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
(Re: Fee Approval)

December 15, 2014

Thornton Grout Finnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Michael Barrack (LSUC# 21941W)
Megan Keenberg (LSUC# 53735G)

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

Solicitors for the Applicants and the Non-Applicants

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TAB 1

Court File No. 07-CL-7120

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

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Applicants

NOTICE OF MOTION
(Re: Fee Approval)

THE APPLICANTS will make a motion before Justice T. McEwen on Friday, December 19 at 9:00 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 in writing, if unopposed.

THE MOTION IS FOR:

1. An Order, substantially in the form attached hereto as **Schedule A**, approving the fees charged by Thornton Grout Finnigan LLP ("**TGF**") and Paliare Roland LLP ("**Paliare Roland**", and together with TGF, "**Counsel**") to the Applicants in respect of Counsel's carriage of certain litigation files constituting the Litigation Assets of the Applicants, as particularised below.

2. 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 Order of this Honourable Court dated August 1, 2007 (the "**Initial Order**") and Ernst & Young Inc. was appointed as monitor (the "**Monitor**") in the CCAA proceedings;

2. Pursuant to an Order of this Honourable Court dated May 21, 2008, as amended by the Order of this Honourable Court dated July 3, 2008 (the "**Multi-Party Settlement Order**"), BlueTree Advisors Inc. ("**BlueTree**"), an entity controlled by William Aziz, CA, ("**Aziz**") was appointed to provide the services of Aziz as the Chief Restructuring Officer of the Applicants (collectively, BlueTree and Aziz are referred to as the "**CRO**");

3. Pursuant to the Multi-Party Settlement Order, John D. Ground, Q.C. (retired judge) was appointed as an officer of this Honourable 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**");

4. The Litigation Assets include claims and causes of actions asserted or threatened against the former directors, officers, lawyers, auditors and banking syndicate of Hollinger Inc. ("**Hollinger**");

5. The Litigation Trustee entered into a contingency fee retainer agreement made as of December 1, 2008 and dated March 2, 2009 (the "**Contingency Retainer**") with Thornton Grout Finnigan LLP ("**TGF**") and Paliare Roland Rosenberg Rothstein LLP ("**PRRR**" and together with TGF, "**Litigation Counsel**") to provide litigation services

and advice in respect of the Litigation Assets;

6. The Contingency Retainer provided that 50% of Counsel's fees would be paid as incurred and billed, and the remaining 50% of their fees would be deferred until the Litigation Trust realized on all or some of the Litigation Assets;

7. It was agreed that the deferred fees would be subject to a multiplier of 1.5 times the base fee as consideration for the risk undertaken by Counsel;

8. The Litigation Trustee, a former justice of this Court, and his Litigation Advisory Committee, all of whom are senior members of the bar with substantial experience in high-stakes commercial litigation, specifically approved of the multiplier set out in the Contingency Retainer;

9. Over time, as circumstances warranted, the Contingency Retainer was amended to address the current state of affairs of the Applicants and all amendments to the Contingency Retainer were specifically approved by the Litigation Trustee and the Litigation Advisory Committee;

10. Over the course of five and a half years, Litigation Counsel achieved settlements with virtually all the defendants to Hollinger's actions (the "**Settlements**");

11. The Settlements produced proceeds in the aggregate amount of $38,930,000 (exclusive of interest earned thereon);

12. The Settlements also included releases of claims made by settling defendants into the estates of the Applicants and Non-Applicants, which enhanced recoveries for third party

creditors of the estates;

13. TGF has been paid its non-deferred fees in the amount of $4,409,563. The deferred fees owing to TGF at the applicable multiplier amount to $4,475,933. Together the total fees charged by TGF for litigation services amount to $8,685,496, which is 22.3% of the total recovery from the Litigation Assets;

14. PRRR has been paid its non-deferred fees in the amount of $820,355 and is owed $831,718 in deferred fees. Together, the total fees charged by PRRR amount to $1,652,073 which is 4.24% of the total recovery from the Litigation Assets;

15. In the aggregate, Litigation Counsel will be paid a total of $10,337,569 for fees, including the multiplier on the deferred fees, which is 26.55% of the total recovery from the Litigation Assets;

16. The multiplier charged by Litigation Counsel is well within the range of reasonable multipliers approved by this Court;

17. Such other facts as are set out in the Litigation Trustee's Report dated December 15, 2014;

18. The provisions of the CCAA;

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

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

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

1. the Litigation Trustee's Report dated December 15, 2014; and

2. such further material as counsel may advise and this Court may permit.

December 15, 2014

Thornton Grout Finnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Michael Barrack (LSUC# 21491W)
Megan Keenberg (LSUC# 53735G)

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

Solicitors for the Applicants and the Non-Applicants

TO: **THIS HONOURABLE COURT**

AND TO: **THE SERVICE LISTS ATTACHED**

Service List

TO: **THORNTON GROUT FINNIGAN LLP**
Suite 3200, Canadian Pacific Tower
100 Wellington St. West, P.O. Box 329
Toronto-Dominion Centre
Toronto ON M5K 1K7

Robert I. Thornton
Tel: (416) 304-0560
Fax: (416) 304-1313
Email: rthornton@tgf.ca

Leanne Williams
Tel: (416) 304-0060
Fax: (416) 304-1313
Email: lwilliams@tgf.ca

Michael Barrack
Tel: (416) 304-1109
Fax: (416) 304-1313
Email: mbarrack@tgf.ca

Megan Keenberg
Tel: (416) 304-1127
Fax: (416) 304-1313
Email: mkeenberg@tgf.ca

AND TO: **LENCZNER SLAGHT ROYCE SMITH GRIFFIN**
130 Adelaide Street West
Toronto ON M5H 3P5

Peter Griffin
Tel: (416) 865-2921
Fax: (416) 865-9010
Email: pgriffin@litigate.com

Matthew Lerner
Tel: (416) 865-2940
Fax: (416) 865-9010
Email: mlerner@litigate.com

Solicitors for Ernst & Young Inc., Monitor

AND TO: **BENNETT JONES LLP**
3400 One First Canadian Place
P.O. Box 130, Stn. 1st Canadian Place
Toronto ON M5X 1A4

Robert W. Staley
Tel: (416) 777-4857
Fax: (416) 863-1716
Email: staleyr@bennettjones.ca

Kevin J. Zych
Tel: (416) 777-5738
Fax: (416) 863-1716
Email: zychk@bennettjones.ca

S. Richard Orzy
Tel: (416) 777-5737
Fax: (416) 863-1716
Email: orzyr@bennettjones.ca

Derek J. Bell
Tel: (416) 777-4638
Fax: (416) 863-1716
Email: belld@bennettjones.ca

Solicitors for Sun-Times Media Group, Inc.

AND TO: **GOODMANS LLP**
2400 – 250 Yonge Street
Toronto ON M5B 2M6

Melaney Wagner
Tel: (416) 597-4258
Fax: (416) 979-1234
Email: mwagner@goodmans.ca

Fred Myers
Tel: (416) 597-5923
Fax: (416) 979-1234
Email: fmyers@goodmans.ca

Joseph Pasquariello
Tel: (416) 597-4216
Fax: (416) 979-1234
Email: jpasquariello@goodmans.ca

Solicitors for Davidson Kempner Partners

AND TO: **GOWLING LAFLEUR HENDERSON LLP**
1 First Canadian Place
100 King Street West
Suite 1600
Toronto ON M5X 1B2

Alex L. MacFarlane
Tel: (416) 369-4631
Fax: (416) 862-7661
Email: alex.macfarlane@gowlings.com

Frank D. Lamie
Tel: (416) 862-3609
Fax: (416) 862-7661
Email: frank.lamie@gowlings.com
Lawyers for The Ravelston Corporation Limited, RavelstonManagement Inc.

AND TO: **ERNST & YOUNG INC.**
Ernst & Young Tower
P.O. Box 251
Toronto Dominion Centre
222 Bay Street
Toronto ON M5K 1J7

Brian Denega
Tel: (416) 943-3058
Fax: (416) 943-3300
Email: brian.denega@ca.ey.com

Todd Ambachtsheer
Tel: (416) 943-2018
Fax: (416) 577-2862
Email: todd.j.ambachtsheer@ca.ey.com

AND TO: **CHAITONS LLP**
Barristers and Solicitors
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

George Benchetrit
Tel: (416) 218-1141
Fax: (416) 218-1841
Email: george@chaitons.com

Canadian solicitors for the Indenture Trustees, HSBC Bank USA, N.A. and Delaware Trust Company, National Association (formerly known as Wachovia Trust Company, National Association)

AND TO: **KELLEY DRYE & WARREN LLP**
101 Park Avenue
New York, New York
10178 U.S.A.

