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

MOTION RECORD
(returnable on November 10, 2009)

November 4, 2009

ThorntonGroutFinnigan LLP
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Solicitors for the Applicants and Non-Applicants

INDEX

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TAB 1

Court File No. 07-CL-7120

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Applicants

NOTICE OF MOTION

THE APPLICANTS AND DOMGROUP LTD. ("DOMGROUP"), 10 TORONTO STREET INC. ("TSI"), HOLCAY HOLDINGS LTD. ("HOLCAY") AND 021173 N.B. LIMITED a.k.a. WILLETT FOODS f.k.a. WILLETT FOOD COMPANY ("WILLETT") (DOMGROUP, TSI, HOLCAY AND WILLETT COLLECTIVELY, THE "**NON-APPLICANTS**") will make a motion before a judge presiding over the Commercial List on Tuesday, November 10, 2009 at 10:00 o'clock in the morning 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 abridging the time for service of this Notice of Motion and the Motion Record herein, if necessary, and dispensing with any further service thereof, such that this motion is properly returnable on November 10, 2009;

2. An Order extending the stay of proceedings provided for in the Order of the Honourable Mr. Justice Morawetz dated August 1, 2007 (the "**Initial Order**") currently expiring on November 20, 2009 (the "**Stay Period**") to May 28, 2010;

3. An Order approving the repayment of a total of $2.5 million of intercompany indebtedness from TSI to the Applicants, Hollinger Inc. ("**Hollinger**") and Sugra Limited ("**Sugra**"), as detailed in the First Report of the Chief Restructuring Officer of the Applicants and the Non-Applicants dated November 4, 2009;

4. An Order authorizing and directing the Applicants to distribute the $2.5 million received from TSI in accordance with the priorities and to the parties described in paragraph 18 of the Multi-Party Settlement dated May 14, 2008 with Sun-Times Media Group, Inc. and Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, "**DK**"), which was approved by this Honourable Court by Order dated May 21, 2008 (the "**Multi-Party Settlement Agreement**"), subject to a determination, if required, of the priority of the super-priority claim asserted by Catalyst Capital Fund I ("**Catalyst**");

5. An Order authorizing and directing Domgroup to have the claims of Burnac Leaseholds Limited ("**Burnac**) and Crystalline Investments Limited ("**Crystalline**") determined by the Supervising Judge;

6. An Order amending the Claims Order dated May 21, 2008 (the "**Claims Order**") and the Non-Applicant Claims Order dated August 27, 2008 (the "**Non-Applicant Claims Order**") in the form attached at Tab 4 of the within Motion Record; and

7. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On August 1, 2007, the Applicants applied for and were granted protection from their creditors under the *Companies' Creditors Arrangement Act* ("**CCAA**") pursuant to the Initial Order;

2. The Stay Period pursuant to the Initial Order has been extended by subsequent Orders of this Honourable Court and currently expires on November 20, 2009;

3. The Applicants entered into the Multi-Party Settlement Agreement which was approved by this Honourable Court on May 21, 2008;

4. Paragraph 18 of the Multi-Party Settlement Agreement contemplates that the following priority payments up to a maximum amount of CDN $4,500,000 would be made:

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

   (b) secondly, to pay the reasonable fees and disbursements, including reasonable legal fees and disbursements, of the indenture trustees up to and including Court approval of the Multi-Party Settlement Agreement; and

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

5. Pursuant to an Order of this Honourable Court, an entity controlled by William Aziz, CA, ("**Aziz**") BlueTree Advisors Inc. ("**BlueTree**"), was appointed to provide the services of Aziz as the Chief Restructuring Officer of the Applicants. BlueTree was also retained to also provide the services of Aziz as Chief Restructuring Officer of the Non-Applicants pursuant to board resolutions passed by each of the Non-Applicants on June 16, 2008 (collectively, BlueTree and Aziz are referred to the "**CRO**");

6. The Multi-Party Settlement Agreement contemplates priority distributions to be made by the Applicants in respect of certain amounts up to a maximum of CDN $4.5 million (the "**Priority Distributions**");

7. The CRO has been in discussions with the stakeholders that would receive the Priority Distributions and has agreed, subject to obtaining this Honourable Court's approval and the passing of a board resolution for TSI, to repay certain intercompany indebtedness as detailed herein to the Applicants to allow the Applicants to make a distribution in the amount of $2.5 million in respect of the Priority Distributions;

8. According to the unaudited books and records of TSI and the Applicants, TSI owes intercompany indebtedness to Hollinger and Sugra in excess of $2.5 million, collectively;

9. The CRO has determined that, after repayment of intercompany indebtedness in the amount of $2.5 million to the Applicants, TSI will have sufficient cash to pay its third party creditors in full based on the full claim amount of all third party claims filed in the claims process;

10. In discussions with representatives and counsel for Catalyst, Catalyst has recently made an assertion that, in their view, their claim for $1,988,388 is a super-priority claim, notwithstanding that Catalyst filed their claim as an unsecured claim against Hollinger on July 11, 2008;

11. In light of the proposed partial Priority Distributions, the Applicants and/or the Monitor propose to seek advice and directions from this Honourable Court regarding the super-priority claim, including, if required, a determination of the priority of the Catalyst claim pursuant to a schedule to be negotiated or determined by the Court;

12. The Applicants commenced a claims process in accordance with the Claims Order;

13. Pursuant to the Claims Order, proofs of claims in respect of claims against the Applicants were required to be filed by July 11, 2008;

14. In accordance with the terms of the Multi-Party Settlement Agreement, a claims process with respect to the Non-Applicants was commenced pursuant to the Non-Applicant Claims Order to allow for the determination of claims against the Non-Applicants and the subsequent winding up of the Non-Applicants;

15. The Non-Applicant Claims Order required the filing of proofs of claims in respect of claims against the Non-Applicants by September 30, 2008 other than Domgroup OPEB Claims (as defined in the Non-Applicant Claims Order);

16. The CRO and the Monitor continue to review and assess the validity of the claims filed in both claims processes;

17. Pursuant to the Representation Order dated November 26, 2008, this Honourable Court appointed Koskie Minsky LLP as Representative Counsel to act as a legal representative for persons holding Domgroup OPEB Claims (as this definition was amended by the Order dated November 26, 2008);

18. On February 27, 2009, Representative Counsel filed its claim against Domgroup in respect of persons holding Domgroup OPEB Claims;

19. The CRO and the Monitor are in the process of reviewing and assessing the validity of the claim filed and are in discussions with Representative Counsel as to the complexities of this claim including determining the mechanism for settlement;

20. Paragraph 30 of the Non-Applicant Claims Order allows any Non-Applicant to apply to this Honourable Court to seek to have a claim determined by the Supervising Judge rather than having it determined by the claims officer;

21. Crystalline and Burnac filed claims against Domgroup totalling approximately $2.7 million relating to former real estate property leases held by Domgroup. The Monitor, in consultation with the CRO, issued Notices of Disallowance reducing the claims to nil. Both Crystalline and Burnac filed Notices of Dispute;

22. Given the size of these two claims, the Non-Applicants, in consultation with both the Monitor and its key stakeholders, have decided to seek to have these claims determined by the Supervising Judge rather than by the claims officer;

23. Currently, the only claims officer designated in respect of both claims processes is David Baird. The Applicants and the Non-Applicants would like the flexibility to designate further

claims officers in respect of the claims processes if it is determined that it is advisable to do so with the Monitor's consent without the necessity of having to seek this Honourable Court's approval;

24. Currently, the Claims Order and the Non-Applicant Claims Order contemplate that any claim filed by a Non Arms-Length Claimant (as defined therein) will not be determined by the Monitor or the Claims Officer but shall be referred to the Supervising Judge for a determination on a summary basis. The Applicants and the Non-Applicants would like the flexibility of having the Monitor determine these claims if the Monitor, the Applicants and/or the Non-Applicants are of the view that it would be efficient to do so. In the event that the process undertaken by the Monitor does not result in a resolved claim, the Non Arms-Length Claimant's claim would be referred to the Supervising Judge for a determination on a summary basis;

25. The Applicants and the Monitor have provided update reports to the key stakeholders as recently as October 29, 2009;

26. The Applicants require an extension of the Stay Period to allow them: (i) to complete the claims processes to determine the claims against the Applicants and the Non-Applicants; (ii) to complete the asset consolidation and the winding up of the Non-Applicants; and (iii) to continue the development of a framework and structure of a plan of arrangement to be presented to their creditors, if advisable;

27. The Applicants have proceeded in good faith and with due diligence and will continue to do so;

28. The Monitor has advised that it recommends the relief being sought by the Applicants;

29. The provisions of the CCAA including Section 11(4);

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

31. 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. First Report of the CRO dated November 4, 2009;

2. The Twelfth Report of the Monitor, to be filed; and

3. Such further and other material as counsel may advise and this Honourable Court may permit.

November 4, 2009

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Solicitors for the Applicants and the Non-Applicants

TO: THIS HONOURABLE COURT

AND TO: THE SERVICE LIST ATTACHED

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF HOLLINGER INC. 4322525 CANADA INC. AND SUGRA LIMITED

Court File No.: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceedings commenced at Toronto

NOTICE OF MOTION

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Solicitors for the Applicants and the Non-Applicants

TAB 2

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

FIRST REPORT OF THE CHIEF RESTRUCTURING OFFICER OF THE APPLICANTS AND THE NON-APPLICANTS

1. Pursuant to an Order of this Honourable Court dated May 21, 2008 (the "**Approval Order**"), as amended by the Order of this Honourable Court dated July 3, 2008 (the "**Order Amending the Approval Order**"), William E. Aziz, CA ("**Aziz**") or a company or entity owned or controlled by Aziz was appointed as the Chief Restructuring Officer of the Applicants. BlueTree Advisors Inc. ("**BlueTree**") is the entity owned or controlled by Aziz that is appointed to provide the services of Aziz as the Chief Restructuring Officer of the Applicants. A copy of the Approval Order and the Order Amending the Approval Order is attached as Schedules "A" and "B" respectively.

2. BlueTree was retained to also provide the services of Aziz as Chief Restructuring Officer of Domgroup Ltd., 10 Toronto Street Inc. ("**TSI**"), Holcay Holdings Ltd. and 021173 N.B. Limited a.k.a. Willett Foods f.k.a Willett Food Company (collectively, the "**Non-Applicants**") pursuant to board resolutions passed by each of the Non-Applicants on June 16, 2008 (collectively, BlueTree and Aziz are referred to as the "**CRO**").

Purpose

3. The purpose of this Report is to supplement the Twelfth Report of the Monitor and is limited to advising this Honourable Court with respect to the proposed repayment of $2.5 million of intercompany indebtedness from TSI to the Applicants, Hollinger Inc. ("**Hollinger**") and Sugra Limited ("**Sugra**"), collectively and the distribution by the Applicants of the $2.5 million received from TSI in accordance with the priorities and to the parties described in the MPSA (as defined herein).

Repayment and Distribution of $2.5 million

4. The Applicants entered into a Multi-Party Settlement Agreement dated May 14, 2008 with Sun-Times Media Group, Inc. ("**STMG**") and Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, "**DK**") that was approved by this Honourable Court by the Approval Order (the "**MPSA**"). A copy of the redacted MPSA is annexed as Schedule "A" to the Approval Order.

