Court File No. 07-CL-7120

**ONTARIO**
**SUPERIOR COURT OF JUSTICE**
**(COMMERCIAL LIST)**

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

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

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

# TWENTY-EIGHTH REPORT OF THE MONITOR

**December 17, 2014**

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

## PURPOSE

2. The purpose of this Twenty-Eighth Report of the Monitor (the "**Twenty-Eighth Report**") is to provide this Court with a summary of the following:

    (a) The Applicants' actual receipts and disbursements since June 28, 2014 through November 28, 2014 (the "**Reporting Period**") and their revised cash flow forecasts through April 30, 2015 (the "**Revised Forecast)**;

(b) The Court's approval of settlements with F. David Radler and his private companies ("**Radler**") and with Lord Conrad Black and his related companies ("**Black**");

(c) A summary of the resolution of a claim of the Canada Revenue Agency ("**CRA**") into the estate of 4322525 Canada Inc.;

(d) A summary of the proposed distribution from the Applicants' estates and the ultimate flow of funds and reserves required to be maintained as a result of same (the "**Waterfall**");

(e) An extension of the Applicants' stay of proceedings until April 30, 2015; and

(f) the Monitor's observations and commentary related to these items.

## TERMS OF REFERENCE AND DISCLAIMER

3. In preparing this Twenty-Eighth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, and discussions with management of the Applicants ("**Management**") (collectively, the "**Information**").

4. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

5. Future oriented financial information referred to in this Twenty-Eighth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that may

not be ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

6. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

7. Copies of this Twenty-Eighth Report and other court material filed in connection with these *CCAA* proceedings may be obtained from the Monitor's website established in connection with these proceedings (www.ey.com/ca/hollinger) (the "**Monitor's Website**").

8. Capitalized terms not defined in this Twenty-Eighth Report are as defined in previous reports of the Monitor.

## OVERVIEW

9. Hollinger owns a number of entities both directly and indirectly. The corporate structure, as set out in the First Report of the Monitor dated August 23, 2007, is attached as Appendix "**A**". A summary of the Applicants and Non-Applicants (as defined herein) is set out below:

   (a) Hollinger is the ultimate parent company of a number of other entities. It wholly owns Sugra Limited ("**Sugra**"), an Applicant;

   (b) Sugra in turn owns 4322525 Canada Inc. ("**432**"), another Applicant;

   (c) 432, along with Hollinger, own minority equity positions in the Sun-Times Media Group Inc. ("**STMG**") (now Chicago Newspaper Liquidation Corporation or "**CNLC**" ), an entity which conducted publishing activities in the United States and is subject to its own insolvency proceedings. 432 and Hollinger, despite owning a minority equity share, controlled a majority of the votes at STMG until the Multi-Party Settlement Agreement (the "**MPSA**") was approved by the Court on May 26, 2008;

(d) Domgroup Ltd. ("**Domgroup**") is a non-Applicant that is wholly owned by Hollinger. Domgroup formerly operated a number of supermarkets under the "Dominion" brand name and is Hollinger's primary post-filing source of financing; and

(e) 10 Toronto Street Inc. ("**10 Toronto**") is a non-Applicant that is wholly-owned by Domgroup. 10 Toronto and Domgroup are each "**Non-Applicants**".

10. Throughout these *CCAA* proceedings, the Monitor has regularly delivered communications and reports to the Court containing the Applicants' statements of receipts and disbursements, cash projections and periodic updates on any material activities and initiatives undertaken by the Applicants, including those of the non-Applicant subsidiaries.

11. The Monitor provided a comprehensive summary of the activities undertaken since the commencement of these *CCAA* proceedings in its twenty-seventh report dated July 8, 2014 (the "**Twenty-Seventh Report**"). A copy of the Twenty-Seventh Report is posted on the Monitor's Website.

12. The Applicants' current stay of proceedings will expire on January 8, 2015, absent a further Order of the Court.

## ACTUAL RECEIPTS AND DISBURSEMENTS OF THE APPLICANTS

13. Attached hereto as Appendix "A" is a summary of the actual receipts and disbursements of the Applicants on a consolidated basis during the Reporting Period.

14. Actual cash receipts for the Reporting Period totaled approximately $1.0 million, which is approximately $635,000 less than forecast. The main reason for the lower than forecast receipts is the draw on the debtor-in-possession credit facility (the "**DIP**") was less than forecast.

15. Actual disbursements for the Reporting Period were approximately $979,000, which is approximately $19,000 greater than forecast. This variance is primarily due to higher than forecast consultant fees in connection with the administration of the estate.

16. As at November 28, 2014, the amount outstanding pursuant to the DIP was approximately $11.2 million. Interest on the DIP has not accrued Since December 2013.

17. Cash balances by legal entity as at November 28, 2014 are set out below:

| | **$CDN Millions** |
|---|---|
| Applicants | $24.6 |
| Domgroup | $4.7 |
| 10 Toronto | $1.3 |
| **Total** | **$30.6** |

## REVISED CASH FLOW FORECAST

18. Attached as Appendix "B" to this Twenty-Eighth Report is the Applicants' Revised Forecast for the period from November 29, 2014 through April 30, 2015 (the "**Forecast Period**"). The Revised Forecast has been prepared by the Applicants, using the probable and hypothetical assumptions set out in notes to the Revised Forecast (the "**Assumptions**").