Pamela Bruzzese-Szczygiel
Tel: (212) 808-7750
Fax: (212) 808-7897
Email: pbruzzese-szczygiel@kelleydrye.com

David E. Retter
Tel: (212) 808-7576
Fax: (212) 808-7897
Email: dretter@kelleydrye.com

Craig A. Wolfe
Tel: (212) 808-5073
Fax: (212) 808-7897
Email: cwolfe@kelleydrye.com

Kevin J. Smith
Tel: (212) 808-5102
Fax: (212) 808-7897
Email: ksmith@kelleydrye.com

U.S. counsel for the Indenture Trustees, HSBC Bank USA, N.A. and Delaware Trust Company, National Association (formerly known as Wachovia Trust Company, National Association)

AND TO: **HSBC BANK USA, N.A.**
Corporate Trust and Loan Agency
10 E. 40th Street, 14th Floor
New York, New York
10016 U.S.A.

Diane Scott
Tel: (212) 525-1358
Fax: (212) 525-1366
Email: diane.e.scott@us.hsbc.com

AND TO: **ONTARIO SECURITIES COMMISSION**
20 Queen Street West
Suite 1900
Toronto ON M5H 3S8

Johanna Superina
Tel: (416) 593-8210
Fax: (416) 593-2319
Email: jsuperina@osc.gov.on.ca

AND TO: **NATHANSON, SCHACHTER & THOMPSON LLP**
900 Howe Street
Suite 750
Vancouver BC V6Z 2M4

Irwin G. Nathanson, Q.C.
Email: inathanson@nst.bc.ca

Geoffrey Gomery
Email: ggomery@nst.bc.ca

Tel: (604) 662-8840
Fax: (604) 684-1598

Solicitors for F. David Radler

AND TO: **AYLESWORTH LLP**
Barristers and Solicitors
P.O. Box 124
222 Bay Street, 18th Floor
Toronto ON M5K 1H1

Lisa S. Corne
Tel: (416) 6464608
Fax: (416) 865-1398
Email: lcorne@aylaw.com

Solicitors for The Preference Shareholders, A. Joan Richardson, Mervin Richardson, Basil N. Seaton, Gillian J. Seaton, Alfred Shum, R.J. Stanford Estate and Ivan C.N. Tennant, in their several capacities as holders of Class "A" and Class "B" preference shares of Argus Corporation Limited

AND TO: **LERNERS LLP**
Barristers and Solicitors
130 Adelaide Street West
Suite 2400
Box 95
Toronto ON M5H 3P5

Lisa C. Munro
Tel: (416) 601-2360
Fax: (416) 867-2416
Email: lmunro@lerners.ca

Earl Cherniak
Tel: (416)601-2350
Fax: (416) 867-2416
Email: echerniak@lerners.ca

Co-solicitors for Conrad Black Capital Corporation and Conrad Black

AND TO: **STIKEMAN ELLIOTT**
5300 Commerce Court West
199 Bay Street
Toronto ON M5L 1B9

Peter Howard
Tel: 416-869-5613
Fax: 416-947-0866
Email: phoward@stikeman.com

Co-Lawyers for Conrad Black and Conrad Black Capital Corporation

AND TO: **AIRD & BERLIS LLP**
Brookfield Place
181 Bay Street
Suite 1800, Box 754
Toronto, Ontario M5J 2T9

Stanley Freedman / Margaret T. Nelligan
Tel: (416) 863-1500
Fax: (416) 863-1515
Email: sfreedman@airdberlis.com / mnelligan@airdberlis.com

AND TO: **MINDEN GROSS LLP**
145 King Street West
Suite 2200
Toronto ON M5H 4G2

Raymond M. Slattery
Tel: (416) 369-4149
Fax: (416) 864-9223
Email: rslattery@mindengross.com

Solicitors for Barbara Amiel-Black

AND TO: **BELLMORE & MOORE**
Barristers & Solicitors
393 University Avenue
Suite 1600
Toronto ON M5G 1E6

David C. Moore
Tel: (416) 581-1818 ext. 222
Fax: (416) 581-1279
Email: David@bellmore.ca

Kenneth G. G. Jones
Tel: (416) 581-1818
Fax: (416) 581-1279
Email: kenjones@bellmore.ca

Diana M. Soos
Tel: (416) 581-1818
Fax: (416) 581-1279
Email: dmsoos@bellmore.ca

Solicitors for Catalyst Fund General Partner I Inc.

AND TO: **KOSKIE MINSKY LLP**
20 Queen Street West, Suite 900, Box 52
Toronto ON M5H 3R3

Andrew Hatnay
Email: ahatnay@kmlaw.ca

Mark Zigler
Email: mzigler@kmlaw.ca

Andrea McKinnon
Email: amckinnon@kmlaw.ca

Tel: (416) 595-2083
Fax: (416) 204-2872

Solicitors for Representative Counsel

AND TO: **TOUGH & PODREBARAC PROFESSIONAL CORPORATION**
151 Bloor Street West
Suite 701
Toronto ON M5S 1S4

Kathryn Podrebarac
Tel: (416) 348-7502
Fax: (416) 348-7505
Email: KPodrebarac@toughcounsel.com

Lawyers for Ralph M. Barford

AND TO: **DENTONS LLP**
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto, Ontario
M5K OA1

Norman J. Emblem
Tel: (416) 863-4487
Fax: (416) 863-4592
Email: norm.emblem@dentons.com

Lawyers for KPMG LLP

AND TO: **WELLS FARGO BANK | CORPORATE, MUNICIPAL & ESCROW SERVICES**
625 Marquette Avenue, 11th Floor
MAC: N9311-110
Minneapolis, Minnesota 55402

Thomas M. Korsman, Vice President
Tel: (612) 466.5890
Fax: (866) 680.1777
Email: thomas.m.korsman@wellsfargo.com

AND TO: **TATIANA SAMILA**
37 Knoll Drive
Toronto, ON M9A 4G9

Email: tatiana.samila@rogers.com

AND TO: **ARGUS CORPORATION LIMITED**
c/o Harry Burkman
1 First Canada Place
2510 – 100 King Street West
Toronto, ON M5X 1A4

Tel: (416) 364-3831
Fax: (416) 364-3832
Email: hburkman@burkman.com

SCHEDULE "A"

SCHEDULE "A"

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**____DAY, THE ___th DAY**
	)	
MR. JUSTICE McEWEN	)	**OF ______________, 201_**

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
(Fee Approval)

THIS MOTION brought by the Applicants for an Order approving the fees of counsel to the Applicants in accordance with the Contingency Fee Retainer as defined herein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated December 15, 2014, and the Report of the Litigation Trustee of Hollinger, dated December 15, 2014, and on hearing the submissions of counsel for the Applicants and such other counsel as were present, no one opposing,

3. **THIS COURT ORDERS** that the fees of Thornton Grout Finnigan LLP, in its capacity as co-counsel to the Applicants, in the aggregate amount of $8,685,496

(including all deferred fees subject to a multiplier of 1.5 or .5, as applicable) as set out in the Report of the Litigation Trustee dated December 15, 2014), incurred between 2008 and 2014, be and are hereby approved.

4. **THIS COURT ORDERS** that the fees of Paliare Roland Rosenberg Rothstein LLP, in its capacity as co-counsel to the Applicants, in the aggregate amount of $1,652,073 (including all deferred fees subject to a multiplier of 1.5 or .5 as applicable) as set out in the Report of the Litigation Trustee dated December 15, 2014), incurred between 2008 and 2014, be and are hereby approved.

The Honourable Mr. Justice McEwen

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**

NOTICE OF MOTION
(Re: Fee Approval)

Thornton Grout Finnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K7

Michael Barrack (LSUC# 21491W)
Megan Keenberg (LSUC# 53735G)
Tel: 416-304-1616
Fax: 416-304-1313

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

REPORT OF JOHN D. GROUND, Q.C. (retired justice)
IN HIS CAPACITY AS
LITIGATION TRUSTEE FOR THE APPLICANTS

(FEE APPROVAL)

PART I - BACKGROUND

1. Hollinger Inc. ("**Hollinger**") was a public corporation that was engaged in the newspaper business on an international scale. Hollinger was led by its management team, with Conrad Black ("**Black**") at the helm. Starting in 2003, allegations began to emerge indicating that certain related party transactions between Hollinger, Black and other Hollinger officers, Hollinger's private company parent The Ravelston Corporation Limited (also controlled by Black) and Hollinger's American operating subsidiary, Hollinger International Inc. (later known as Sun-Times Media Group Inc. ("**STMG**") and later still as the Chicago Newspapers Liquidation Corp.) had not been properly disclosed in accordance with securities laws. With the discovery of these allegations of incomplete or misleading disclosures, questions emerged as to the propriety of the transactions under review. Litigation ensued in the United States and in Ontario.