5. The MPSA contemplates priority distributions to be made by the Applicants in respect of certain amounts up to a maximum of CDN $4.5 million (the "**Priority Distributions**"). Specifically, paragraph 18(a) of the MPSA states as follows:

> 18(a) Subject only to a reasonable reserve for (i) administrative costs (including any applicable legal fees, advisor fees and any other costs secured by the Administration Charge and also including a reserve to pay the reasonable costs, fees and expenses in respect of DK's post-Court Approval role as described herein) and (ii) disputed claims, such reserves to be determined by the CRO (as defined in the STMG Term Sheet) and the Monitor, both acting reasonably (and subject to their right to seek directions from the Court), and in consultation with DK and STMG, and subject to the segregated funds described below, all other cash and realizable proceeds of the Applicants (including the 15% share of the insurance settlement proceeds referred to herein) and the non-applicant subsidiaries of the Applicants (other than STMG and its subsidiaries) shall

be distributed as efficiently as reasonably possible to the creditors who have proved claims in accordance with the claims process for each of the Applicants. Distributions will be determined and made on a non-consolidated basis giving effect to inter-company claims but including only 50% of a claim by 432 against Hollinger in the amount of approximately CDN$342.5 million and subject to the following payments in the priority specified below:

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

(ii) secondly, to pay the reasonable fees and disbursements, including reasonable legal fees and disbursements, of the indenture trustees up to and including Court approval of the Multi-Party Settlement Agreement; and

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

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

6. The MPSA does not address the timing of the Priority Distributions, only that the described distributions will have priority over other distributions to be made, all subject to reasonable reserves for costs and disputed claims.

7. The CRO has been in discussions with the stakeholders that would receive the Priority Distributions and has agreed, subject to obtaining this Honourable Court's approval and the passing of a board resolution for TSI, to repay certain intercompany indebtedness as detailed herein to the Applicants to allow the Applicants to make a distribution in the amount of $2.5 million in respect of the Priority Distributions.

8. According to the unaudited books and records of TSI and the Applicants, TSI owes intercompany indebtedness to Hollinger in the amount of $1,791,403 and to Sugra in the amount $758,333 for a total owing from TSI to the Applicants of $2,549,736. The CRO

proposes to have TSI repay $2.5 million of this intercompany indebtedness to the Applicants, Hollinger and Sugra, collectively.

9. A claims process has been undertaken in respect of TSI pursuant to the Non-Applicant Claims Order dated August 27, 2008. The CRO has determined that, after repayment of intercompany indebtedness in the amount of $2.5 million to the Applicants, TSI will have sufficient cash to pay its third party creditors in full based on the aggregate amount of all third party claims filed in the claims process.

10. In addition to third party claims, two Non Arms-Length Claims have been filed by all or some of Ravelston Management Inc. ("**RMI**"), Ravelston Corporation Limited ("**RCL**"), Argus Corporation Limited, 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 509646 N.B. Inc., and 509647 N.B. Inc. (collectively the "**Ravelston Group**") against TSI (the "**Ravelston Claims**"). TSI has requested the Monitor to disallow these two Ravelston Claims subject to the requested amendments to the Non-Applicant Claims Order being granted by this Honourable Court.

11. As set out in the Monitor's Twelfth Report, a bankruptcy order was issued on December 3, 2008 against RCL and on October 5, 2009 against RMI. RCL and RMI have no assets or operations and there is no likelihood of recovery for Hollinger from RCL or RMI.

12. The first Ravelston Claim is filed by RCL and is a claim based on an intercompany indebtedness in the amount of $492,500 purportedly owing by TSI to RCL. This claim will be disallowed based on the application of legal set-off. The books and records of TSI indicate intercompany indebtedness owing from RCL to TSI in the amount of

$1,427,886, the result being that, after legal set off is applied, RCL has no claim against TSI but rather TSI will have a claim against RCL.

13. The second Ravelston Claim is filed by the Ravelston Group and is a is a contingent claim to preserve any set-off, off-set, reimbursement, contribution, indemnity, costs and other relief the Ravelston Group may have against TSI on account of the claims sought by TSI in an action commenced by Hollinger, Domgroup and TSI against the Ravelston Group in the Ontario Superior Court of Justice as Court File No. 06-CL-6261 (the "**Action**"). The Action was stayed by the CCAA and receivership proceedings of the Ravelston Group. This claim will be disallowed based on the remoteness of the contingency. The Ravelston Group has proceeded through CCAA and receivership proceedings and has no funds to pay out in respect of the Action to be in a position to assert a claim for set-off, off-set, reimbursement, contribution or indemnity from TSI.

14. TSI does not intend to repay the $2.5 million of intercompany indebtedness to the Applicants until after the expiry of the time to file Dispute Notices in respect of the Notices of Disallowance that will be issued for the Ravelston Claims.

15. As contemplated by the MPSA, after payment of TSI's third party creditors, TSI will be wound up under its corporate statute and any remaining assets will be ultimately distributed to the Applicants upon the wind-up.

16. Prior to winding up, TSI intends to obtain Federal and Provincial clearance certificates from the appropriate tax authorities. TSI has received a Federal clearance certificate for the period up to January 26, 2009 and is awaiting receipt of the necessary Provincial clearance certificate.

17. A claims process for the Applicants was established pursuant to the Claims Order dated May 21, 2008 with a claims bar date of July 11, 2008. Other than security asserted by the indenture trustees over the shares of STMG held by the Applicants, no other party currently has a secured claim filed against the Applicants.

18. In discussions with representatives and counsel for Catalyst Capital Fund I ("**Catalyst**"), Catalyst has recently made an assertion that, in their view, their claim for $1,988,388 is a super-priority claim, notwithstanding that Catalyst filed their claim as an unsecured claim against Hollinger on July 11, 2008. The Monitor and the CRO have asked for a written submission from Catalyst to describe the rationale and basis for the priority claim. Counsel for Catalyst has advised that this submission is in progress.

19. In a meeting on or about October 7, 2009, the CRO agreed to give adequate notice to Catalyst and its counsel before any distributions were made.

20. In light of the proposed partial Priority Distributions discussed herein, the Applicants and/or the Monitor propose to seek advice and directions from this Honourable Court regarding the super-priority claim, including, if required, a determination of the priority of the Catalyst claim pursuant to a schedule to be negotiated or determined by the Court.

21. Based on the foregoing, the CRO recommends that this Honourable Court:

    (a) approve the repayment of a total of $2.5 million of intercompany indebtedness from TSI to the Applicants, Hollinger and Sugra, collectively; and

(b) authorize and direct the Applicants, Hollinger and Sugra, collectively to distribute the $2.5 million received from TSI in accordance with the priorities and to the parties described in paragraph 18 of the MPSA, subject to a determination, if required, of the priority of the super-priority claim asserted by Catalyst.

Dated: November 4, 2009

BLUETREE ADVISORS INC.

Per: William E. Aziz

Name: **William E. Aziz**

Title: **President**

EXHIBIT "A"

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**WEDNESDAY, THE**
	)	
MR. JUSTICE CAMPBELL	)	**21st DAY OF MAY, 2008**

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

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

Applicants

ORDER

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

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

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

"Monitor"), STMG's Amended Fresh as Amended Notice of Motion dated May 15, 2008, an unredacted version of the Multi-Party Settlement (as defined herein) filed under seal and such other materials as this Court may direct be filed as part of the record herein, and on hearing from counsel for the Applicants, STMG, DK, the Indenture Trustees (as defined herein), Conrad Black, Conrad Black Capital Corporation, Barbara Amiel Black, Catalyst Fund General Partner I Inc., the Receiver of the Ravelston Corporation Limited and the Monitor and on being advised that the Service List as of May 14, 2008 was served electronically with the Applicants' Amended Notice of Motion dated May 14, 2008 and STMG's Amended Fresh as Amended Notice of Motion dated May 15, 2008 herein and on being advised that all material terms of the settlement are contained and disclosed in the Multi-Party Settlement;

Approval of Multi-Party Settlement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approval of Cost Reduction and Asset Enhancement Program of the Applicants

(a) Appointment of CRO and Litigation Trustee

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

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

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

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

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

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

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

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

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

17. **THIS COURT ORDERS** that nothing herein contained shall require the CRO or the Litigation Trustee to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any property, assets or undertaking of any of the Applicants that might be environmentally contaminated, that might be a pollutant or a contaminant or that might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act* or the *Ontario Occupational Health and Safety Act* and regulations thereunder (collectively, the "Environmental Legislation"), provided however that nothing herein shall exempt the CRO or the Litigation Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Applicants are, and are hereby declared to be, and shall remain, in Possession, occupation and control of all of their property, assets and undertaking, subject to further Order of this Court.

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

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

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

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

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

(b) Monitor

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

(c) Directors' Insurance

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

(d) Other Actions

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

Extra-Territorial Assistance

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

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

MAY 2 7 2008

PER/PAR: JSN

SCHEDULE "A"

EXECUTION COPY

Multi-Party Settlement Term Sheet

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

A. STMG

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. DK

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

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

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

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

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

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

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

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

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

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

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

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

19. DK agrees to:

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

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

C. General Conditions

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

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

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

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

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

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

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

D. Corporate Governance

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

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

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

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

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

E. Litigation Assets

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

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

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

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

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

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

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

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

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

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

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

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

HOLLINGER INC., SUGRA LIMITED and

4322525 CANADA INC.

Per: ______________________

(I have authority to bind each of the corporations)

SUN TIMES MEDIA GROUP, INC.

Per:

Per:

(I/We have authority to bind the corporation)

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

Per: ______________________

Per: ______________________

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

SUN TIMES MEDIA GROUP, INC.

Per: ______________________

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

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

Per: ______________________

Per: ______________________

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

Schedule "A"

MH Davidson Co.

Davidson Kempner International Limited

Davidson Kempner Institutional Partners

Davidson Kempner Partners

Schedule "B"

REDACTED AND SEALED

PURSUANT TO COURT ORDER

DATED MAY 21, 2008

Schedule "C"

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

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

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF HOLLINGER INC., 4322525 CANADA INC. AND SUGRA LIMITED

Court File No: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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Toronto, ON M5K 1K7

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

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

Solicitors for the Applicants

EXHIBIT "B"

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**THURSDAY, THE**
	)	
MR. JUSTICE CAMPBELL	)	**3rd DAY OF JULY, 2008**

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

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

Applicants

ORDER
(Approval of Litigation Trustee's Terms of Engagement and Amendments to Approval Order)

THIS MOTION, made by the Applicants for an Order approving the terms of an engagement letter between Hollinger Inc. and the Litigation Trustee, as defined in the Order of Mr. Justice Campbell dated May 21, 2008 (the "Approval Order") and for certain amendments to the Approval Order was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicants dated June 26, 2008 and on being advised that the Service List as of June 26, 2008 was served electronically with the Applicants' Notice of Motion and upon being further advised that no party opposes the relief sought by the Applicants;

1. **THIS COURT ORDERS** that the terms of the engagement letter between Hollinger Inc. and the Litigation Trustee, a copy of which is annexed hereto as Schedule "A" be and is hereby approved.

2. **THIS COURT ORDERS** that paragraph 12 of the Approval Order be, and is hereby amended as follows:

> "12. **THIS COURT ORDERS** that William E. Aziz <u>or a company or entity owned or controlled by William E. Aziz,</u> shall be and is hereby appointed as an officer of this Court to be the Chief Restructuring Officer ("CRO") over and in respect of all property, assets and undertaking of the Applicants, other than the Litigation Assets, upon the terms described herein and in the Multi-Party Settlement."

3. **THIS COURT ORDERS** that paragraph 13 of the Approval Order be, and is hereby amended as follows:

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

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

JUL 0 3 2008

PER/PAR: Joanne Nicoara
Registrar, Superior Court of Justice

Schedule "A"

Hollinger

June 25, 2008

Justice John D. Ground
ADR Chambers
112 Adelaide Street East,
Toronto, ON M5C 1K9

Dear Sir:

This letter is in respect of your appointment as the litigation trustee ("Litigation Trustee") over and in respect of all claims and causes of action in favour of Hollinger Inc. ("Hollinger"), 4322525 Canada Inc. and Sugra Limited (collectively, the "Applicants") pursuant to the Order of the Honourable Mr. Justice Campbell dated May 21, 2008 (the "Appointment Order") as described in a settlement agreement (the "Settlement Agreement") dated May 14, 2008 among the Applicants, Sun-Times Media Group, Inc. and Davidson Kempner Capital Management LLC on its own behalf and on behalf of certain of its affiliates. We confirm that your services as Litigation Trustee may be provided through a company or entity owned or controlled by you.

Capitalized terms used herein, which are not otherwise defined, shall have the meanings described in the Settlement Agreement.

