to eliminate the need for further insurance for them;

~~(l)~~(h) approving the purchase of limited run-off insurance for the officers and directors of the Applicants in lieu of renewing the existing policy as described in the materials filed in support of this motion; and

~~(m)~~(i) ratifying and approving the decisions of the board of directors of Hollinger to authorize all of the foregoing.

3. an Order substantially in the form of Schedule "B" hereto (the "Claims Order") establishing a claims process for the Applicants; and

4. such further and other relief as counsel may request and this Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

A. As to the Approval of the Settlement Term Sheet:

5. ~~Despite significant effort, a~~The ~~multi~~Multi-~~party~~Party ~~settlement~~ Settlement ~~agreement~~ was finalized among the Applicants, STMG and DK on May 14, 2008~~proved to be unachievable~~.

6. The relationship between STMG and the Applicants is complicated. The resolution of the many and various claims between the Applicants and STMG and the settlement of competing claims of the Applicants and STMG to certain assets such as (a) the funds generated by a settlement of the D&O insurance as part of the settlement of certain class actions and (b) distributions from the estate of The Ravelston Corporation Limited ("Ravelston") will simplify the administration of the estate, lower costs and provide more certainty to all stakeholders.

7. The ~~STMG~~Multi-Party Settlement is a significant step forward in that it resolves significant issues among the key stakeholders and the Applicants ~~and provides a platform from which to negotiate the inclusion of further stakeholder groups into a possible plan of arrangement~~in a manner that minimizes costs of resolving contentious claims, achieves certainty and provides the best platform to maximize recovery from the Applicants' remaining assets.

8. The Settlement Term Sheet contemplates ~~a short window within which to attempt to achieve a broader consensus among the stakeholders that, if successful, will lead to the presentation of a plan of arrangement. If such further brief negotiations are not successful, the Settlement Term Sheet contemplates~~ the efficient realization of assets in a cost effective manner with distributions to creditors according to their entitlements as acknowledged in the Multi-Party Settlement or as determined –through the requested claims process.

~~9. In summary, the Settlement Term Sheet, by settling all claims and issues with STMG, lowers the cost and increases the certainty of recovery for all stakeholder groups while maintaining the option of a more inclusive settlement, including the preservation of a 10% premium in respect of the conversion of the Class B shares of STMG to Class A shares of STMG.~~

9. The Multi-Party Settlement preserves the possibility of implementation of the terms thereof through a plan of arrangement but also allows for recoveries upon assets and distributions to creditors in an efficient and cost-effective manner otherwise.

10. The ~~STMG~~ Multi-Party Settlement is in the best interest of the estates of the Applicants, is commercially fair and reasonable and should be approved.

B. As to the Cost Reduction and Asset Enhancement Program:

11. The Applicants seek to revise their ~~corporate governance~~affairs with a view to:

(a) reducing the costs of managing and administering the estates of the Applicants; and

~~(b) encouraging a timely resolution of whether a plan of arrangement can be achieved or not; and~~

(~~c~~b) maximizing the potential for recoveries from the remaining assets of the Applicants;

all pursuant to a comprehensive program ~~to reduce costs and enhance asset realizations,~~ the details of which are described in paragraph 2 above.

12. STMG and DK consent to these measures pursuant to the Multi-Party Settlement.

~~12.~~13. The program streamlines the costs of managing and directing the Applicants by eliminating the position of CEO, thereby eliminating the work fee of $75,000 per month payable to the current CEO, and acknowledging the termination of $75,000 per month payable to the Applicants' financial advisor, BMO Nesbitt Burns Inc.

~~13.~~14. In addition, the board of directors of Hollinger is proposed to be reduced immediately from five members to three, thereby reducing ongoing directorship costs~~, with a further reduction to zero directors if a plan of arrangement is not achievable~~.