2. By Order of this Court dated August 1, 2007, the Applicants were granted protection from their creditors under the *Companies' Creditors Arrangement Act* ("**CCAA**") and Ernst & Young Inc. was appointed as monitor (the "**Monitor**") in the CCAA proceedings.

PART II - THE MPSA

3. By agreement dated May 14, 2008, the Applicants entered into a multi-party settlement agreement (the "**MPSA**") with STMG (as it was then known) and with the beneficial

holder of the majority of Hollinger's senior secured notes, Davidson Kempner Capital Management LLC (**"DK"**).

4. Pursuant to the Order of this Court dated, May 21, 2008 (the **"MPSA Order"**, attached hereto as **Schedule A**), I was appointed as an officer of this Court to be the litigation trustee (the **"Litigation Trustee"**) over and in respect of all claims and causes of action in favour of the Applicants (the **"Litigation Assets"**). My appointment was based on my experience as a senior member of the bar, a retired justice of the Ontario Superior Court (Commercial List), and as a specialist in alternative dispute resolution.

5. The only value of the Litigation Assets lay in their monetization either in the form of settlement proceeds or damages awards. Actions against certain directors and officers had been initiated, and all other claims were tolled to suspend the running of applicable limitations periods. At the time, the Applicants had very limited access to funds for litigation, and there was a serious question as to whether the Litigation Assets had any net value (due to the anticipated vigorous defences) or ought to be pursued.

6. The terms of the MPSA Order provided a governing framework for the financing, enhancement and monetization of the Litigation Assets. My mandate under the MPSA Order is to administer 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."

7. The MPSA Order also provided for the establishment of a litigation advisory committee consisting of one representative of DK, one representative of the Applicants and myself. Both DK's representative and the Applicants' representative are senior members of the bar and have extensive experience in high-stakes commercial litigation. William Brock, the Applicants' representative, is a senior litigation partner with Davies, Ward, Phillips and Vineberg LLP ("**Davies**"). Arnie Cader, DK's representative, was a partner at Goodmans, then General Counsel of Four Seasons Hotels after which he formed his own investment and consulting firm, The Delphi Corporation.

PART III - THE LITIGATION ASSETS

8. The Litigation Assets consisted of potential claims by Hollinger against:

(a) its law firm, Torys LLP ("**Torys**");

(b) its auditors, KPMG LLP ("**KPMG**");

(c) a syndicate of banks led by its lead bank ("**CIBC**") and a former Hollinger director who was also on the board of CIBC ("**Fullerton**");

(d) certain former directors (Sabia, Ketcham, Gotlieb and Eaton, together the "**Outside Directors**");

(e) Ralph Barford, an independent director;

(f) its senior officer and director Conrad Black (“**Black**”), his wife and fellow director of Hollinger, Barbara Amiel-Black, and their companies (together, the “**Blacks**”);

(g) its senior officer and director, F. David Radler and his company (“**Radler**”); and

(h) John Boultbee, Peter Atkinson, Charles Cowan, Peter White and Daniel Colson, former Hollinger officers and directors.

PART IV - THE NEED FOR A CONTINGENCY RETAINER

9. In reviewing the claims of the Applicants against their former directors, officers, advisors and banking syndicate, I recognized that the Applicants' claims were complex on their merits and required sophisticated legal analysis and strategic vision for their monetization. In addition, based on the conduct of related litigation in the United States involving many of the same defendants, it was anticipated that the pursuit of claims against these defendants would be vigorously defended.

10. The Applicants were in creditor protection and did not have the necessary funds to pursue the Litigation Assets to their conclusion on a cash and carry basis. In my judgment, based on my experience as a lawyer, a former judge and a specialist in alternative dispute resolution, the only way for the Applicants to realize on the Litigation Assets was to enter into a contingency fee retainer with qualified counsel.

11. When I was appointed Litigation Trustee, the Litigation Assets and other matters were being pursued by a combination of law firms including Fasken Martineau, Davies and Paliare Roland Rosenberg Rothstein LLP ("**PRRR**") in Canada, and Eimer Stahl in the United States.

12. Hollinger had retained Robert Thornton of Thornton Grout Finnigan ("**TGF**") as its insolvency counsel in 2007 and TGF was instrumental in negotiating and settling the MPSA.

13. In 2008, I approached Michael Barrack, an experienced senior litigator who was then practicing at another firm, to ask if he would be willing to act as counsel in pursuing the Litigation Assets. He was personally agreeable to becoming litigation counsel and did so upon joining TGF as a partner. Subsequently, Megan Keenberg joined Mr. Barrack at TGF and has been extensively involved in pursuing the Litigation Assets.

14. Together, TGF assembled an experienced and potent team that could support the litigation initiatives of my mandate.

15. From the outset it was obvious that, as Litigation Trustee, I did not have sufficient assets available to pursue the Litigation Assets through trial and appeals. As a result, I raised the possibility of a contingency fee arrangement with TGF and PRRR (together "**Litigation Counsel**"). PRRR had already been engaged to pursue the actions against KPMG, CIBC and Fullerton on a standard retainer. TGF was engaged on the CCAA process and on

corporate matters on a standard retainer but was required to enter into a further retainer in respect of the pursuit of the remaining Litigation Assets.

16. Following negotiations, the CRO and I entered into a contingency fee retainer agreement made as of December 1, 2008 and dated March 2, 2009 with Litigation Counsel (the **"Contingency Fee Retainer"**, attached hereto as **Schedule B**).

PART V - THE CONTINGENCY FEE RETAINER

17. Under the terms of the Contingency Fee Retainer, Counsel was paid 50% of their fees plus all disbursements, and deferred 50% of their fees to be paid out of any settlement proceeds or damages awards upon the realization of the Litigation Assets. An earned premium of 1.5 times the base fee was to be paid on the deferred fees.

18. The 50% of the fees that were not deferred, and all disbursements, were paid 50% from funds allocated to the Litigation Trust and 50% from the Hollinger estate, on the basis that the prosecution of the Litigation Assets and the defence of claims made into the estates of the Applicants by the defendants (among others) would raise common issues.

19. By entering into this arrangement, the Litigation Trust was only required to fund 25% of the litigation costs upfront. In my judgment, the 1.5 premium on the deferred fees represented a reasonable return for the risk that Counsel was taking on. This risk was amplified by the complexity of the claims, the number of litigants, the daisy-chain of

actual and potential claims over between and among the defendants, and the vigorous defences that were anticipated to be advanced by the defendants.

20. In essence, by agreeing to the terms of the Contingency Fee Retainer, Litigation Counsel provided much needed financing to the Litigation Trust, which enabled me to carry out my mandate efficiently and in a cost effective manner.

21. I negotiated the Contingency Fee Retainer with Litigation Counsel and specifically approved the terms of agreement. In my judgment, the Contingency Fee Retainer conformed to my mandate of efficiently and cost effectively maximizing the net return from the Litigation Assets to the Applicants and their stakeholders because it facilitated access to experienced senior counsel who were qualified to take on the complex mandate, which bolstered the Applicants' chances of success with their claims.

22. In addition, the Contingency Fee Retainer aligned the interests of Litigation Counsel and of the Applicants and minimized the upfront and carrying costs of the litigation. I specifically approved the multiplier set out under the terms of the Contingency Fee Retainer. In my view, the multiplier represents fair consideration for Counsel's risk that if no proceeds were derived from their efforts that they would be paid nothing in respect of the deferred fees.

23. The Contingency Fee Retainer was also approved by my fellow members of the Litigation Advisory Committee, both of whom are well-respected, senior lawyers with ample experience in commercial litigation matters. Further, the Chief Restructuring

Officer of the Applicants (the "**CRO**") was involved in the negotiations that resulted in the Contingency Fee Retainer, and approved the arrangement in its entirety on behalf of the Applicants and the Non-Applicants. In addition, our negotiations were conducted with the full knowledge of the Monitor.

24. With the Contingency Fee Retainer in place, the Litigation Assets were pursued in accordance with the MPSA Order and my mandate thereunder. A critical feature of the strategy developed by Litigation Counsel in the pursuit of the Litigation Assets was to offer to settling defendants third party releases that would effectively end all Hollinger-related litigation against them.

25. By March 2011, the Applicants had entered into conditional settlements with each of Torys and KPMG, which settlements were subject to court approval. The conditional settlements included the payment by each of Torys and KPMG of significant settlement proceeds: $22.8 million in the aggregate. However, before the Applicants could receive such funds the settlements needed to be court approved. The approval motion in respect of the Torys and KPMG settlements attracted substantial opposition from Black and Radler, among others, particularly in respect of the third party releases contained therein.