Pursuant to the Appointment Order, as Litigation Trustee you are authorized and directed to preserve, protect and realize upon the Litigation Assets for the benefit of the Applicants and their creditors and other stakeholders.

In your capacity as Litigation Trustee, we request that you render accounts to Hollinger for such services regularly, which accounts will be paid by Hollinger promptly upon receipt. All accounts rendered by you as Litigation Trustee shall be on the basis of time spent at the rate of $800.00 per hour subject to any adjustments to this rate as may be agreed with the Applicants and approved by the Monitor in writing. Hollinger will also reimburse you for all reasonable expenses incurred by you in carrying out your role as Litigation Trustee.

In this letter:

> "Claims" means any action, suit, proceedings, investigation or claim that may be made or threatened by any person (including shareholder or beneficiary actions, derivative or otherwise);
>
> "Losses" means losses, expenses, damages and liabilities, joint or several, including, without limitation, the aggregate amount paid in settlement of any Claims and the

reasonable fees and expenses of your counsel in defending such Claims and including, without limitation, that are incurred by you in enforcing this indemnity;

The Applicants jointly and severally will indemnify and hold you harmless from and against any and all Claims asserted against you, and Losses incurred by you, insofar as such Claims and Losses directly or indirectly relate to, are caused by, result from, arise out of or are based upon your appointment as Litigation Trustee, the carrying out of your mandate in such capacity or the fulfilling of your duties in carrying out the provisions of the Appointment Order, excepting only Claims or Losses arising from your willful misconduct or gross negligence. The Applicants will jointly and severally reimburse you for time spent by you in connection with any Claim asserted against you at your applicable hourly rate, unless and until such time as it is determined by a court of competent jurisdiction that such Claim and any Losses in connection with such Claim arose from gross negligence or willful misconduct on your part. In the event of such a finding being made by final Order of a court of competent jurisdiction, you agree to reimburse the Applicants for any amounts previously paid to you in connection with such Claim.

You may terminate this engagement at any time upon giving 30 days prior written notice to Hollinger. Termination of this engagement shall not affect any obligations of the Applicants set forth herein.

Please confirm your agreement to the terms hereof by executing and returning this letter agreement in the space below.

Yours very truly,

HOLLINGER INC., 4322525 CANADA INC. and SUGRA LIMITED

Per: William Aziz
Chief Restructuring Officer

For consideration received, the above terms are agreed to this day of June, 2008.

Justice John D. Ground

205562-4

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-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding Commenced at Toronto

ORDER
(Approval of Litigation Trustee's Terms of Engagement and Amendments to Approval Order)

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Solicitors for the Applicants

TAB 3

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**TUESDAY, THE 10TH**
	)	
MR. JUSTICE CAMPBELL	)	**DAY OF NOVEMBER, 2009**

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

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

Applicants

ORDER

(re: Stay Extension to May 28, 2010, Approval of Transfer and Distribution of $2.5 million and Direction regarding Burnac and Crystalline Claims)

THIS MOTION brought by the Applicants and Domgroup Ltd. ("**Domgroup**"), 10 Toronto Street Inc. ("**TSI**"), Holcay Holdings Ltd. ("**Holcay**") and 021173 N.B. Limited a.k.a. Willett Foods f.k.a Willett Food Company ("**Willett**") (Domgroup, TSI, Holcay and Willett collectively, the "**Non-Applicants**") for an Order: (i) extending the Stay Period as provided for and defined in the Order of the Honourable Mr. Justice Morawetz dated August 1, 2007 (the "**Initial Order**"), as subsequently extended by Orders and written endorsements of this Honourable Court, to May 28, 2010; (ii) approving the repayment of a total of $2.5 million of intercompany indebtedness from TSI to the Applicants, Hollinger Inc. ("**Hollinger**") and Sugra Limited ("**Sugra**"); (iii) authorizing and directing the Applicants to distribute the $2.5 million received from TSI in accordance with the priorities and to the parties described in the Multi-

Party Settlement dated May 14, 2008 with Sun-Times Media Group, Inc. and Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, "**DK**"), which was approved by this Honourable Court by Order dated May 21, 2008 (the "**Multi-Party Settlement Agreement**"), subject to a determination, if required, of the priority of the super-priority claim asserted by Catalyst Capital Fund I ("**Catalyst**"); and (iv) authorizing and directing Domgroup to have the claims of Burnac Leaseholds Limited ("**Burnac**) and Crystalline Investments Limited ("**Crystalline**") determined by the Supervising Judge, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Applicants' Notice of Motion dated November 4, 2009 (the "**Notice of Motion**"), the First Report of the Chief Restructuring Officer of the Applicants and the Non-Applicants dated November 4, 2009 and the Twelfth Report of Ernst and Young Inc. in its capacity as Court-appointed Monitor of the Applicants (the "**Monitor**") and on hearing from counsel for the Applicants, the Monitor, DK, Delaware Trust Company, National Association, in its capacity as collateral agent and as trustee under an indenture dated as of March 10, 2003 and HSBC Bank USA, National Association, in its capacity as trustee under an indenture dated as of September 30, 2004 (collectively, the "**Trustees**") and such other counsel as were present and on being advised that the Service List as of November 4, 2009 was served electronically with the Notice of Motion,

<u>Service</u>

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged such that the motion is properly returnable today and

further that service upon any interested party other than those parties served is hereby dispensed with.

<u>Defined Terms</u>

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

<u>Extension of the Stay Period</u>

3. **THIS COURT ORDERS** that the Stay Period in the Initial Order with respect to the Applicants is hereby extended to and including May 28, 2010.

4. **THIS COURT ORDERS** that the Monitor shall report to this Honourable Court at such times and for such purposes as it deems appropriate or advisable, and shall provide information updates to the Service List as it considers advisable during the Stay Period.

5. **THIS COURT ORDERS** that the Trustees shall take such steps as may be necessary to ensure that the motion for adequate protection brought by the Trustees in the proceeding commenced by the Applicants pursuant to Chapter 15 of the *U.S. Bankruptcy Code*, which motion was originally scheduled to be heard before Judge Walsh on October 23, 2007 and was adjourned to facilitate various extensions of the Stay Period pursuant to the Orders of this Honourable Court, shall be further adjourned to such later date as may be available on the consent of the Applicants, the Monitor and the Trustees. The consent of the Trustees to the extension of the date by which the adequate protection motion is to be heard, if at all, shall not be used against it by any of the parties. Nothing contained herein prevents the Trustees from bringing a motion for directions before this Honourable Court should they wish to seek leave of

the Court to take steps to lift the standstill in connection with the adequate protection motion prior to the expiry of the Stay Period.

Approval of Transfer and Distribution of $2.5 million

6. **THIS COURT APPROVES** the repayment of a total of $2.5 million of intercompany indebtedness from TSI to the Applicants, Hollinger and Sugra, as detailed in the First Report of the Chief Restructuring Officer of the Applicants and the Non-Applicants dated November 4, 2009.

7. **THIS COURT AUTHORIZES AND DIRECTS** the Applicants to distribute the $2.5 million received from TSI in accordance with the priorities and to the parties described in paragraph 18 of the Multi-Party Settlement Agreement, subject to a determination, if required, of the priority of the super-priority claim asserted by Catalyst.

Claims of Burnac and Crystalline to be determined by the Supervising Judge

8. **THIS COURT AUTHORIZES AND DIRECTS** Domgroup to have the claims of Burnac and Crystalline determined by the Supervising Judge.

____

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF HOLLINGER INC. 4322525 CANADA INC. AND SUGRA LIMITED**

Court File No.: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceedings commenced at Toronto

ORDER

(re: Stay Extension to May 28, 2010, Approval of Transfer and Distribution of $2.5 million and Direction regarding Burnac and Crystalline Claims)

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Solicitors for the Applicants and the Non-Applicants

TAB 4

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	TUESDAY, THE 10th DAY
	)	
JUSTICE CAMPBELL	)	OF NOVEMBER, 2009

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

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

Applicants

ORDER
(Amending the Claims Order dated May 21, 2008 and the Non-Applicant Claims Order dated August 27, 2008)

THIS MOTION made by the Applicants Domgroup Ltd. ("**Domgroup**"), 10 Toronto Street Inc. ("**TSI**"), Holcay Holdings Ltd. ("**Holcay**") and 021173 N.B. Limited a.k.a. Willett Foods f.k.a Willett Food Company ("**Willett**") (Domgroup, TSI, Holcay and Willett collectively, the "**Non-Applicants**") for an Order amending the Claims Order dated May 21, 2008 (the "**Claims Order**") and the Non-Applicant Claims Order dated August 27, 2008 (the "**Non Applicant Claims Order**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Applicants' Notice of Motion dated November 4, 2009 (the "**Notice of Motion**"), the First Report of the Chief Restructuring Officer of the Applicants and the Non-Applicants dated November 4, 2009 and the Twelfth Report of Ernst and Young Inc. in its capacity as Court-appointed Monitor of the Applicants (the "**Monitor**") and on hearing from counsel for the Applicants, the Monitor, Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, "**DK**"), Delaware Trust Company, National Association, in its capacity as collateral agent and as trustee under an indenture dated as of March 10, 2003 and HSBC Bank USA, National Association, in its capacity as trustee under an indenture dated as of September 30, 2004 (collectively, the "**Trustees**"), and such other counsel as were present and on being advised that the Service List as of November 4, 2009 was served electronically with the Notice of Motion,

<u>Service</u>

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged such that the motion is properly returnable today and further that service upon any interested party other than those parties served is hereby dispensed with.

<u>Amendments to Claims Order</u>

2. **THIS COURT ORDERS** that the definition of "Claims Officer" in paragraph 2 of the Claims Order and paragraph 11 of the Claims Order be and is hereby amended by deleting the words "and approved by the Court".

3. **THIS COURT ORDERS** that paragraph 29 of the Claims Order be and is hereby amended as follows:

> **THIS COURT ORDERS** that, if any Proof of Claim is received by the Monitor from a Non-Arms-Length Claimant prior to the Claims Bar Date, such Claim will not be determined by ~~the Monitor or~~ the Claims Officer,

may be determined by the Monitor if the Applicants and the Monitor determine it is advisable and ~~but~~ shall be referred to the Supervising Judge for a determination on a summary basis if not determined and resolved by the Monitor. After consulting with the attending parties, the Monitor may schedule a 9:30 a.m. scheduling appointment with the Supervising Judge which counsel for the Monitor, the Applicants and the Non Arms-Length Claimant shall attend and the Supervising Judge will determine: (i) the date on which a hearing will be held; (ii) the manner in which evidence will be given or filed by all parties in respect of the hearing; (iii) the length and manner of submissions by all parties; (iv) the schedule for the delivery of all materials; and (v) such other matters as the Supervising Judge may determine are appropriate. Notwithstanding anything contained herein, subject to further Order of the Court, nothing shall prejudice or delay the ability of the Applicants to hold a meeting of Creditors.

Amendments to Non-Applicant Claims Order

4. **THIS COURT ORDERS** that the definition of "Claims Officer" in paragraph 2 of the Non-Applicant Claims Order be and hereby amended by adding the words "and such other Persons as may be designated by the Non-Applicants as Claims Officers and consented to by the Monitor" to the end of the definition.

5. **THIS COURT ORDERS** that paragraph 24 of the Claims Order be and is hereby amended as follows:

THIS COURT ORDERS that, if any Proof of Claim is received by the Monitor from a Non-Arms-Length Claimant prior to the Claims Bar Date, such Claim will not be determined by ~~the Monitor or~~ the Claims Officer, may be determined by the Monitor if the Non-Applicants and the Monitor determine it is advisable to do so and ~~but~~ shall be referred to the Supervising Judge for a determination on a summary basis if not determined and resolved by the Monitor. After consulting with the attending parties, the Monitor may schedule a 9:30 a.m. scheduling appointment with the Supervising Judge which counsel for the Monitor, the Applicants, DK, STMG, the Indenture Trustees, the Non-Applicants and the Non Arms-Length Claimant shall attend and the Supervising Judge will determine: (i) the date on which a hearing will be held; (ii) the manner in which evidence will be given or filed by all parties in respect of the hearing; (iii) the length and manner of submissions by all parties; (iv) the schedule for the delivery of all materials; and (v) such other matters as the Supervising Judge may determine are appropriate.