~~14.~~15. ~~The program contemplates the continuation of a reduced board of directors so long as a plan of arrangement is a possibility so that independent direction can be given to the CRO regarding the negotiation and implementation of such a plan of arrangement. If such a plan is no longer feasible, then the board will be reduced to zero and the~~ The CRO will perform an enhanced role to efficiently realize upon and distribute the assets of the Applicants and the Monitor shall perform oversight and reporting functions as directed by this Honourable Court. ~~In that case, it~~It is proposed that the CRO and the Monitor both be given standard protections usually afforded to officers of the Court performing ~~receivertype~~receiver type functions.

~~15.It is also proposed to reduce costs by ceasing any further work regarding the preparation of additional audited financial statements for Hollinger unless and until the continuation of Hollinger as a public company is considered appropriate or necessary such as part of any plan of arrangement.~~

16. The program eliminates the need for any renewal of the annual ongoing director and officer insurance policy. Instead, a one-time run-off insurance policy with reduced limits and a reduced premium is proposed.

17. The program enhances the potential of recovery from the three major classes of assets of the Applicants as follows:

(a) Cash – the cost reduction measures described above will enhance the cash available for distribution. In addition, the Multi-Party~~STMG~~ Settlement eliminates the need of costly litigation to determine and resolve the ~~many~~ STMG claims, the noteholder claims and a significant intercompany claim between Hollinger and 432 ~~claims~~;~~.~~

(b) STMG shares - the Multi-Party Settlement ~~Term Sheet contemplates the possibility of a plan that if implemented, would~~ contemplates the continuation of a strategic process at STMG and provides for an appropriate ~~preserve a 10%~~ premium regarding the STMG shares ~~compared to what would be available in a bankruptcy~~owned by Hollinger and 432;~~;~~

(c) Litigation assets – ~~Justice~~ justice John D. Ground, retired, has agreed to act as ~~litigation~~ Litigation ~~trustee~~ Trustee under a mandate to efficiently and in a cost effective manner administer the litigation assets with a view to maximizing the net return from the litigation assets for the benefit of the Applicants and their creditors and other stakeholders. With his years of experience as a judge on the Commercial List, ~~Justice~~ justice Ground is ideally suited to take carriage of the litigation assets and to balance the interests as necessary to maximize returns for the benefit of all stakeholders and having regard to the public interest in ensuring that those who have wronged Hollinger are held to account. Importantly, the value of the litigation assets is significantly enhanced if the defendants are aware that the litigation assets are properly financed and will be vigorously prosecuted notwithstanding the insolvency of the plaintiff. Such would be the case under the proposed program.

C. As to the Request for a Claims Process

18. A claims process is necessary whether distributions are to be effected under a plan of arrangement put forward by the Applicants or through any other process.

19. The proposed Claims Order includes standard provisions for a CCAA claims process and also provides that, in the event a plan is not approved, the determination of claims will be effective for any other insolvency proceeding, thereby eliminating the need for further costs to be incurred.

20. No distributions of cash from the Applicants or their subsidiaries can be made to any creditor unless and until a claims process is completed.

D. As to all Heads of Relief:

21. The provisions of the *Companies' Creditors Arrangement Act* (Canada), particularly Sections 4, 5, 6 and 12;

22. Rules 2.03, 3.02 and 37 of the *Rules of Civil Procedure* (Ontario);

23. Sections 137(2) and 142 of the *Courts of Justice Act* (Ontario); and

24. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Affidavits of G. Wesley Voorheis sworn March 18, March 26 and April 10, 2008;

2. the Affidavit of William E. Aziz sworn April 10, 2008;

~~4.the Affidavit of Kenneth McLaren, sworn March 17, 2008; prior Affidavits of G. Wesley Voorheis previously filed in this proceeding, sworn on each of the following dates: July 31, 2007, August 21, 2007, August 22, 2007 and September 25, 2007 and March 18, 2008;~~

~~5.~~3. ~~a~~ the Seventh Report of the Monitor, to be filed; and

~~6.~~4. such further and other material as counsel may advise and this Honourable Court may permit.

~~April 10~~May 14, 2008

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TO: **THIS HONOURABLE COURT**

AND TO: **THE SERVICE LIST ATTACHED**

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Proceedings commenced at Toronto

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