26. In view of the state of affairs the Applicants faced, Counsel sent me a proposal dated March 11, 2011 (attached hereto as **Schedule C**) and offered me three options for proceeding to the next stage of litigation:

(a) continue with the existing 50/50 payment arrangement set out under the Contingency Fee Retainer;

(b) end the Contingency Fee Retainer and move to a 100% payment of fees as incurred; or

(c) enter into an amended arrangement whereby 75% of the fees would be deferred and 25% of the fees would be paid as incurred by the estate of Hollinger, rather than from the funds available to me as the Litigation Trustee under the terms of the MPSA.

27. By letter dated March 14, 2011, (attached hereto as **Schedule D**) and after consultation with the other members of the Litigation Advisory Committee, I opted for the 75% fee deferral. In my view, this presented the best option for the Applicants and their stakeholders, by deferring all payments for fees from the Litigation Trust in connection with the last leg of the approval process for the Torys and KPMG settlements, the proceeds of which, if approved, would be used, in part, to fund the remaining litigation costs.

28. By September 2012, the Litigation Trust had still not received the proceeds of the settlements with Torys and KPMG, but Hollinger had secured approved settlements with the Outside Directors, CIBC and Fullerton.

29. The proceeds of the CIBC/ Fullerton settlement and the Outside Directors' settlement totalled $5,280,000 in the aggregate. The approval of these settlements was not opposed

and the proceeds were paid to the Litigation Trust on August 23, 2012 and September 13, 2012, respectively.

30. In accordance with the terms of the then-existing retainer agreement, the deferred portion of the fees owing to Litigation Counsel was earned and payable upon receipt of the settlement proceeds by the Litigation Trust. However, if the deferred fees had been paid out to Litigation Counsel at that time, the payment would have significantly depleted the Litigation Trust's reserves in a manner that could have jeopardized my ability to fulfill my mandate with respect to the pursuit of the remaining claims.

31. As a result it was agreed with Counsel by letter dated September 14, 2012 (attached hereto as **Schedule E**) that only the base fees owing up to August 31, 2012, would be paid to Litigation Counsel in September 2012, and the earned premium on the deferred fees would be paid when the Torys and KPMG settlement proceeds were received by the Litigation Trust.

32. Under this arrangement, as of September 1, 2012, 50% of the fees were to be billed and paid monthly and 50% of the fees were to be deferred. The deferred fees would be subject to a premium of 0.5 times the base fee in respect of the finalization of the approval process for the Torys and KPMG settlements, and to a premium of 1.5 times the base fee in respect of the further litigation mandates. It was further agreed that the deferral of fees would continue until the Litigation Advisory Committee and I, in our sole discretion, opted to revert to monthly payments for 100% of the fees as incurred and billed.

33. In late March 2013, the proceeds of the Torys settlement, plus interest, were received by the Litigation Trust. Shortly thereafter, on May 1, 2013, the proceeds of the KPMG settlement were received by the Litigation Trust. Once the Litigation Trust was in funds for its continuing initiatives, in April 2013, the contingency aspect of the retainer with Counsel was terminated, and no further fees were deferred. The financing of the remaining litigation initiatives was secure and no risk premium needed to be paid once that was achieved.

34. Since then, Hollinger secured settlements with the remaining principal defendants: the Blacks and Radler. The Black and Radler settlements have been approved by this court and those orders are now final. Those settlements provide for proceeds in the aggregate of $11 million to Hollinger.

PART VI - REALIZATION OF THE LITIGATION ASSETS

35. Over the course of five and a half years, the Litigation Trustee secured settlements in respect of the Applicants' claims against virtually all the defendants to the litigation (the "**Settlements**"). Hollinger entered into cooperation settlements with each of John Boultbee, Peter Atkinson and Ralph Barford providing for their assistance in securing greater monetary settlement amounts from other defendants. The cooperation of these settling defendants helped to achieve significant monetary settlement contributions from Torys, KPMG, the Outside Directors, CIBC and Fullerton, Radler and the Blacks. In the absence of their cooperation and assistance, the ability to prove the allegations against the remaining defendants would have been severely compromised.

36. In addition, all the Settlements (with the exception of Barford's) resulted in the waiver, withdrawal and release of all claims made by the defendants against the estates of the Applicants, asserted to be in excess of $184 million in the aggregate, not including unquantified claims.

37. Overall, these Settlements have produced proceeds in the aggregate amount of $38,930,000 (excluding interest) for the benefit of the Applicants and their stakeholders:

Cowan	$100,000
KPMG	$10,000,000
Torys	$12,800,000
CIBC / Fullerton	$3,000,000
Outside Directors	$2,280,000
Barford	(-$250,000)
Radler	$6,000,000
Blacks	$5,000,000
Total	**$38,930,000**

38. The settlement amounts were further bolstered by the elimination of various claims by the settling defendants into the estates of the Applicants and the Non-Applicants, which had the effect of enhancing recoveries for the third party creditors.

39. Litigation Counsel managed to achieve these results efficiently by working strategically and staffing their teams leanly. TGF's litigation team was responsible for advancing the

claims against Torys, the Outside Directors, Barford, Boultbee, Atkinson, Black, Amiel-Black, Radler, Colson, Cowan and White, and consisted primarily of two litigators: Michael Barrack and Megan Keenberg, with CCAA cross-over advice from Robert Thornton, particularly in relation to the third party releases which were crucial components of the Settlements.

40. PRRR's team was responsible for advancing the claims against KPMG, the banking syndicate (including CIBC) and Fullerton, and consisted primarily of two lawyers: Chris Paliare and Gord Capern, with further assistance from Jeffrey Larry and Robert Centa.

41. For each claim, Litigation Counsel engaged in a streamlining process by which the myriad complex claims were narrowed to their essential elements, focussing on the causes of action that were most likely to succeed, at the least cost.

42. With the exception of the Barford action, which was settled immediately following a narrowly-defined discovery and production process, the rest of the Settlements were achieved at mediations prior to productions, discoveries, the exchange of expert reports and trial. The relatively early timing of these Settlements allowed the Litigation Trust to avoid significant costs on both fees and disbursements.

PART VII - LITIGATION COUNSEL FEES

43. At monthly team meetings throughout the duration of this mandate, the CRO provided information and advice to the Litigation Advisory Committee and worked with the Monitor consistently on the litigation initiatives and costs.

44. To date, for its litigation services, TGF has been paid its non-deferred fees in the amount of $4,409,563. The deferred fees owing to TGF at the applicable multiplier amount to $4,475,933. Together, the total fees charged by TGF for litigation services amount to $8,685,496, which is 22.3% of the total recovery from the Litigation Assets.

45. Likewise, PRRR has been paid its non-deferred fees in the amount of $820,355 and is owed $831,718 in deferred fees. Together, the total fees charged by PRRR amount to $1,652,073, which is 4.24% of the total recovery from the Litigation Assets.

46. In the aggregate, Litigation Counsel will be paid a total of $10,337,569 for fees, which is 26.55% of the total recovery from the Litigation Assets.

47. The Applicants had other legal expenses over the course of the pursuit of the Litigation Assets: counsel who were engaged on standard retainers and various advisor fees and disbursements. Taken together, all litigation costs and other legal expenses, including the paid and deferred fees of Litigation Counsel, amount to $13,716,612, which is 35% of the total recovery.

48. In my view, the fees including the premiums paid to Litigation Counsel, which together amount to just 26.55% of the total recovery, are well within the range of reasonable multipliers that have been approved by this Court.

49. I would be pleased to provide any additional information or further detail that may be required by the Court.

Dated this 15th of December, 2014 at Toronto

John D. Ground Q.C. (retired Justice)
Litigation Trustee for the Applicants

TAB 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 27 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

ThorntonGroutFinnigan LLP
Suite 3200, Canadian Pacific Tower
100 Wellington St. West, P.O. Box 329
Toronto-Dominion Centre
Toronto, ON M5K 1K7

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

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

Solicitors for the Applicants

TAB B

Hollinger

WILLIAM E. AZIZ
Chief Restructuring Officer

TELEPHONE: (416) 640-7122
FAX: (416) 640-7129
baziz@hollingerinc.com

March 2, 2009

Contingency Fee Retainer Agreement

Between

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited ("Applicants")

And

The Honourable John D. Ground, Litigation Trustee ("LitigationTrustee")

And

ThorntonGroutFinnigan LLP ("TGF")

And

Paliare Roland Rosenberg Rothstein LLP ("PRRR")

Made as of December 1, 2008

Whereas pursuant to an Order dated May 21, 2008, the Honourable John D. Ground was appointed as an officer of the Superior Court of Ontario to be the Litigation Trustee over and in respect of all claims and causes of action (collectively "the Litigation Assets") of Hollinger Inc., 4322525 Canada Inc. and Sugra Limited on the terms described in the Multi-Party Settlement referred to in that Order (the "MPS"); and

Whereas the Litigation Trustee has or wishes to retain counsel in order to pursue certain claims and causes of action within the Litigation Assets being specifically claims against:

a. KPMG LLP (Canada) in connection with the provision of audit and other services to the Applicants (the "KPMG Claim");

b. Torys LLP in connection with the provision of legal services to the Applicants (the "Torys Claim");

c. Canadian Imperial Bank of Commerce, The Toronto-Dominion Bank, The Bank of Nova Scotia and R. Donald Fullerton (the "Bank Claim");

d. The outside directors of Hollinger including Ralph M. Barford, Daniel W. Colson, Charles G. Cowan, Peter G. White, Maureen Sabia, Fredrik S. Eaton, Alan E. Gotlieb, Douglas G. Bassett, R. Donald Fullerton, Henry Ketcham III (the "Outside Directors Claim");

e. Conrad Black, Barbara Amiel-Black, F. David Radler, John A. Boultbee, Peter Y. Atkinson and certain corporations associated or affiliated with them (the "Inside Officers and Directors Claim").