____

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF HOLLINGER INC. 4322525 CANADA INC. AND SUGRA LIMITED

Court File No.: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceedings commenced at **Toronto**

ORDER
(Amending the Claims Order dated May 21, 2008 and the Non-Applicant Claims Order dated August 27, 2008)

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Solicitors for the Applicants and the Non-Applicants

TAB 5

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 21st DAY
	)	
MR. JUSTICE CAMPBELL	)	OF MAY, 2008

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

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

Applicants

AMENDED CLAIMS ORDER

THIS MOTION, made by Hollinger Inc., 4322525 Canada Inc. and Sugra Limited (the "Applicants"), for an Order establishing a claims process for the identification and determination of all Claims (as defined herein) against any of the Applicants and certain others was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Applicants' Amended Notice of Motion dated May 14, 2008, the affidavits of G. Wesley Voorheis sworn March 18, March 26 and April 10, 2008, the Affidavit of William E. Aziz sworn April 10, 2008, the Seventh Report of Ernst & Young Inc. in its capacity as Court-appointed monitor of the Applicants (the "Monitor") and on hearing from counsel for the Applicants, the Monitor, Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, "DK"), Sun-Times Media Group, Inc. ("STMG"), Delaware Trust Company, National Association, in its capacity as collateral agent and as trustee under an indenture dated as of March 10, 2003 and HSBC Bank USA, National Association, in its capacity as trustee under an indenture dated as of September 30, 2004 (collectively, the "Indenture Trustees"), and such other counsel as were present and on being advised that the Service List as of May 14, 2008 was served electronically with the Applicants' Amended Notice of Motion dated May 14, 2008 herein,

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and that the motion is properly returnable today and further that service upon any interested party other than those parties served is hereby dispensed with.

Definitions and Interpretations

2. **THIS COURT ORDERS** that, for the purposes of this Order (the "Claims Order"), in addition to the terms defined elsewhere in this Claims Order, the following terms shall have the following meanings:

   (a) **"Business Day"** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;

   (b) **"CCAA"** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

   (c) **"Chapter 15 Claims Order"** means a supplemental Order issued by the U.S. Court within the Chapter 15 Proceedings, recognizing this Claims Order as issued by the Court;

   (d) **"Chapter 15 Proceedings"** means the proceedings commenced by the Applicants on August 1, 2007 in the Delaware Court under Chapter 15 of the U.S. *Bankruptcy Code* Case No. 07-11029 (PJW) in which these proceedings were recognized as a foreign main proceeding in the United States;

   (e) **"Claim"** means:

      (i) a Restructuring Claim;

      (ii) a Secured Claim;

      (iii) the rights of any Person whatsoever, including any Secured Creditor, against one or more of the Applicants or Directors, whether or not asserted and however acquired, in connection with any (a) indebtedness, liability or obligation of any kind of one or more of the Applicants and/or Directors in existence on the Claim Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, direct or indirect, by guarantee, surety, insurance deductible or otherwise, and whether or not such claim or right arises out of a contract that is executory or anticipatory in nature, (b) right of any Person, including but not limited to any Non Arms-Length Claimant, to assert a claim against the Applicants for any advancement payments or any indemnification obligations or any claim for contribution, indemnity, damages or payment whether directly or by way of third party claim or otherwise with respect to any matter, action, cause of action or chose in action, whether asserted or not, which is based in whole or in part on facts or circumstances existing as at the Claim Date; (c) any other claims that would have been claims provable in bankruptcy had the applicable Applicant become bankrupt on the Claim Date;

provided however, that in all cases "Claim" shall not include an Excluded Claim and shall be subject in all cases to any settlement agreement approved by this Honourable Court;

(f) **"Claims Bar Date"** means 5:00 p.m. (Eastern Standard Time) on July 11, 2008, or such later date as may be ordered by this Court;

(g) **"Claim Date"** means August 1, 2007, which shall be the date for determining all Claims under this Claims Order;

(h) **"Claims Officer"** means the individual(s) designated by the Court pursuant to paragraph 11 of this Claims Order and such other Persons as may be designated by the Applicants, acceptable to the Monitor~~ and approved by the Court~~;

(i) **"Court"** means the Ontario Superior Court of Justice (Commercial List);

(j) **"Creditor"** means any Person having a Claim and includes without limitation the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person;

(k) **"Creditor's Dispute Package"** means a copy of the Notice of Revision or Disallowance associated with the Creditor's Proof of Claim and the Dispute Notice;

(l) **"CRO"** means the Chief Restructuring Officer of the Applicants which is BlueTree Advisors Inc., using the services of its sole officer and director William Aziz, or such replacement CRO as may be approved by this Court;

(m) **"Directors"** means only those individuals who were, as at the Filing Date, directors or officers of any one or more of the Applicants or its Subsidiaries;

(n) **"Disputed Claim"** means a Claim or such portion thereof that is disputed by any of the Applicants or the Monitor;

(o) **"Dispute Notice"** means the notice delivered by a Creditor to the Monitor and the Applicants with respect to a Claim pursuant to paragraph 32 which shall be substantially in the form attached as Schedule 'E' hereto;

(p) **"Excluded Claim"** means, without prejudice to the Applicants' right to seek amendments to this Claims Order and to propose a treatment of claims under the Plan and subject to further order of this Court, and only for the purposes of the claims process described herein:

    (i) Claims secured by the Directors' Charge or the Administration Charge, each as defined in the Initial Order, and any further charge as may be ordered by this Court;

    (ii) Claims of the Directors pursuant to an indemnity from any Applicant or Subsidiary (which, for greater certainty, does not include STMG or its subsidiaries) which are not otherwise covered by the Directors' Charge; and

(iii) Claims imposed by statute and referred to in Section 18.2 of the CCAA.

(q) **"Filing Date"** means August 1, 2007;

(r) **"Initial Order"** means the Order of the Honourable Mr. Justice Morawetz dated August 1, 2007, as amended, extended, restated or varied from time to time;

(s) **"Instruction Letter"** means the instruction letter to Creditors, in substantially the form attached as Schedule 'B' hereto, regarding the completion of a Proof of Claim by a Creditor and the claims process described herein;

(t) **"Known Creditor"** means:

(i) any Person that the financial or other records of an Applicant as of the Claim Date disclose had, or may be entitled to assert a Claim, where monies in respect of such Claim remain unpaid in full or in part, without acknowledging in any respect the validity or existence of any such Claim; and

(ii) any Non Arms-Length Claimant (and service or notice to an individual Person shall be deemed to be effective service in respect of any corporate or other Person owned or controlled by such individual Person); and

(iii) Secured Creditors;

(u) "**Non Arms-Length Claimant**" means any Person who was a director or officer of any of the Applicants prior to the Filing Date, who was not also an officer or director of any of the Applicants as at the Filing Date, and all Persons related to such Non Arms-Length Claimant including but not limited to all companies or other legal entities that such Persons own or control in whole or in part, directly or indirectly, including but not limited to those Persons listed as defendants in litigation proceedings commenced by the Applicants in the Ontario Superior Court of Justice (General Division) as court file number 06-CL-6261;

(v) **"Notice of Revision or Disallowance"** means the notice delivered by the Monitor to a Creditor in accordance with paragraph 31 hereof which forms part of the Creditor's Dispute Package, which shall be substantially in the form attached as Schedule 'D' hereto;

(w) **"Notice to Creditors"** means the notice to Creditors for publication in accordance with paragraph 16 hereof, which shall be substantially in the form attached as Schedule 'A' hereto;

(x) **"Other Insolvency Proceeding"** means any voluntary or involuntary bankruptcy, receivership, liquidation, winding up or other realization process or proceeding involving the Applicants at any time whereby the claims of creditors are determined and the assets of the Applicants are distributed for the benefit of their creditors;

(y) **"Person"** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, or any other entity howsoever designated or constituted;

(z) **"Plan"** means the proposed plan(s) of compromise or arrangement to be filed by the Applicants pursuant to the CCAA, as same may be amended, supplemented or restated from time to time;

(aa) **"Proof of Claim"** means the form to be completed and filed by a Creditor setting forth its purported Claim, which shall be substantially in the form attached as Schedule 'C' hereto and which shall include all supporting documentation in respect of such Claim;

(bb) **"Proof of Claim Document Package"** means a document package which shall include a copy of the Instruction Letter, a Proof of Claim, this Claims Order and such other materials as the Monitor or Applicants may consider appropriate or desirable;

(cc) **"Restructuring Claim"** means any right of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation or termination after the Filing Date of any contract, lease or other agreement whether written or oral provided, however a "Restructuring Claim" shall not include Excluded Claims;

(dd) **"Restructuring Claims Bar Date"** means 5:00 p.m. (Eastern Standard Time) on July 11, 2008;

(ee) **"Secured Creditor"** means any Creditor holding a Claim, any portion of which is, or was at the Claim Date, a Secured Claim;

(ff) "**Secured Claim**" means, subject to the provisions of any settlement agreement approved by this Honourable Court, that portion of a Claim of a Secured Creditor that is: (i) secured by security validly charging or encumbering property or assets of any of the Applicants (including statutory and possessory liens that create security interests) up to the value of such collateral; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Claim Date;

(gg) **"Subsidiary"** means any corporate entity that, directly or indirectly, is owned or controlled by any one or more of the Applicants, for the purpose of the *Business Corporations Act*, R.S.C. 1985 c. C-44, as amended to the date of this Order, including without limitation Domgroup Limited, 10 Toronto Street Inc., and Holcay Holdings Ltd. For all purposes under this Claims Order, Subsidiary shall not be defined to include Sun-Times Media Group, Inc. ("STMG") or its direct and indirect subsidiaries;

(hh) **"Supervising Judge"** means the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List);

(ii) **"U.S. Court"** means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 15 Proceedings;

(jj) **"Valuation Date"** means, with respect to all Claims other than as may be contained in any settlement agreement approved by this Honourable Court, April 30, 2008.

(kk) **"Website"** means the website of the Monitor, www.ey.com/ca/hollinger

3. **THIS COURT ORDERS** that all reference to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day in Toronto unless otherwise indicated herein.

4. **THIS COURT ORDERS** that all references to the word "including" shall mean "including without limitation".

5. **THIS COURT ORDERS** that references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

General Provisions

6. **THIS COURT ORDERS** that the Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices are completed and executed, and may, where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Order as to completion and execution of Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices and to request any further documentation the Monitor may require in order to enable it to determine the validity of a Claim.

7. **THIS COURT ORDERS** that any Claim denominated in any currency other than Canadian dollars shall, for the purposes of this Claims Order only (and without prejudice to the terms of the Plan), be converted to and shall constitute obligations in Canadian dollars, such calculation to be effected using the Bank of Canada noon spot rate on the Valuation Date (exchange rate conversion on such date was: CAD$1.00 = USD$.99 and CAD$1.00 = .64 Euro).

Monitor's Role in Claims Process

8. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties,

responsibilities and obligations under the CCAA and under the Initial Order, shall implement and oversee the claims process provided for herein, including the determination of Claims of Creditors as provided for herein, with assistance from the CRO, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Order.

9. **THIS COURT ORDERS** that the Monitor may apply to this Court for directions regarding its obligations in respect of the claims process provided for in this Claims Order.

10. **THIS COURT ORDERS** that the Monitor shall not have any responsibility or liability with respect to any information, confidential or otherwise, including without limitation, a Proof of Claim Document Package, a Creditor's Dispute Package or otherwise, distributed, circulated or released, whether intentional or unintentional, by the Monitor relating to the exercise of its powers and discharge of its obligations under this Claims Order. The Monitor shall be entitled to rely on the Applicants' books and records for all purposes including establishing the names and addresses of Known Creditors. In addition to the rights and protections afforded to the Monitor under the CCAA and the Initial Order or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the fulfillment of its duties in the carrying out of the provisions of this Claims Order, save and except for any gross negligence or willful misconduct on its part.

Claims Officer

11. **THIS COURT ORDERS** that, David E. Baird, Q.C. and such other Persons as may be designated by the Applicants, acceptable to the Monitor and approved by the Court, be and are hereby appointed as Claims Officers for the purpose of resolving any Disputed Claims in accordance with the claims process described herein.

12. **THIS COURT ORDERS** that, subject to the discretion of the Court, the Claims Officer shall determine the validity and amount of Disputed Claims in accordance with this Claims Order and, to the extent necessary, may determine whether any Claim or part thereof constitutes an Excluded Claim. The Claims Officer shall determine all procedural matters that may arise in respect of its determination, including the manner in which any evidence may be adduced. The Claims Officer shall have the discretion to determine by whom and to

what extent the costs of any hearing before the Claims Officer shall be paid.

13. **THIS COURT ORDERS** that the Claims Officer shall be entitled to reasonable compensation for the performance of its obligations set out in this Claims Order on the basis of the hourly rate customarily charged by the Claims Officer in performing comparable functions to those set out in this Claims Order and any disbursements incurred in connection therewith, including, without limitation, the reimbursement of any fees and expenses incurred by the Claims Officer in engaging any advisors pursuant to paragraph 42 herein. The fees and expenses of the Claims Officer shall be borne by the Applicants and shall be paid by the Applicants forthwith upon receipt of each invoice tendered by the Claims Officer.

14. The Administrative Charge (as defined in the Initial Order) is hereby amended and extended to include and to secure the fees and expenses of the Claims Officer provided for in this paragraph 14, and is hereby increased to the aggregate principal amount of $2,100,000.00. The Administrative Charge as amended by this Claims Order shall continue to secure any claims in favour of the beneficiaries referred to in the Initial Order up to the aggregate amount of $1,900,000.00, and shall also secure any claims of the Claims Officer up to the amount of $200,000.00.

15. The Claims Officer shall incur no liability or obligation as a result of its appointment or the fulfilling of its duties in carrying out of the provisions of this Claims Order, save and except for any gross negligence or willful misconduct on its part. The Applicants shall indemnify and hold harmless the Claims Officer with respect to any liability or obligation as a result of its appointment or the fulfilling of its duties in carrying out the provisions of this Claims Order, save and except for any gross negligence or willful misconduct on its part. No action, application or other proceeding shall be commenced against the Claims Officer as a result of, or relating in any way to its appointment as the Claims Officer, the fulfillment of its duties as the Claims Officer or the carrying out of any Order of this Court except with leave of this Court being obtained, and notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Claims Officer at least seven (7) days prior to the return date of any such motion for leave.

Publication of Notice to Creditors

16. **THIS COURT ORDERS** that the Monitor shall cause the Notice to Creditors to be published on two separate days on or before June 11, 2008 in each of (i) The Globe and Mail (National Edition) on one such day, (ii) the National Post on another such day, and (iii) The Wall Street Journal (U.S. Edition) on each of the two days.

17. **THIS COURT ORDERS** that electronic copies of both the Notice to Creditors and the Proof of Claim Document Package shall be posted on the Website.

Notice to Known Creditors

18. **THIS COURT ORDERS** that the Applicants shall advise the Monitor of all Known Creditors, and that the Monitor shall be entitled to rely on the accuracy and completeness of the information provided by the Applicants regarding the Known Creditors. For greater certainty, the Monitor shall have no liability in respect of the information provided to it regarding the Known Creditors and shall not be required to conduct any independent inquiry and/or investigation with respect to such information.

19. **THIS COURT ORDERS** that:

(a) The Monitor shall send a copy of the Proof of Claim Document Package to each Known Creditor by ordinary pre-paid mail as soon as practicable to the last known address for such Creditor on the Applicants' books and records, but in no event later than 11:59 p.m. on the seventh (7^{th}) Business Day following the issuance of the Chapter 15 Claims Order. The delivery of the Proof of Claim Document Package to a Creditor shall not constitute an admission by the Applicants or the Monitor of any liability of the Applicants to any Person;

(b) The Monitor shall send a copy of the Proof of Claim Document Package to each Creditor with a Restructuring Claim that arose after the Filing Date but prior to the Restructuring Claims Bar Date by ordinary pre-paid mail as soon as practicable, and in any event, no later than the date established for such purpose by further order of this Court; and

(c) The Monitor shall send by ordinary pre-paid mail, as soon as practicable following receipt of a request therefor, a copy of the Proof of Claim Document Package to any Person claiming to be a Creditor and requesting such material, or in the alternative, notify the purported Creditor that it may obtain an electronic copy of the Proof of Claim Document Package on the Website.

Any such service and delivery by the Monitor for all purposes under the Order shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (ii) if sent by fax, on the date on which the Monitor receives a successful facsimile transmission report or, if sent on a day that is not a Business Day or after 5:00 (Toronto time) on a Business Day, the following Business Day; (iii) if by courier, on the next following Business Day for courier deliveries within Canada, and on the third following Business Day for courier deliveries outside of Canada.

20. **THIS COURT ORDERS** that service by the Monitor of the Proof of Claim Document Package on Creditors and publication of the Notice to Creditors in the manner set forth herein shall constitute good and sufficient service upon the Creditors of notice of these proceedings, this Claims Order, the Claims Bar Date, the Restructuring Claims Bar Date and the related deadlines and procedures set forth herein, and that no other form of service or notice need be made by the Applicants or the Monitor to any Person, and no other document or material need be served on any Person in respect of the claims process detailed herein.

21. **THIS COURT ORDERS** that the form and substance of each of the Notice to Creditors, Instruction Letter, Proof of Claim, Notice of Revision or Disallowance and Dispute Notice substantially in the forms attached as Schedules 'A', 'B', 'C', 'D' and 'E' respectively to this Claims Order, are hereby approved. Despite the foregoing, the Applicants and the Monitor may, from time to time, make minor changes to such forms as the Applicants and the Monitor consider necessary or desirable.

Filing of Proofs of Claim

22. **THIS COURT ORDERS** that any Person asserting a Claim against one or more of the Applicants or the Directors shall file a Proof of Claim (including all supporting documentation) with the Monitor on or before the Claims Bar Date.

23. **THIS COURT ORDERS** that any Person asserting a Restructuring Claim that arose after the Filing Date against one or more Applicants or Directors shall file a Proof of Claim with the Monitor on or before the Restructuring Claims Bar Date.

24. **THIS COURT ORDERS** that, each Creditor shall file a separate Proof of Claim for each individual Applicant against which it asserts a Claim and shall include any and all Claims it asserts against an individual Applicant in a single Proof of Claim.

25. **THIS COURT ORDERS** that, any Creditor that does not file a Proof of Claim as provided for in paragraphs 22, 23 and 24 hereof so that such Proof of Claim is actually received by the Monitor on or before the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, or such later date as the Monitor and the Applicants may agree in writing or this Court may otherwise order:

(a) shall be and is hereby forever barred from making or enforcing any Claim as against any Applicant and the Directors, and all such Claims shall be forever extinguished;

(b) shall be and is hereby forever barred from making or enforcing any Claim as against any other Person who could claim contribution or indemnity from an Applicant;

(c) shall not be entitled to any further notice of any Orders made or steps taken in these proceedings; and

(d) shall not be entitled to participate as a Creditor in these proceedings and shall not be entitled to vote at any meetings of Creditors or to receive any distribution in respect of a Plan.

26. **THIS COURT ORDERS** that Creditors with Excluded Claims shall not be required to file a Proof of Claim in this process, unless required to do so by further order of this Court.

Determination of Claims

27. **THIS COURT ORDERS** that, other than in respect of Claims filed by Non Arms-Length Claimants, the Monitor, with the assistance of the CRO, shall review each Proof of Claim received by the Claims Bar Date or Restructuring Claims Bar Date, as applicable, and shall either accept, revise or disallow the amount claimed for voting and/or distribution purposes under the Plan. For greater certainty, and without limiting the foregoing, notwithstanding that the validity and quantum of a Claim as set out in a Proof of Claim may be accepted, in whole or in part, for voting purposes, the Monitor, in conjunction with the CRO, may dispute the validity or quantum of such Claim, in whole or in part for distribution purposes in respect of the Plan.

28. **THIS COURT ORDERS** that the acceptance of any Claim by the Monitor or other determination of same in accordance with this Order, in full or in part, and whether for voting and/or distribution purposes, shall not constitute an admission of any fact, thing, liability, or quantum of any claim by any party, save and except in the context of the within proceedings and for the sole purposes of the Plan.

Claims of Non Arms-Length Claimants

29. **THIS COURT ORDERS** that, if any Proof of Claim is received by the Monitor from a Non Arms-Length Claimant prior to the Claims Bar Date, such Claim will not be determined by ~~the Monitor or~~ the Claims Officer, may be determined by the Monitor if the Applicants and the Monitor determine it is advisable and ~~but~~ shall be referred to the Supervising Judge for a determination on a summary basis if not determined and resolved by the Monitor. After consulting with the attending parties, the Monitor may schedule a 9:30 a.m. scheduling appointment with the Supervising Judge which counsel for the Monitor, the Applicants and the Non Arms-Length Claimant shall attend and the Supervising Judge will determine: (i) the date on which the hearing will be held; (ii) the manner in which evidence will be given or filed by all parties in respect of the hearing; (iii) the length and manner of submissions by all parties; (iv) the schedule for the delivery of all materials; and (v) such other matters as the Supervising Judge may determine are appropriate. Notwithstanding anything contained herein, subject to further Order of the Court, nothing shall prejudice or delay the ability of

the Applicants to hold a meeting of Creditors.

30. **THIS COURT ORDERS** that, for greater certainty, the Monitor shall not be required to issue a Notice of Revision or Disallowance or send a Creditor's Dispute Package in respect of any Proof of Claim filed by a Non Arms-Length Claimant. Any references in this Claims Order to the issuing of such notices or sending of such packages by the Monitor shall be deemed to exclude reference to Proofs of Claim filed by the Non Arms-Length Claimants. The Monitor shall provide counsel for the Non Arms-Length Claimant with not less than three (3) business days' notice of the date for the 9:30 attendance before the Scheduling Judge, as referred to in paragraph 29 herein.

<u>Notices of Revision or Disallowance</u>

31. **THIS COURT ORDERS** that if the Monitor, with the assistance of the CRO, disputes the amount of a Claim set forth in a Proof of Claim, the Monitor:

(a) may, in conjunction with the CRO, attempt to consensually resolve the amount of the Claim with the Creditor; and/or failing such resolution

(b) shall send a Creditor's Dispute Package to the Creditor.

<u>Dispute Notices</u>

32. **THIS COURT ORDERS** that any Creditor who receives a Creditor's Dispute Package and who does not agree with the amount of Claim set out in the Notice of Revision or Disallowance, shall file a Dispute Notice with the Monitor by the earlier of twenty (20) Business Days following receipt of the Creditor's Dispute Package, or such later date as the Monitor and the Applicants may agree in writing, or this Court may otherwise order.

33. **THIS COURT ORDERS** that if a Creditor who receives a Creditor's Dispute Package does not file a Dispute Notice in accordance with paragraph 32 hereof, then the value of such Creditor's Claim as described by the Monitor in the Notice of Revision or Disallowance, for all purposes, including but not limited to voting on any Plan and any distribution to Creditors, shall be deemed to be accepted as final and binding in all respects.

34. **THIS COURT ORDERS** that, upon receipt of a Dispute Notice, the Monitor, in

conjunction with the CRO, may attempt to consensually resolve the amount of the Claim for voting and/or distribution purposes with the Creditor and/or deliver a copy of the Creditor's Dispute Package and the Creditor's Proof of Claim to the Claims Officer for determination.