Agreement

The Litigation Trustee, TGF, PRRR and the Applicants for good and valuable consideration mutually agree:

Description of Mandate and Financial Terms

1. The Litigation Trustee hereby retains and employs TGF to pursue the Torys Claim and the Inside Officers and Directors Claim and PRRR to pursue the KPMG Claim and the Bank Claim on the terms set out in the attached Schedule, "Administering and Financing the Applicants' Claims and Litigation Strategy" (the "Schedule"). This Schedule sets out, among other things, the financial terms of the engagement of TGF and PRRR on this matter and forms part of this agreement.

2. This retainer is also subject to the attached terms required pursuant to the *Solicitors Act* (Ontario) (the "Additional Terms").

3. Nothing in this Agreement affects the rights and obligations of the Applicants or the Litigation Trustee under the MPS. In the event of any conflict between the terms of this Agreement and the terms of the MPS, the terms of the MPS shall prevail.

Instructions

4. TGF and PRRR shall accept instructions from the Litigation Trustee, but recognize that pursuant to the Court Order appointing the Litigation Trustee that he has an obligation to consult with the Advisory Committee and the Applicants. TGF and PRRR will consult with the Advisory Committee and the Applicants' Chief Restructuring Officer ("CRO") and provide reports to the Committee and the Applicants as required by the Litigation Trustee.

Conflicts and Confidentiality

5. TGF and PRRR undertake not to disclose or misuse any confidential information subject only to applicable law and lawyer professional/ethical rules.

6. While the Litigation Trustee or any of the Applicants is a client of TGF or PRRR, TGF or PRRR as applicable, will not act for another client whose interests are in conflict with the interests of the Litigation Trustee or any such Applicant unless the Litigation Trustee or the relevant Applicant consents.

7. Each of the Litigation Trustee and the Applicants acknowledges that after he or it is no longer a client of TGF or PRRR, TGF or PRRR, as applicable, may represent other clients whose interests may be adverse to the Litigation Trustee or such Applicant, as applicable, provided TGF or PRRR fully and completely protects the Litigation Trustee's and the Applicants' confidential information as confidential.

Termination

8. The Litigation Trustee (with the prior written approval of the Applicants with respect to matters in which the Applicants' estates will have any liability to the terminated counsel for unpaid legal fees or disbursements of the terminated counsel) may terminate the engagement of TGF or PRRR prior to the completion of its engagement in the event of a breakdown in trust and confidence between TGF or PRRR on the one hand and the

Litigation Trustee on the other hand, or a bona fide unresolved disagreement between TGF or PRRR on the one hand and the Litigation Trustee on the other hand as to a material matter affecting the Litigation Assets, by giving written notice to that effect, and subject to the following terms:

a. if such termination occurs during the Plan Bucket, as described in the Schedule:

   i. all disbursements of the terminated firm will be paid within 30 days by the Litigation Trustee or the Applicants' estates, as responsibility for same has been set out in the Schedule;

   ii. the Applicants' estates shall pay within 30 days of such termination 50% of the deferred legal fees of TGF (if its engagement is being terminated) and such percentage of the deferred legal fees of PRRR (if its engagement is being terminated) for which the Applicants' estates are responsible as set out in the Schedule, as of the date of such termination at the normal hourly rates charged by the applicable firm;

   iii. the Litigation Trustee shall pay 25% of the deferred legal fees of TGF (if its engagement is being terminated) and one-half of such percentage of the deferred legal fees of PRRR (if its engagement is being terminated) for which the Litigation Trustee is responsible as set out in the Schedule, as of the date of such termination at the normal hourly rates charged by the applicable firm; and

   iv. the Litigation Trustee shall pay the balance of the deferred legal fees of TGF or PRRR (if either of their engagements are being terminated) at a rate of 2.5 times the normal hourly rates charged by the applicable firm from the proceeds of settlement of any litigation to be paid only upon plan implementation, if any. The amounts payable by the Litigation Trustee shall form a first charge on such proceeds. Should there be no payment to the terminated firm under this sub-paragraph (including because no plan is ever implemented), that firm's deferred legal fees shall carry forward into the Litigation Bucket and be dealt with as if the termination occurred during the Litigation Bucket.

b. If such termination occurs during the Litigation Bucket, as described in the Schedule, the Litigation Trustee and the Applicants' estates, as responsibility for same has been set out in the Schedule, shall pay:

   i. all disbursements of TGF and PRRR within 30 days of such termination; and

   ii. all deferred legal fees of TGF and PRRR as of the date of such termination shall be paid as described in (A) or (B) below as may be elected at the option of either TGF or PRRR as it relates to their own legal fees:

      A. such deferred fees shall be paid at the normal hourly rates charged by the applicable firm in equal annual instalments over a period of three years or on such other terms as the parties may agree; or

      B. such deferred fees shall be paid in accordance with the terms of the Schedule, i.e. deferred legal fees will be payable at a multiple of 2.5 times the normal hourly rates charged by the applicable firm solely from the proceeds of settlement or proceeds of litigation, if any, in the above Claims.

c. In all cases, the Litigation Trustee may not terminate the engagement of TGF or PRRR for the purpose (whether in whole or in part) of avoiding the Litigation Trustee's payment obligation to one or both of TGF or PRRR, as the case may be, as provided in the Schedule.

9. TGF or PRRR may, subject to their professional and ethical obligations, terminate their respective engagements in the above Claims prior to the completion of its engagement in the event of a breakdown in trust and confidence between TGF and or PRRR on the one hand and the Litigation Trustee on the other hand, or a bona fide unresolved

disagreement between TGF or PRRR on the one hand and the Litigation Trustee on the other hand as to a material matter affecting the Litigation Assets. On such termination, the Litigation Trustee or the Applicants' estates, as responsibility for the same has been set out in the Schedule, shall pay all disbursements of either TGF or PRRR within thirty days. All unpaid legal fees of either TGF or PRRR outstanding at the date of such termination, at the normal hourly rates charged by the applicable firm, shall remain payable in accordance with the terms of the Schedule, i.e. legal fees being paid during the Plan Bucket on a cash basis shall be paid within 30 days, and legal fees deferred, whether during the Plan Bucket or the Litigation Bucket, will remain payable at a multiple of 2.5 solely from proceeds of settlement or proceeds of litigation in the above Claims.

Disagreement Regarding Settlement

10. If any of the persons against whom a Claim is being made makes an offer to settle and either TGF or PRRR recommends in good faith acceptance of such offer in respect of a Claim in which it is acting, the Litigation Trustee shall accept such offer, unless in his opinion, acting reasonably, there are good reasons not to accept such offer.

Successors

11. This agreement is binding upon any persons appointed as a successor Litigation Trustee to the Honourable John D. Ground or any of his successors.

12. This agreement is binding upon each of TGF and PRRR and any successor firm with which it may subsequently merge.

Governing Law

13. This agreement is governed by the laws of the Province of Ontario and the federal laws of Canada. Any dispute shall be dealt with by the courts in Ontario.

Executed this 2nd day of March, 2009.

William E. Aziz

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited
By their Chief Restructuring Officer
William E. Aziz

The Honourable John D. Ground
Litigation Trustee

ThorntonGroutFinnigan
Per : BOB THORNTON

Paliare Roland Rothstein Rosenberg
Per : CHRIS PALIARE

SCHEDULE

TGF
January 26, 2009

Administering and Financing the Applicants' Claims and Litigation Strategy

The legal activities with respect to the Applicants can be classified into one of the following three "buckets":

(a) Estate Bucket – meaning all work to be done in the ordinary course of liquidating the remaining assets of the Applicants, winding-up the non-Applicants, dealing with stakeholders and supervising the resolution of claims (other than the claims of litigation defendants) through the non-Applicant and Applicant claims processes;

(b) Plan Bucket – meaning all activity with respect to attempting to negotiate and implement a plan of arrangement that contemplates the settlement of claims *against* the Applicants by certain defendants, the settlement of claims *by* the Applicants against such defendants and the release of all third party claims in respect of the settling defendants, including those who have filed "placeholder" claims against the Applicants; and

(c) Post-Plan Litigation Bucket – this involves all litigation to be pursued against all of the defendants, if no plan of arrangement is implemented, or against the non-settling defendants, if a plan is implemented.