35. **THIS COURT ORDERS** that if the Monitor, in conjunction with the CRO, is unable to resolve the dispute in respect of a Claim, such Claim may be accepted by the Monitor and the Applicants for voting purposes only, in which case the Claim shall be determined for all other purposes, including but not limited to distribution, by a Claims Officer in accordance with paragraph 38 hereof.

36. **THIS COURT ORDERS** that, notwithstanding any other provisions of this Order, prior to a hearing date being set by the Claims Officer, (i) the Monitor or (ii) any Applicant may apply to this Court to seek leave to have a Claim determined by the Supervising Judge for voting and/or distribution purposes, rather than having the Claim first determined by the Monitor or secondly by the Claims Officer as provided herein.

37. **THIS COURT ORDERS** that, notwithstanding anything herein to the contrary, the Monitor or the Applicants may move before this Court to resolve or seek directions in respect of the validity, effect and/or quantum of any Claim or any other aspect of the claims process outlined in this Claims Order.

Claims Officer's Hearing for Claims

38. **THIS COURT ORDERS** that upon receipt of a Creditor's Dispute Package and the Creditor's Proof of Claim, the Claims Officer determining the dispute shall determine the Creditor's Claim for voting purposes. The Claims Officer reviewing the Disputed Claim shall notify the Applicants, the Monitor and the Creditor of the Claims Officer's determination of the Creditor's Claim for voting purposes as soon as practicable after such determination. Notwithstanding anything contained in this Claims Order, subject to further order of the Court, nothing shall prejudice or delay the ability of the Applicants to hold a meeting of creditors.

39. **THIS COURT ORDERS** that upon receipt of a Creditor's Dispute Package and the Creditor's Proof of Claim the Claims Officer hearing the dispute shall schedule and conduct

a hearing in Toronto to determine the value of the Creditor's Claim for distribution purposes. The Claims Officer hearing the dispute shall notify the Applicants, the Monitor and the Creditor of the Claims Officer's determination of the value of the Creditor's Claim for distribution purposes as soon as practicable thereafter, but in no event later than thirty (30) calendar days after the conclusion of the hearing of the Disputed Claim.

40. **THIS COURT ORDERS** that, in the discretion of the Claims Officer, the determination of a Disputed Claim for voting and distribution purposes may be made at a single hearing.

41. **THIS COURT ORDERS** that, subject to paragraph 12 hereof, the parties to the Disputed Claim may offer evidence in support or in opposition to the Disputed Claim, and the Claims Officer shall determine the manner in which any such evidence may be brought before him by the parties, as well as any other procedural or evidentiary matters that may arise in respect of the hearing of a Disputed Claim, including, without limitation, the production of documents by any of the parties involved in the hearing of a Disputed Claim; *provided*, for greater certainty, that the hearing on the Disputed Claim and all such determinations made therein and in connection therewith, including procedural or evidentiary matters, shall be made in accordance with applicable common law in the Province of Ontario.

42. **THIS COURT ORDERS** that the Claims Officer may, at any time, engage such advisors as it deems necessary or appropriate to inquire into and report on any questions of fact, opinion or law relating to the hearing of a Disputed Claim.

Appeal of Claims Officer Determination

43. **THIS COURT ORDERS** that the Applicants, the Monitor or the Creditor may, at his/her/its/their own expense, appeal the Claims Officer's determination of a Disputed Claim to this Court within ten (10) calendar days of notification of the Claims Officer's determination of such Creditor's Claim by serving upon the Applicants or the Creditor, as applicable, and the Monitor and filing with this Court a notice of motion returnable on a date to be fixed by this Court as soon as practicable. If an appeal is not filed within such period in strict accordance with this Order, then the Claims Officer's determination shall, subject to further order of this Court, be final and binding in all respects, with no further right of appeal.

44. **THIS COURT ORDERS** that, notwithstanding paragraph 43 hereof, findings of fact made by a Claims Officer in respect of a Disputed Claim shall be final and binding and shall not be subject to review on appeal to this Court, unless the Court determines that said findings of fact made by the Claims Officer constitute a palpable and overriding error. Except as expressly provided herein, nothing in this Order shall limit the grounds for an appeal pursuant to paragraph 43 hereof.

Set-Off

45. **THIS COURT ORDERS** that the Applicants may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to the Plan to any Creditor, any claims of any nature whatsoever that any of the Applicants may have against such Creditor, however, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Applicants of any such claim that the Applicants may have against such Creditor.

Transfer of Claims

46. **THIS COURT ORDERS** that if, after filing a Proof of Claim, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Applicants shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Order prior to receipt and acknowledgment by the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any defences and rights of set-off to which an Applicant may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claim assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to any of the Applicants. No transfer or assignment shall be

received for voting purposes unless such transfer shall have been received by the Monitor at least ten (10) Business Days prior to the date fixed by the Court for voting upon the Plan.

47. **THIS COURT ORDERS** that if, after filing a Proof of Claim, the holder or subsequent holder of the whole of a Claim who has been acknowledged by the Monitor as the Creditor in respect of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create separate Claims and such Claim shall continue to constitute and be dealt with as a single Claim. Notwithstanding such transfer or assignment, the Applicants and the Monitor shall, in each such case, not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim, provided that such Creditor may, by notice in writing to the Monitor in accordance with paragraph 48, direct the subsequent dealings in respect of such Claim, but only as a whole. In such event, such transferee or assignee of the Claim shall be bound by any notices given or steps taken in respect of the whole of such Claim in accordance with this Claims Order.

Service and Notice

48. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Proofs of Claim and Dispute Notices) to be given under this Claims Order by a Creditor to the Monitor shall be in writing in the form provided for in this Claims Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery or facsimile transmission addressed to:

Ernst & Young Inc., the Monitor

By Mail:
P.O. Box 251
Ernst & Young Tower
222 Bay Street, 21st Floor

Toronto, ON M5K 1J7

By Courier:

222 Bay Street, 21st Floor
Ernst & Young Tower
Toronto, ON M5K 1J7

Attention: Christopher Mediratta

Fax: (416) 943-3300

Any such notice or other communication delivered by a Creditor shall be deemed to be received upon actual receipt by the Monitor thereof during normal business hours on a Business Day or, if delivered outside of normal business hours, on the next Business Day.

49. **THIS COURT ORDERS** that if, during any period in which notices or other communications are being given pursuant to this Claims Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, or facsimile transmission in accordance with this Claims Order.

Miscellaneous

50. **THIS COURT ORDERS** that notwithstanding any other provision of this Claims Order, the solicitation by the Monitor or the Applicants of Proofs of Claim, and the filing by any Person of any Proof of Claim shall not, for that reason only, grant any Person any standing or rights under any proposed Plan or constitute that Person as a Creditor for any purposes whatsoever.

51. **THIS COURT ORDERS** that nothing in this Claims Order shall constitute or be deemed to constitute an allocation or assignment of Claims or Excluded Claims by the Applicants into particular classes for the purposes of a Plan and, for greater certainty, the treatment of Claims and the classes of creditors for voting and distribution purposes shall be subject to the terms of any proposed Plan or further order of this Court.

52. **THIS COURT ORDERS** that if the Applicants' Plan is not approved and the Applicants enter into any Other Insolvency Proceeding, the claims process established by this Claims Order may, at the option of the Applicants, constitute and be deemed to be the complete and

final claims process for any such Other Insolvency Proceedings; subject to approval of this Claims Order and the claims process established herein and conducted hereunder by further Order of this Court and supplemental Order of the U.S. Court entered in connection with those Other Insolvency Proceedings.

Effect, Recognition, Assistance

53. **THIS COURT ORDERS** that the Applicants, the Monitor and the Claims Officer may, from time to time, apply to this Court for advice and directions in connection with any matter or thing relating to this Claims Order.

54. **THIS COURT ORDERS** that this Claims Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

55. **THIS COURT ORDERS AND REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this order. Each of the Applicants and the Monitor shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial regulatory and administrative bodies, and take such other steps, in Canada or in the United States of America, as may be necessary or advisable to give effect to this Order and any other Order granted by this Court.

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-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

CLAIMS ORDER

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Solicitors for the Applicants

TAB 6

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	WEDNESDAY, THE 27th DAY
	)	
JUSTICE CAMPBELL	)	OF AUGUST, 2008

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

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

Applicants

AMENDED NON-APPLICANT CLAIMS ORDER

THIS MOTION made by the Applicants for an Order establishing a claims process for the identification and determination of all Claims (as defined herein) against the following non-Applicant subsidiaries of the Applicants: Domgroup Ltd., 10 Toronto Street Inc., Holcay Holdings Ltd. and 021173 N.B. Limited a.k.a. Willett Foods f/k/a Willett Food Company (collectively, the **"Non-Applicants"**) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Applicants' Notice of Motion dated August 15, 2008, the 9th Report of Ernst & Young Inc. in its capacity as Court-appointed monitor of the Applicants (the **"Monitor"**) and on hearing from counsel for the Applicants, the Monitor, Davidson Kempner Capital Management LLC and certain of its affiliates (collectively, **"DK"**), Sun-Times Media Group, Inc. (**"STMG"**), Delaware Trust Company, National Association, in its capacity as collateral agent and as trustee under an indenture dated as of March 10, 2003 and HSBC Bank USA, National Association, in its capacity as trustee under an indenture dated as of September 30, 2004 (collectively, the **"Indenture Trustees"**), and such other counsel as were present and on being advised that the Service List as of August 15, 2008 was served electronically with the Applicants'

Notice of Motion dated August 15, 2008 herein,

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and that the motion is properly returnable today and further that service upon any interested party other than those parties served is hereby dispensed with.

Definitions and Interpretations

2. **THIS COURT ORDERS** that, for the purposes of this Order (the **"Non-Applicant Claims Order"**), in addition to the terms defined elsewhere in this Non-Applicant Claims Order, the following terms shall have the following meanings:

   (a) **"Business Day"** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;

   (b) **"Claim"** means:

      (i) a Secured Claim;

      (ii) a Domgroup OPEB Claim; and

      (iii) the rights of any Person whatsoever, including any Secured Creditor, against one or more of the Non-Applicants or the Directors, whether or not asserted and however acquired, in connection with any (a) indebtedness, liability or obligation of any kind of one or more of the Non-Applicants and/or Directors in existence on the Claim Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, direct or indirect, by guarantee, surety, insurance deductible or otherwise, and whether or not such claim or right arises out of a contract that is executory or anticipatory in nature, (b) right of any Person, including but not limited to any Non Arms-Length Claimant, to assert a claim against the Non-Applicants for any advancement payments or any indemnification obligations or any claim for contribution, indemnity, damages or payment whether directly or by way of third party claim or otherwise with respect to any matter, action, cause of action or chose in action, whether asserted or not, which is based in whole or in part on facts or circumstances existing as at the Claim Date; (c) any other claims that would have been claims provable in bankruptcy had the applicable Non-Applicant become bankrupt on the Claim Date;

but Claim shall not include any indebtedness, liability or obligation owing by any Non-Applicant to another Non-Applicant, or any indebtedness, liability or obligation owing by a Non-Applicant to any of the Applicants.