Funding/Financing of the Three "Buckets"

(a) Estate Bucket

The existing arrangement regarding payment of the reasonable and proper legal costs and disbursements of administering the estate will continue in accordance with the existing arrangements. TGF acknowledges that the existing retainer paid to it by the Applicants will be used by TGF solely to fund amounts owing to it by the Applicants for matters relating to the Estate Bucket and for the 50% of the 50% (company portion) of legal costs for which the Applicants' estates are responsible in the Plan Bucket.

(b) Plan Bucket

Certain elements of the proposed plan are matters that would otherwise be part of the ordinary course of the administration of the the Applicants' estates, including resolution of the significant placeholder claims filed by certain of the defendants and the costs associated with negotiating, drafting and implementing a plan of arrangement. Certain other elements are more closely associated with the mandate of the Litigation Trustee, such as the settlement of the claims by the Applicants against any particular defendant. Other matters are hybrid issues, such as the third party releases which are very relevant to the litigation claims but which are an integral component only of a plan.

Because of the hybrid nature of the services provided in respect of the creation and implementation of such a plan, it is proposed that the legal services be funded/financed on a blended basis with one half of the work funded on a "cash pay" basis, as in the Estate Bucket, and one half financed by the participating law firms, as in the Litigation Bucket, described below.

The proposal in respect of law firm financing for the Plan Bucket is as follows:

(1) the work would be performed primarily by ThorntonGroutFinnigan LLP ("TGF");

(2) all disbursements would be reimbursed on a "cash pay" basis;

(3) TGF would have primary responsibility for negotiating, drafting and implementing the plan with assistance from Paliare Roland ("PR"), particularly with respect to negotiations with the defendants where PR has primary carriage, namely KPMG and the banks;

(4) 50% of the legal fees billed by TGF and PR would be paid in accordance with existing arrangements;

(5) 50% of the legal fees incurred by TGF and PR in respect of the plan would be deferred and paid solely from the proceeds of settlement of any litigation and paid only upon plan implementation;

(6) in recognition of the risk of non-payment and delay of any such payment, the accrued fees would be paid solely from the proceeds of settlement of any litigation at a rate of 2.5 times the amount of such accrued fees and paid only upon plan implementation; and

(7) if no plan is implemented, the accrued fees would be dealt with as part of the Litigation Bucket described below.

It is anticipated that negotiation and implementation of the plan will require the active participation of the CRO and the Litigation Trustee, with direction from the litigation advisory committee. In addition, the Monitor and its counsel would remain fully engaged in accordance with the Multi-Party Settlement approved by the Order of Mr. Justice Campbell dated May 21, 2008 (the "MPS"). All of these parties would be paid throughout the plan process in accordance with their existing arrangements.

The apportionment of the legal costs referred to in items (1)-(7) above as between the Applicants' estates and the Litigation Trustee will be as follows:

(a) with respect to TGF, each will bear 50% of the costs (it being acknowledged that such estates of the Applicants are responsible only for 50% of the costs set out in items (2) and (4) above); and

(b) with respect to PR, all amounts shall be the sole responsibility of the Litigation Trustee unless and until the CRO instructs PR to do work for the Applicants' estates, which work shall be billed separately to such estates.

There are a number of reasons why a plan of arrangement may never be implemented. They include:

(a) the possibility that no defendants are willing to settle;

(b) inadequate consideration is offered by any defendants willing to settle such that the costs of implementing a plan of arrangement make acceptance of such a settlement uneconomic or impractical;

(c) the creditors may not vote to accept the plan (in this regard we note that it is likely that the the Applicants' creditors will require a portion of the proceeds of any settlements to be forwarded to the estate for distribution purposes as a condition of agreeing to vote for any plan); or

(d) the plan may not be sanctioned (or, more likely, since interim approval of all major elements of the plan would be/have been approved by the supervising judge, the sanction order could be overturned on appeal by the non-settling defendants on the basis, for example, that the third party settlements are not fair and reasonable in the circumstances or that former directors (such as Radler) are not eligible for such releases).

The costs incurred to date by TGF in respect of familiarizing itself with the litigation claims and in devising the claim and litigation strategy (approximately $70,000) will be paid by the Applicants' estates and the Litigation Trustee as to 50% each on a cash-pay basis.

Litigation Bucket

This bucket would become effective for accrued fees that are unpaid as a result of the failure of any plan to be implemented and would also cover all claims that are not settled as part of any implemented plan of arrangement. The purpose of TGF and PR agreeing to finance the litigation claims on a contingent basis is to husband the resources of the Litigation Trustee to maximize the Litigation Trustee's ability to fulfill his mandate. Such financing may not be necessary if, for example:

(a) sufficient proceeds of a settlement remain available to the Litigation Trustee after plan implementation for the Litigation Trustee to pursue the remaining defendants in the ordinary course; or

(b) if the Litigation Trustee obtains satisfactory third party financing from other sources on acceptable terms to pursue the litigation claims.

It is proposed that, either after a plan is implemented or if attempts to achieve such a plan are abandoned, then TGF and PR will meet with the Litigation Trustee and the litigation advisory committee to discuss the implementation of the contingency arrangements described below based on the facts that are then present. As can be seen from the proposal below, the risks of complete non-payment are intended to be attenuated by spreading same across all of the proposed litigation and by distributing it between the two law firms with carriage of the litigation. The proposal below was designed based on no settlements being achieved through a plan. Settlement of some of the litigation pursuant to a plan may result in a significant realignment of the risk profile. For example, all defendants that have a recognized ability to pay may settle pursuant to the plan leaving only "high risk" litigation to be pursued. However, it is the intention of TGF and PR to undertake the remaining litigation on the terms described below unless it is determined by the Litigation Trustee in consultation with the advisory committee and the CRO, TGF and PR that such is not feasible on the facts as they are then known.

The basis of the fee arrangement would be as follows:

(1) all disbursements would be reimbursed on a "cash pay" basis from the litigation trust funds;

(2) all unpaid deferred fees from the Plan Bucket will be added into the Litigation Bucket;

(3) all time-based fees of TGF and PR to be deferred;

(4) all deferred fees ((2) and (3) above) to be paid from the proceeds of any litigation at the rate of 2.5 times as a first charge against any such proceeds; and

(5) after any proceeds are received from settlement or judgment, TGF, PR and the Litigation Trustee (in consultation with the advisory committee and CRO) must determine whether the risk profile in the remaining litigation warrants a continuation or an amendment to the remaining litigation strategy and the financing arrangement.

General

It is understood that the Litigation Trustee and the Advisory Committee will be responsible for all strategic decisions in respect of the litigation in consultation with the CRO and all in accordance with the MPS and, in addition, TGF and PR will have input into such strategic decisions.

It is understood that TGF and PR must operate on a coordinated and integrated basis with each other. TGF will have primary responsibility for the litigation against Torys and the inside directors and officers, and PR will have primary responsibility in respect of the litigation against KPMG and the banks. It is understood that a considerable amount of effort will be required to coordinate the claims as between TGF and PR and they will attempt to do so in as efficient a manner as is reasonably practicable, including the creation and use of common data bases and coordinating various elements of each piece of litigation.

This proposal, other than in respect of the plan, does not include litigation against the outside directors at this time.

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ADDITIONAL TERMS

ADDITIONAL TERMS
to
Contingency Fee Retainer Agreement

Background

1. The Litigation Trustee and the Applicants have chosen to retain TGF and PRRR by way of a contingency fee retainer agreement (the "Agreement").

2. These additional terms (the "Additional Terms") form part of the Agreement. Defined terms used in these Additional Terms shall have the same meanings as in the Agreement.

3. The Agreement (including these Additional Terms) is subject to the *Solicitors' Act* R.S.O. 1990, c. S.15, and Ontario regulation 195/04 promulgated under that Act.

4. The Litigation Trustee and the Applicants acknowledge and agree that TGF and PRRR have:

(a) discussed with them options for retaining TGF and PRRR other than by way of a contingency fee agreement, including retaining them by way of an hourly-rate retainer;

(b) advised them that hourly rates may vary among solicitors and that the Applicants and the Litigation Trustee can speak with other solicitors to compare rates;

(c) advised them that all usual protections and controls on retainers between a solicitor and client, as defined by the Law Society of Upper Canada and the common law, apply to the Agreement; and

(d) advised of the right of the Litigation Trustee and the Applicants to ask the Superior Court of Justice to review and approve bills rendered under the Agreement within six months after their delivery.

Terms of Payment of Fees and Disbursements

(i) Legal Fees

5. The Litigation Trustee and the Applicants shall pay legal fees to TGF and PRRR as required in the Agreement and in the Schedule which forms part of the Agreement.

6. In no event shall TGF and/or PRRR recover more in contingent fees than the Applicants and the Litigation Trustee receive collectively (on a cumulative basis in

respect of all of the Claims in respect of which TGF or PRRR is retained) in damages or by way of settlement.

7. All amounts billed under the Agreement are subject to all applicable taxes, including Goods and Services Tax.

8. Amounts payable to TGF and PRRR constitute a first charge on any proceeds arising from any of the Claims in respect of which TGF or PRRR is retained. In the event that the resolution of any such Claim calls for the relevant Defendant(s) to make payments over time, TGF and PRRR shall be entitled to be paid all amounts owing to them prior to any payments being made to the Applicants, their respective estates or to the Litigation Trustee.

9. The following are examples of fees that would be payable by the Litigation Trustee:

(a) If the Torys Claim was resolved in a manner which results in proceeds being paid to the Applicants or their respective estates as one of the terms of a plan of arrangement that is implemented (ie, as part of the "Plan Bucket"), the following would occur:

(i) TGF would bill to the Litigation Trustee an amount equal to 2.5 times its accrued unbilled fees on all matters in respect of which it is retained pursuant the Agreement (the "Accrued TGF Unbilled Fees"); and

(ii) PRRR would bill to the Litigation Trustee an amount equal to 2.5 times its accrued unbilled fees on all matters in respect of which it is retained pursuant to the Agreement (the "Accrued PRRR Unbilled Fees").

(b) In the event that the KPMG Claim was resolved in a manner that results in proceeds being paid to Hollinger's estate or to the Litigation Trustee after the implentation of any plan of arrangement or in the event that no plan of arrangement is implemented (ie, as part of the Litigation Bucket) the following would occur:

(i) TGF would bill to the Litigation Trustee an amount equal to 2.5 times the Accrued TGF Unbilled Fees; and

(ii) PRRR would bill to the Litigation Trustee an amount equal to 2.5 times the Accrued PRRR Unbilled Fees.

(c) In each of the examples above, by way of further clarification and example, if the Accrued TGF Unbilled Fees were equal to $100,000, the amount TGF would bill for fees would be $250,000.

(ii) Disbursements

10. The Litigation Trustee and/or the Applicants, as the case may be, shall be responsible for the payment of all disbursements in the manner provided in the Agreement and the Schedule, as supplemented by these Additional Terms.

11. TGF and PRRR shall be entitled to bill all outstanding disbursements on a monthly basis.

12. TGF and PRRR are entitled to be reimbursed for any unpaid disbursements as a first charge on any funds received as a result of a judgment or settlement of any of the Claims in respect of which TGF or PRRR is retained.

13. The disbursements that are likely to be incurred will include (but may not be limited to) such expenses as photocopying and binding, laser copies, court filing fees, official examiner's fees, the costs of experts (including possibly their witness fees), courier charges, telephone and facsimile charges, document processing and imaging fees, travel expenses, and internet management.

14. The Applicants and the Litigation Trustee authorize TGF and PRRR to incur such disbursements as they consider reasonably necessary to prosecute the Claims; provided that the retainer of experts (and the terms pursuant to which they are retained) must be approved in writing in advance by the Litigation Trustee (after consultation with the Applicants).

15. The Litigation Trustee and the Applicants acknowledge that it may be necessary to complete a document database which may be used in all of the proceedings in respect of which TGF and PRRR are retained. In that regard, the parties agree as follows:

(a) If such a database becomes necessary (for the production of the Applicants' affidavits of documents, or otherwise), TGF and PRRR shall try to make use of the databases of the Applicants' documents already prepared by or in the possession of Eimer Stahl or other parties (including, if possible, the Applicants' court-appointed Inspector), it being acknowledged that work on those databases may not presently be sufficient for the purpose of production of the Applicants' affidavit of documents in the relevant proceedings.

(b) The cost of all further work that is required to make these document databases adequately functional for the purposes of the proceedings in respect of which either TGF or PRRR is retained , will be borne by the Litigation Trustee and the Applicants in the same manner as they are responsible for disbursements in the Agreement and Schedule.

(c) The cost to complete the database(s) will include (but may not be limited to) the costs of scanning and coding the documents and legal fees (both for clerks and lawyers) that will be incurred at both PRRR and TGF to review the documents in the database to determine their relevance to (and possible production in) the relevant proceedings.

(d) TGF and PRRR shall only carry out such work when approved by the Litigation Trustee and the Applicants (if during the period of applicability of the Plan Bucket), or when approved by the Litigation Trustee following consultation with the Applicants (if during the applicability of the Litigation Bucket).

16. If during the course of any of Claims the court (or tribunal or arbitrator(s), as the case may be) (collectively, a "Court") awards costs to the Applicants on a motion or other interlocutory proceeding and such costs are paid by the relevant Defendant, such amounts will be paid to the Litigation Trustee.

17. Similarly, if the Applicants become responsible for paying any costs contribution or award, the Litigation Trustee will pay those costs as the Court orders.

18. The Applicants and the Litigation Trustee agree and direct that all funds claimed by TGF or PRRR for fees, costs, disbursements and taxes shall be paid to TGF or PRRR (as the case may be), in trust, from any judgment or settlement.

Severability

19. In the event that any particular provision or provisions of the Agreement, the Schedule or these Additional Terms is or are found to be void, voidable, or unenforceable for any reason whatever, then the particular provision or provisions or part of the provision shall be deemed severed from the remainder of the Agreement and all other provisions shall remain in force.

Entire Agreement

20. It is agreed there is no representation, warranty, collateral agreement, or condition affecting this agreement except as expressed in it.

TAB C

Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

MEMORANDUM

TO:	Jack Ground, Litigation Trustee of Hollinger Inc.
AND TO:	Bill Aziz, CRO of Hollinger Inc., the other applicants and the non-applicants (collectively, "Hollinger")
FROM:	ThorntonGroutFinnigan LLP Robert I. Thornton
DATE:	March 11, 2011
MATTER:	1145-001
RE:	**Hollinger Inc. – TGF Fee Arrangements**

We refer to the fee arrangements embodied in our Contingency Fee Retainer Agreement with you dated March 2, 2009.

In light of developments subsequent to the implementation of this arrangement, all of which are well known to you but which include the conditional settlements entered with Torys and KPMG, the spirited objections being pressed by most of the non-settling defendants and the length of time that final approval of such settlements is likely to yet take, TGF would like to present options to the Hollinger estate and the Litigation Trustee regarding the ongoing funding of TGF's fees in respect of the settlement approval and plan development process (generally referred to by us as the "Plan Bucket").

The options that we wish to present to you are as follows:

Option 1 – Status Quo

TGF is prepared to continue with the arrangements that are in place, namely a deferral of one-half of all of its fees with cash payment of the balance split equally between the Hollinger estate and the Litigation Trustee. In other words, 50% of the fees are deferred, 25% are paid in the ordinary course from the estates and 25% are paid in the ordinary course from the Litigation Trustee. The deferred portion will be paid at the rate of 2.5 times the deferred amount if, as and when funds are actually received by the litigation trust under any settlement, if finalized without a plan of arrangement, or upon implementing a plan of arrangement, if such a plan is required to conclude and receive payment under the settlements.

Option 2 – End of Contingency Arrangement

We confirm that TGF is prepared to terminate the contingency arrangement and move to a straight 100% cash pay fee arrangement in the ordinary course moving forward. The deferred fees up to the date of termination would continue to accrue and be payable at the rate specified above only if, as and when the settlements are paid whether as part of a settlement or as part of a plan of arrangement, if required, all in accordance with the *status quo* (Option 1) above.

Option 3 – Full Litigation Side Accrual (25% estate pay; 75% accrual)

Contingent settlements have been reached with two of the potential defendants. However, significant risk and timing factors continue to be present, including the fact that:

(a) the approvals are subject to final Court approval (after all appeals) of third-party releases, the judicial appetite for which may be waning; and

(b) certain of the non-settling defendants have embarked on a strategy of delaying at all costs and for as long as possible and have achieved moderate success in delaying, distracting and diverting our efforts to achieve settlement approval, which actions are expected to continue for a significant period of time.

In summary, while the likelihood of some defendants, particularly Torys and KPMG, paying material amounts to the Litigation Trustee has increased from the time our original fee proposal was negotiated, it is also fair to note that the length of time and the amount of legal effort that will need to be expended to ensure such payments are received has also increased.