(c) **"Claims Bar Date"** means, with respect to all Claims other than Domgroup OPEB Claims (as defined herein), 5:00 p.m. (Eastern Standard Time) on September 30, 2008, or such later date as may be ordered by this Court. Notwithstanding anything else contained in this Non-Applicant Claims Order, the Claims Bar Date for Domgroup OPEB Claims shall be thirty (30) calendar days following the date of an Order made by this Honourable Court appointing Representative Counsel for all Persons having a Domgroup OPEB Claim or such later date as the Monitor and the Non-Applicants may agree in writing or this Court may order;

(d) **"Claim Date"** means August 27, 2008, which shall be the date for determining all Claims under this Claims Order;

(e) **"Claims Order"** means the Order of Mr. Justice Campbell dated May 21, 2008 ordering the implementation of a CCAA Claim Process for all claims against the Applicants as set out therein;

(f) **"Claims Officer"** means David E. Baird, Q.C. appointed by the Court pursuant to paragraph 11 of the Claims Order and paragraph 10 of this Non-Applicant Claims Order and such other Persons as may be designated by the Non-Applicants as Claims Officers and consented to by the Monitor;

(g) **"Creditor"** means any Person having a Claim including any Known Creditor, and includes without limitation the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person;

(h) **"Creditor's Dispute Package"** means a copy of the Notice of Revision or Disallowance associated with the Creditor's Proof of Claim and the Dispute Notice;

(i) **"CRO"** means the Chief Restructuring Officer of the Applicants and the Non-Applicants, which is BlueTree Advisors Inc., using the services of its sole officer and director William E. Aziz, or such replacement CRO as may be approved by this Court in respect of the Applicants, or as may be appointed by the Non-Applicants;

(j) **"Directors"** means only those individuals who were, as at July 31, 2007, a director or officer of any one or more of the Non-Applicants or have been, since July 31, 2007, a director or officer of any one or more of the Non-Applicants;

(k) **"Disputed Claim"** means a Claim or such portion thereof that is disputed by any of the Non-Applicants or the Monitor;

(l) **"Dispute Notice"** means the notice delivered by a Creditor to the Monitor and the Non-Applicants with respect to a Claim pursuant to paragraph 27 which shall be substantially in the form attached as Schedule 'E' hereto;

(m) **"Domgroup OPEB Claim"** means the right of any Person to assert an existing or future Claim for payment, reimbursement or coverage arising in connection with any post-employment benefit plan involving Domgroup Ltd., whether in relation to medical, dental, disability, life insurance or other form of benefit, obligation or payment to which such Person (or others who may be entitled to claim under or through such Person) might be entitled;

(n) **"Insolvency Proceeding"** means any voluntary or involuntary bankruptcy, receivership, liquidation, winding up or other realization process or proceeding involving the Non-Applicants at any time whereby the claims of creditors are determined and the assets of the Non-Applicants are distributed for the benefit of their creditors;

(o) **"Instruction Letter"** means the instruction letter to Creditors, in substantially the form attached as Schedule 'B' hereto, regarding the completion of a Proof of Claim by a Creditor and the claims process described herein;

(p) **"Known Creditor"** means:

(i) any Person that the financial or other records of a Non-Applicant as of the Claim Date disclose had, or may be entitled to assert a Claim, where monies in respect of such Claim remain unpaid in full or in part, without acknowledging in any respect the validity or existence of any such Claim;

(ii) any Non Arms-Length Claimant (and service or notice to an individual Person shall be deemed to be effective service in respect of any corporate or other Person owned or controlled by such individual Person);

(iii) Secured Creditors; and

(iv) Representative Counsel (as defined herein), upon his or her appointment by this Honourable Court in respect of and on behalf of all Persons having a Domgroup OPEB Claim;

(q) **"Multi-Party Settlement"** means the Multi-Party Settlement dated May 14, 2008 among the Applicants, STMG and DK as approved by Order of the Court dated May 21, 2008;

(r) **"Non Arms-Length Claimant"** means any Person who was a director or officer of any of the Non-Applicants prior to the commencement of the Applicants' CCAA Proceedings, who was not also an officer or director of any of the Non-Applicants after such date, and all Persons related to such Non Arms-Length Claimant including but not limited to all companies or other legal entities that such Persons own or control in whole or in part, directly or indirectly;

(s) **"Notice of Revision or Disallowance"** means the notice delivered by the Monitor to a Creditor in accordance with paragraph 26 hereof which forms part of the Creditor's Dispute Package, which shall be substantially in the form attached as Schedule 'D' hereto;

(t) **"Notice to Creditors"** means the notice to Creditors for publication in accordance with paragraph 13 hereof, which shall be substantially in the form attached as Schedule 'A' hereto;

(u) **"Person"** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, group, unincorporated organization, joint venture, government or any agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, or any other entity howsoever designated or constituted;

(v) **"Proof of Claim"** means the form to be completed and filed by a Creditor setting forth its purported Claim, which shall be substantially in the form attached as Schedule 'C' hereto and which shall include all supporting documentation in respect of such Claim;

(w) **"Proof of Claim Document Package"** means a document package which shall include a copy of the Instruction Letter, a Proof of Claim, this Non-Applicant Claims Order and such other materials as the Monitor or Non-Applicants may consider appropriate or desirable;

(x) "**Representative Counsel**" means counsel appointed by this Honourable Court to act as a legal representative for Persons holding Domgroup OPEB Claims;

(y) **"Secured Creditor"** means any Creditor holding a Claim, any portion of which is, or was at the Claim Date, a Secured Claim;

(z) **"Secured Claim"** means, subject to the provisions of any settlement agreement approved by this Honourable Court, that portion of a Claim of a Secured Creditor that is: (i) secured by security validly charging or encumbering property or assets of any of the Non-Applicants (including statutory and possessory liens that create security interests) up to the value of such collateral; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Claim Date;

(aa) **"Supervising Judge"** means the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List);

(bb) **"Website"** means the website of the Monitor, www.ey.com/ca/hollinger

3. **THIS COURT ORDERS** that all references to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day in Toronto unless otherwise indicated herein.

4. **THIS COURT ORDERS** that all references to the word "including" shall mean "including without limitation".

5. **THIS COURT ORDERS** that references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

General Provisions

6. **THIS COURT ORDERS** that the Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices are completed and executed, and may, where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Non-Applicant Claims Order as to completion and execution of Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices and to request any further documentation the Monitor may require in order to enable it to determine the validity of a Claim.

Monitor's Role in Claims Process

7. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, shall implement and oversee the claims process in respect of the Non-Applicants as provided for herein,

including the determination of Claims of Creditors as provided for herein, with assistance from the CRO, and is hereby directed and empowered to take such other actions and as are contemplated by this Non-Applicant Claims Order.

8. **THIS COURT ORDERS** that the Monitor may apply to this Court for directions regarding its obligations in respect of the claims process provided for in this Non-Applicant Claims Order.

9. **THIS COURT ORDERS** that neither the Monitor nor the CRO shall have any responsibility or liability with respect to any information, confidential or otherwise, including without limitation, a Proof of Claim Document Package, a Creditor's Dispute Package or otherwise, distributed, circulated or released, whether intentional or unintentional, by the Monitor or CRO relating to the exercise of their powers and discharge of their obligations under this Non-Applicant Claims Order. The Monitor and the CRO shall be entitled to rely on the Non-Applicants' books and records for all purposes including establishing the names and addresses of Known Creditors. The rights and protections afforded to the Monitor under the CCAA and the Initial Order or as an officer of this Court, and the rights and protections afforded to the CRO of the Applicants under the Order of this Court dated May 21, 2008 and pursuant to any indemnity from the Applicants and Non-Applicants, apply to the activities of the Monitor and the CRO under this Order. Neither the Monitor nor the CRO of the Non-Applicants shall incur any liability or obligation as a result of the fulfillment of their respective duties in the carrying out of the provisions of this Non-Applicant Claims Order, save and except for any gross negligence or willful misconduct on their part.

Claims Officer

10. **THIS COURT ORDERS** that, subject to paragraph 7 herein and subject to the discretion of the Court on a motion pursuant to paragraph 30 hereof, the Claims Officer shall determine the validity and amount of Disputed Claims in accordance with this Non-Applicant Claims Order. The Claims Officer shall determine all procedural matters that may arise in respect of its determination, including the manner in which any evidence may be adduced. The Claims Officer shall have the discretion to determine by whom and to what extent the costs of any

hearing before the Claims Officer shall be paid.

11. **THIS COURT ORDERS** that the Claims Officer shall be entitled to reasonable compensation for the performance of its obligations set out in this Non-Applicant Claims Order which shall be paid by the Non-Applicants on the same terms as set out in paragraphs 13 and 14 of the Claims Order.

12. **THIS COURT ORDERS** that the Claims Officer shall incur no liability or obligation as a result of the fulfilling of its duties in carrying out of the provisions of this Non-Applicant Claims Order, save and except for any gross negligence or willful misconduct on its part. The Non-Applicants shall indemnify and hold harmless the Claims Officer with respect to any liability or obligation as a result of the fulfilling of its duties in carrying out the provisions of this Non-Applicant Claims Order, save and except for any gross negligence or willful misconduct on its part. No action, application or other proceeding shall be commenced against the Claims Officer as a result of, or relating in any way to its appointment as the Claims Officer, the fulfillment of its duties as the Claims Officer or the carrying out of any Order of this Court except with leave of this Court being obtained, and notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Non-Applicants, the Monitor and the Claims Officer at least seven (7) days prior to the return date of any such motion for leave.

Publication of Notice to Creditors

13. **THIS COURT ORDERS** that the Monitor shall cause the Notice to Creditors to be published on two separate days on or before September 3, 2008 in each of (i) The Globe and Mail (National Edition) on one such day; (ii) the National Post on another such day; and (iii) the Cayman Free Press on one day and the Cayman Gazette on one day in respect of Claims only against Holcay Holdings Ltd. or its Directors.

14. **THIS COURT ORDERS** that electronic copies of both the Notice to Creditors and the Proof of Claim Document Package shall be posted on the Website.

Notice to Known Creditors

15. **THIS COURT ORDERS** that the Non-Applicants shall advise the Monitor of all Known

Creditors, and that the Monitor shall be entitled to rely on the accuracy and completeness of the information provided by the Non-Applicants regarding the Known Creditors. For greater certainty, neither the CRO nor the Monitor shall have any liability in respect of the information provided to either of them regarding the Known Creditors and shall not be required to conduct any independent inquiry and/or investigation with respect to such information. Representative Counsel, once appointed by this Honourable Court, shall be a Known Creditor and shall receive all notices and other documents from the Monitor, the Non-Applicants, the Claims Officer and the CRO on behalf of all Persons holding a Domgroup OPEB Claim. Notwithstanding anything else contained herein, service of any notice to the Representative Counsel by the Monitor, the Non-Applicants, the Claims Officer and the CRO shall, for all purposes in relation to this Non-Applicant Claims Order, be deemed to be notice to all Persons holding a Domgroup OPEB Claim.

16. **THIS COURT ORDERS** that:

(a) The Monitor shall send a copy of the Proof of Claim Document Package to each Known Creditor by ordinary pre-paid mail as soon as practicable to the last known address for such Creditor on the Non-Applicants' books and records, and in any event by 11:59 p.m. on the seventh (7th) Business Day following the date of this Non-Applicant Claims Order. The delivery of the Proof of Claim Document Package to a Creditor shall not constitute an admission by the Non-Applicants, the CRO or the Monitor of any liability of the Non-Applicants to any Person; and

(b) The Monitor shall send by ordinary pre-paid mail, as soon as practicable following receipt of a request therefor, a copy of the Proof of Claim Document Package to any Person claiming to be a Creditor and requesting such material, or in the alternative, notify the purported Creditor that it may obtain an electronic copy of the Proof of Claim Document Package on the Website.

Any such service and delivery by the Monitor for all purposes under this Non-Applicant Claims Order shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally;

(ii) if sent by fax, on the date on which the Monitor receives a successful facsimile transmission report or, if sent on a day that is not a Business Day or after 5:00 (Toronto time) on a Business Day, the following Business Day; (iii) if by courier, on the next following Business Day for courier deliveries within Canada, and on the third following Business Day for courier deliveries outside of Canada. For greater certainty, the notice and service provisions of this paragraph 16 only apply to the Domgroup OPEB Claims upon the appointment of Representative Counsel by this Honourable Court.

17. **THIS COURT ORDERS** that service by the Monitor of the Proof of Claim Document Package on Creditors and publication of the Notice to Creditors in the manner set forth herein shall constitute good and sufficient service upon the Creditors of notice of this Non-Applicant Claims Order, the Claims Bar Date and the related deadlines and procedures set forth herein, and that no other form of service or notice need be made by the Non-Applicants, the CRO or the Monitor to any Person, and no other document or material need be served on any Person in respect of the claims process detailed herein.

18. **THIS COURT ORDERS** that the form and substance of each of the Notice to Creditors, Instruction Letter, Proof of Claim, Notice of Revision or Disallowance and Dispute Notice substantially in the forms attached as Schedules 'A', 'B', 'C', 'D' and 'E' respectively to this Non-Applicant Claims Order, are hereby approved. Despite the foregoing, the Non-Applicants, the CRO and the Monitor may, from time to time, make minor changes to such forms as the Non-Applicants, the CRO and the Monitor consider necessary or desirable.

Filing of Proofs of Claim

19. **THIS COURT ORDERS** that any Person asserting a Claim against one or more of the Non-Applicants or the Directors shall file a Proof of Claim (including all supporting documentation) with the Monitor on or before the Claims Bar Date. Representative Counsel shall file all Claims constituting Domgroup OPEB Claims on behalf of such claimants as the Creditor, and shall take all such other steps in respect of such Claim as are set out herein.

20. **THIS COURT ORDERS** that each Creditor shall file a separate Proof of Claim for each Non-Applicant or Director against which it asserts a Claim and shall include any and all Claims it asserts against such Non-Applicant or Director in a single Proof of Claim.

21. **THIS COURT ORDERS** that, any Creditor that does not file a Proof of Claim as provided for in paragraphs 19 and 20 hereof so that such Proof of Claim is actually received by the Monitor on or before the Claims Bar Date or such later date as the Monitor and the Non-Applicants may agree in writing or this Court may otherwise order:

(a) shall be and is hereby forever barred from making or enforcing any Claim as against any Non-Applicant and the Directors, and all such Claims shall be forever extinguished;

(b) shall be and is hereby forever barred from making or enforcing any Claim as against any other Person who could claim contribution or indemnity from a Non-Applicant; and

(c) shall not be entitled to any payment or distribution in respect of such Claim at any time.

Determination of Claims

22. **THIS COURT ORDERS** that, other than in respect of Claims filed by Non Arms-Length Claimants, the Monitor, with the assistance of the CRO, shall review each Proof of Claim received by the Claims Bar Date and shall either accept, revise or disallow the amount claimed.

23. **THIS COURT ORDERS** that the acceptance of any Claim by the Monitor or other determination of same in accordance with this Non-Applicant Claims Order, in full or in part, shall not constitute an admission of any fact, thing, liability, or quantum of any claim by the Non-Applicants, save and except in the context of the within proceedings and for the sole purposes of winding up the Non-Applicants and implementing the Multi-Party Settlement.

Claims of Non Arms-Length Claimants

24. **THIS COURT ORDERS** that, if any Proof of Claim is received by the Monitor from a Non Arms-Length Claimant prior to the Claims Bar Date, such Claim will not be determined by ~~the Monitor or~~ the Claims Officer, may be determined by the Monitor if the Non-Applicants and the Monitor determine it is advisable to do so and~~but~~ shall be referred to the Supervising

Judge for a determination on a summary basis if not determined and resolved by the Monitor. After consulting with the attending parties, the Monitor may schedule a 9:30 a.m. scheduling appointment with the Supervising Judge which counsel for the Monitor, the Applicants, DK, STMG, the Indenture Trustees, the Non-Applicants and the Non Arms-Length Claimant shall attend and the Supervising Judge will determine: (i) the date on which the hearing will be held; (ii) the manner in which evidence will be given or filed by all parties in respect of the hearing; (iii) the length and manner of submissions by all parties; (iv) the schedule for the delivery of all materials; and (v) such other matters as the Supervising Judge may determine are appropriate.

25. **THIS COURT ORDERS** that, for greater certainty, the Monitor shall not be required to issue a Notice of Revision or Disallowance or send a Creditor's Dispute Package in respect of any Proof of Claim filed by a Non Arms-Length Claimant. Any references in this Non-Applicant Claims Order to the issuing of such notices or sending of such packages by the Monitor shall be deemed to exclude reference to Proofs of Claim filed by the Non Arms-Length Claimants. The Monitor shall provide counsel for the Non Arms-Length Claimant with not less than three (3) business days' notice of the date for the 9:30 attendance before the Scheduling Judge, as referred to in paragraph 24 herein.

Notices of Revision or Disallowance

26. **THIS COURT ORDERS** that if the Monitor, with the assistance of the CRO, disputes the amount of a Claim set forth in a Proof of Claim, the Monitor:

(a) may, in conjunction with the CRO, attempt to consensually resolve the amount of the Claim with the Creditor; and/or failing such resolution

(b) shall send a Creditor's Dispute Package to the Creditor, which shall include a Notice of Revision or Disallowance.

Dispute Notices

27. **THIS COURT ORDERS** that any Creditor who receives a Creditor's Dispute Package and who does not agree with the amount of Claim set out in the Notice of Revision or Disallowance, shall file a Dispute Notice with the Monitor by the earlier of twenty (20)

Business Days following receipt of the Creditor's Dispute Package, or such later date as the Monitor and the Non-Applicants may agree in writing, or this Court may otherwise order.

28. **THIS COURT ORDERS** that if a Creditor who receives a Creditor's Dispute Package does not file a Dispute Notice in accordance with paragraph 27 hereof, then the value of such Creditor's Claim as described by the Monitor in the Notice of Revision or Disallowance shall, for all purposes, be deemed to be accepted as final and binding in all respects.

29. **THIS COURT ORDERS** that, upon receipt of a Dispute Notice the Monitor may, in conjunction with the CRO, attempt to consensually resolve the amount of the Claim and/or deliver a copy of the Creditor's Dispute Package and the Creditor's Proof of Claim to the Claims Officer for determination.

30. **THIS COURT ORDERS** that, notwithstanding any other provisions of this Order, prior to a hearing date being set by the Claims Officer, the Monitor or any Non-Applicant may apply to this Court to seek to have a Claim determined by the Supervising Judge rather than having the Claim first determined by the Monitor and/or secondly by the Claims Officer as provided herein.

31. **THIS COURT ORDERS** that the plan of final distribution at the completion of the Non-Applicant Claims process shall be subject to the approval of this Honourable Court. The CRO and the Monitor shall reasonably consult with DK and STMG during the course of the Non- Applicant Claims process and shall provide notice to DK and STMG prior to accepting any Claims over $1 million.

32. **THIS COURT ORDERS** that, notwithstanding anything herein to the contrary, the Monitor or the Non-Applicants may move before this Court to resolve or seek directions in respect of the validity, effect and/or quantum of any Claim or any other aspect of the claims process outlined in this Non-Applicant Claims Order.

Claims Officer's Hearing for Claims

33. **THIS COURT ORDERS** that upon receipt of a Creditor's Dispute Package and the Creditor's Proof of Claim, the Claims Officer shall schedule and conduct a hearing in

Toronto to determine the value of the Creditor's Claim. The Claims Officer hearing the dispute shall notify the Non-Applicants, the Monitor and the Creditor of the Claims Officer's determination of the value of the Creditor's Claim as soon as practicable thereafter, but in no event later than thirty (30) calendar days after the conclusion of the hearing of the Disputed Claim.

34. **THIS COURT ORDERS** that, subject to paragraph 10 hereof, the parties to the Disputed Claim may offer evidence in support or in opposition to the Disputed Claim, and the Claims Officer shall determine the manner in which any such evidence may be brought before him by the parties, as well as any other procedural or evidentiary matters that may arise in respect of the hearing of a Disputed Claim, including, without limitation, the production of documents by any of the parties involved in the hearing of a Disputed Claim.

35. **THIS COURT ORDERS** that the Claims Officer may, at any time, engage such advisors as it deems necessary or appropriate to inquire into and report on any questions of fact, opinion or law relating to the hearing of a Disputed Claim.

Appeal of Claims Officer's Determination

36. **THIS COURT ORDERS** that the Non-Applicants, the Monitor or the Creditor may, at his/her/its/their own expense, appeal the Claims Officer's determination of a Disputed Claim to this Court within ten (10) calendar days of notification of the Claims Officer's determination of such Creditor's Claim by serving upon the Non-Applicants or the Creditor, as applicable, and the Monitor and filing with this Court a notice of motion returnable on a date to be fixed by this Court as soon as practicable. If an appeal is not filed within such period in strict accordance with this Order, then the Claims Officer's determination shall, subject to further order of this Court, be final and binding in all respects, with no further right of appeal.

37. **THIS COURT ORDERS** that, notwithstanding paragraph 35 hereof, findings of fact made by a Claims Officer in respect of a Disputed Claim shall be final and binding and shall not be subject to review on appeal to this Court, unless the Court determines that said findings of fact made by the Claims Officer constitute a palpable and overriding error. Except as expressly provided herein, nothing in this Order shall limit the grounds for an appeal pursuant to paragraph 35 hereof.

Set-Off

38. **THIS COURT ORDERS** that the Non-Applicants may set-off (whether by way of legal, equitable or contractual set-off) against payments, distributions, provisions or holdbacks to be made to or established for the benefit of any Creditor, any claims of any nature whatsoever that any of the Non-Applicants may have against such Creditor, however, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Non-Applicants of any such claim that the Non-Applicants may have against such Creditor.

Transfer of Claims

39. **THIS COURT ORDERS** that if, after filing a Proof of Claim, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Non-Applicants shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Non-Applicant Claims Order prior to receipt and acknowledgment by the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any defenses and rights of set-off to which a Non-Applicant may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claim assigned or transferred to it against or on account or in

reduction of any amounts owing by such Person to any of the Non-Applicants.

Service and Notice

40. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Proofs of Claim and Dispute Notices) to be given under this Non-Applicant Claims Order by a Creditor to the Monitor shall be in writing in the form provided for in this Claims Order and will be sufficiently given only if delivered by prepaid registered mail, courier, personal delivery or facsimile transmission addressed to:

Ernst & Young Inc., the Monitor

By Mail:
P.O. Box 251
Ernst & Young Tower
222 Bay Street, 21st Floor
Toronto, ON M5K 1J7

By Courier:

222 Bay Street, 21st Floor
Ernst & Young Tower
Toronto, ON M5K 1J7

Attention: Christopher Mediratta

Fax: (416) 943-3300

Any such notice or other communication delivered by a Creditor shall be deemed to be received upon actual receipt by the Monitor thereof during normal business hours on a Business Day or, if delivered outside of normal business hours, on the next Business Day.

41. **THIS COURT ORDERS** that if, during any period in which notices or other communications are being given pursuant to this Non-Applicant Claims Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, or facsimile transmission in accordance with this Non-Applicant Claims Order.

Miscellaneous

42. **THIS COURT ORDERS** that notwithstanding any other provision of this Non-Applicant Claims Order, the solicitation by the Monitor or the Non-Applicants of Proofs of Claim, and the filing by any Person of any Proof of Claim shall not, for that reason only constitute that Person as a Creditor for any purposes whatsoever.

43. **THIS COURT ORDERS** that if the Non-Applicants enter into any Insolvency Proceeding or any other proceeding as part of their winding-up, the claims process established by this Non-Applicant Claims Order may, at the option of the Non-Applicants, constitute and be deemed to be the complete and final claims process for any such other proceedings; subject to approval of this Non-Applicant Claims Order and the claims process established herein and conducted hereunder by further Order of this Court in connection with any Insolvency Proceedings.

Effect, Recognition, Assistance

44. **THIS COURT ORDERS** that the Non-Applicants, the Monitor and the Claims Officer may, from time to time, apply to this Court for advice and directions in connection with any matter or thing relating to this Non-Applicant Claims Order.

45. **THIS COURT ORDERS** that this Non-Applicant Claims Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

46. **THIS COURT ORDERS AND REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this order. Each of the Applicants, the Non-Applicants and the Monitor shall be

at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial regulatory and administrative bodies, and take such other steps, in Canada or in the United States of America, as may be necessary or advisable to give effect to this Non-Applicant Claims Order and any other Order granted by this Court.

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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-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NON-APPLICANT CLAIMS ORDER

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF HOLLINGER INC. 4322525 CANADA INC. AND SUGRA LIMITED

Court File No.: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE

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MOTION RECORD
(returnable on November 10, 2009)

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