Against this background, we note that the ability of the Litigation Trustee to continue with its litigation initiative will be enhanced if the professional costs that are incurring can be deferred or postponed. In this regard, TGF is prepared to defer, going forward, an additional 25% (representing the current cash-pay portion payable by the Litigation Trustee) of the deferred fees under the existing contingency fee arrangement such that the new fee arrangement under this Option 3 would be as follows:

(a) 25% paid in cash by the estate on an ongoing basis; and

(b) 75% deferred and payable if, as and when funds are actually received by the Litigation Trustee either under the settlements or upon the implementation of a plan of arrangement as described in Option 1 above.

Under this Option 3, the *status quo* (Option 1) (50% paid; 50% deferred and payable at 2.5 times upon receipt of funds under a settlement or a plan) would remain in effect until a date of your choosing when billings would move to the 25% pay and 75% deferred arrangement.

*****

It is our desire, in presenting these options to you, that you, as CRO and the Litigation Trustee, have the best options available to you to make meaningful and effective decisions in the best interest of your respective stakeholders and to allow for the efficient administration of your respective estates.

We would be happy to discuss all of these options with you at your convenience.

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TAB D

HON. JOHN D. GROUND Q.C.
502 - 21 Dale Avenue
Toronto, Ontario M4W 1K3

Via Email

March 24, 2011

Robert Thornton and
Michael Barrack
Thornton Grout Finnigan LLP
Canadian Pacific Tower, Suite 3200
100 Wellington Street West
TORONTO ON M5K 1K7

Dear Bob and Mike:

Re: Hollinger Litigation Funding

I have discussed your memorandum of March 11, 2011 with Bill Aziz, Bill Brock and Arnie Cader. We all agree that we would like to go with Option 3, commencing with your March account if that is acceptable.

I want to again thank you, not only for your continuing legal advice and support, but also for your generosity and commitment to this case. Please express my gratitude to your partners.

Best regards.

Sincerely,

J.D. Ground

JDG:cc

c. Bill Aziz
Bill Brock
Arnie Cader

Tel: 416-922-2310 e-mail: j.ground@sympatico.ca

TAB E

TGF
Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Canadian Pacific Tower
Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Robert I. Thornton
T: 416-304-0560
E: rthornton@tgf.ca
File No. 1145-001

September 14, 2012

VIA EMAIL

Jack Ground
Litigation Trustee of Hollinger Inc.
c/o Neeson Arbitration Chambers
141 Adelaide St. W., Suite 1108
Toronto, ON M5H 3L5

Dear Mr. Ground:

Re: Hollinger Litigation Financing

We refer to our letter of August 16, 2012 ("August 16 Letter"). Capitalized terms not defined herein have the meanings ascribed to them in the August 16 Letter.

The August 16 Letter described many of the recent relevant factual events regarding the efforts of the Litigation Trustee and his advisory committee to realize upon the litigation assets of Hollinger Inc. in accordance with the mandate described in the multi-party settlement agreement ("MPSA") approved in the CCAA proceeding of Hollinger Inc. and the other applicants. Among these facts were the then anticipated receipt of proceeds of settlement in respect of the Outside Directors Settlement and the CIBC/Fullerton Settlement, which funds totaling $5.28 million have now been received. The August 16 Letter noted that there is a contractual obligation on the Litigation Trustee to pay the deferred fees (the "Base Fee") and the agreed premium (the "Earned Premium") from the settlement funds received as a first priority payment. However, it was noted by us that the effect of such a payment would significantly deplete the resources of the Litigation Trustee in a manner that could potentially compromise the Litigation Trustee's ability to fulfill his mandate. Accordingly, TGF and PRRR have proposed that the Base Fee only be paid from the settlement proceeds received to date and that the Earned Premium be further deferred, without interest, until such time as other settlement proceeds are received, including anticipated settlement proceeds in respect of the Torys Settlement and the KPMG Settlement.

The August 16 Letter also proposed a termination of the fee deferral arrangement in favour of a return to a normal payment mechanism, in other words 100% cash pay monthly for our normal course billings at our regular rates.

At our Hollinger group meeting on August 20, 2012 you indicated that you appreciated the offer of a further deferral of the Earned Premium. You advised, however, that in your opinion the Litigation Trustee would require a further fee deferral arrangement because, in your view, a

100% cash pay arrangement going forward would also jeopardize the ability of the Litigation Trustee to achieve his two main remaining objectives namely:

(a) finalization of the KPMG Settlement and the Torys Settlement, including through any motions for leave to appeal and appeals, if leave is granted (the "Torys/KPMG Settlement Mandate"); and

(b) to continue the litigation initiative against the Inside Directors/Non-Settling Defendants (the "Further Litigation Mandate").

In response to your request, TGF and PRRR proposed at our meeting of August 20, 2012 a return to the terms of the original contingency fee deferral arrangement described in the Retainer Agreement dated March 2, 2009, namely the deferral of 50% of the legal fees incurred in respect of the litigation initiative (described in the original Retainer Agreement as the "plan bucket") with all deferred amounts paid at a rate of 2.5 times the amount deferred if, as and when any further litigation or settlement proceeds are received. As previously agreed in the Retainer Agreement, the deferred fees and premium would benefit from a continuing first charge in respect of all proceeds of litigation or settlement.

We confirm that the 2.5 times multiple was calculated as a blended rate given the time and risk factors inherent in the two main litigation objectives. While the Torys/KPMG Settlement Mandate has less risk and a shorter time horizon, there is substantial risk and the prospect of significant delay before any proceeds of litigation or settlement will be generated from the Further Litigation Mandate. In particular, we note that counsel for Black has recently reconfirmed Black's approach to the litigation initiative by describing Black as an "indefatigable and indomitable defendant who has not yet begun to fight". The prospects of a protracted battle are high. The proposed rate of 2.5 times the deferred fees blended the time and risk factors inherent in both objectives.

Subsequent to the August 20, 2012 meeting, we have had further discussions with you and with the CRO and further internal discussions regarding the proposed fee deferral arrangement and, in particular, regarding the proposed multiplier. As a further accommodation to the Litigation Trustee, and to better facilitate a successful finalization of your efforts, TGF and PRRR are prepared to and do hereby propose a multiplier of 1.5 times the base fee for fees incurred in respect of the Torys/KPMG Settlement Mandate and a multiplier of 2.5 times the base fee for fees incurred in respect of the Further Litigation Mandate.

To summarize, TGF and PRRR now propose the following;

1. The presently outstanding Base Fee, equal to the total fees deferred over a period in excess of two and a half years, up until August 31, 2012 in the case of TGF and August 23, 2012 in the case of PRRR, shall be paid in September 2012 from the settlement proceeds received to date. The Base Fee (before applicable taxes) is estimated to be approximately $2.847 million.

2. The Earned Premium payable in respect of the Base Fee described in 1 above (1.5 times the Base Fee) shall be payable when further proceeds of litigation or settlement are received by the Litigation Trustee, including, for greater certainty, the Torys Settlement and/or the KPMG Settlement.

3. Commencing on September 1, 2012, TGF and PRRR will defer 50% of their litigation related fees (currently estimated to be as much as $1.0 million for matters relating to the Torys/KPMG Settlement Mandate and $3.0 million in respect of the Further Litigation Mandate) upon the following terms:

    (i) 50% to be billed and paid monthly; and

    (ii) 50% to be deferred and to be paid out of, and contingent upon receipt of, any further settlement or judgment proceeds, including for greater certainty the Torys Settlement and/or the KPMG Settlement, such deferred fees to be subject to a multiplier of 1.5 times for fees deferred in respect of the Torys/KPMG Settlement Mandate and 2.5 times for fees deferred in respect of the Further Litigation Mandate. These multipliers are to compensate TGF and PRRR on account of the risk and delay associated with any potential payment. Deferred fees and the premium thereon in respect of both mandates will be paid from time to time (an "Interim Payment") as and when any settlement or judgment proceeds are hereafter received in the course of either mandate.

4. These deferral arrangements will continue (subject to payment of any Interim Payments as described above) until such time as you and your advisory committee wish to revert (at your sole option) to a 100% cash pay monthly basis for our normal course billings at our regular rates then applicable.

5. The equal sharing between the estate of Hollinger and the other Applicants, on the one hand, and the Litigation Trustee, on the other hand, regarding the monthly cash payments will continue as previously agreed between them, given that this initiative will continue to deal with both the claims of the Inside Directors/Non-Settling Defendants against the Hollinger estate as well as the claims of Hollinger against the Inside Directors/Non-Settling Defendants.

Except as changed by or inconsistent with the business terms above, the Amended Retainer Agreement will remain in full force and effect.

Should you wish to discuss any aspect of the above, please do not hesitate to contact us.

Yours very truly,

Thornton Grout Finnigan LLP

Robert I. Thornton

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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**

MOTION RECORD
(Re: Fee Approval)

Thornton Grout Finnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K7

Michael Barrack (LSUC# **21941W**)
Megan Keenberg (LSUC# **53735G**)

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

Lawyers for the Applicants and the Non-Applicants