19. The Applicants' Revised Forecast estimates that during the Forecast Period, the Applicants will have net receipts of $7.5 million and total disbursements of approximately $1.2 million, excluding any amounts paid pursuant to the Applicants' proposed distribution (other than certain of the reserves set out in the Aziz Affidavit). The Applicants' cash position at the commencement of the projection period is estimated to be approximately $24.6 million.

20. The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied to it by certain of the management and employees of the

Applicants. The Monitor's procedures with respect to the Assumptions were limited to evaluating whether they were consistent with the purpose of the Revised Forecast. The Monitor also reviewed the support provided by the Applicants for the Assumptions and the preparation and presentation of the Revised Forecast.

21. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:

(a) the Assumptions are not consistent with the purpose of the Revised Forecast;

(b) as at the date of this Twenty-Eighth Report, the Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Revised Forecast, given the content of the Assumptions; or

(c) the Revised Forecast does not reflect the Assumptions made by the Applicants.

22. The Revised Forecast has been prepared solely for the purpose described in the Assumptions to the Revised Forecast and readers are cautioned that it may not be appropriate for other purposes.

23. Since the Revised Forecast is based on the Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations may be material. Accordingly, the Monitor gives no assurance as to whether the Revised Forecast will be achieved.

**SETTLEMENTS WITH BLACK AND RADLER**

24. As set out in previous reports of the Monitor, the Applicants have been in the process of resolving certain legal claims connected with the Litigation Assets.

25. As of the date of the Twenty-Seventh Report, there were three unresolved claims that were in the process of being negotiated and finalized. The counterparties to these claims were

Black, Radler and Peter White (“**White**”). Summaries of the Radler and Black settlements are set out below. No settlement has yet been reached with White.

**Settlement with Black**

26. In May 2014, Hollinger reached a settlement in principle with Conrad M. Black, Barbara Amiel-Black, and their companies Conrad Black Capital Corporation, Moffat Management Inc., Black-Amiel Management Inc., 1269940 Ontario Limited and 2753421 Canada Limited.

27. At the time of the Twenty-Seventh Report, the agreement with Black had not been finalized. Since that date, an agreement has been reached and executed by the parties.

28. The terms of the settlement with Black (the “**Black Settlement**”) have been finalized and Court approval was obtained on November 13, 2014 (the “**Settlement Order**”). A copy of the Black Settlement is attached hereto as Appendix “C”.

29. The Black Settlement will result in a settlement amount of $5 million being paid to Hollinger over 30 months following the expiry of the appeal period of the Settlement Order. Hollinger may also receive proceeds sooner than scheduled if the sale of certain real property belonging to Black is consummated. One third of such sale proceeds would be paid to Hollinger as an accelerated amount prorated over the remaining payments due under the settlement agreement.

30. Pursuant to the Black Settlement, Hollinger and the other Applicants have granted releases in favour of Black and certain entities related to him. A similar release has been obtained by the Applicants from Black.

**Settlement with Radler**

31. As at the date of the Twenty-Seventh Report, Hollinger was in the process of finalizing a settlement with Radler and his related companies (the “**Radler Settlement**”). The settlement was approved by the Court on November 13, 2014.

32. The terms of the settlement with Radler include the payment of $6 million to Hollinger.

33. As with the Black Settlement, the Radler Settlement provides that the parties grant releases to each other.

**TAX SETTLEMENT WITH CRA**

34. In its Twenty-Seventh Report, the Monitor reported to the Court that 432 was in the process of resolving certain tax matters and that 432 was optimistic that a consensual settlement could be reached.

35. The Monitor has been advised that a settlement has been reached. Such settlement involves 432 paying a *de minimis* amount to CRA in settlement of this claim.

**THE PROPOSED DISTRIBUTION**

36. Since the Filing Date, the Applicants have worked to carry out a number of activities, including realizing on available assets and quantifying claims against the various estates. As at the date of this Twenty-Eighth Report, these activities are largely complete.

37. The Monitor has been advised that the Applicants have been paying for post-filing goods and services as they become due. As such, the only material liabilities are those that were identified in the claims process of each of the Applicants, plus prospective costs necessary to wind-up the estates after distributing funds to creditors, plus certain amounts that were deferred until such time as a distribution of assets was to occur.

38. As set out in the affidavit of William Aziz dated December 11, 2014 and supplemented by the additional affidavit dated December 17, 2014 (together, the "**Aziz Affidavit**"), the Applicants are currently seeking approval of the Court to disburse the bulk of their assets to their creditors in accordance with their legal priorities.

39. The assets and liabilities of each Applicant as at November 30, 2014 (plus forecast recoveries pursuant to the Waterfall) are set out below:

| | Applicant | | |
|---|---|---|---|
| | **Holllinger** | **Sugra** | **432** |
| Cash on hand as at November 30 | 24.6 | - | 0.0 |
| Post-filing payments | (6.9) | - | - |
| Costs to wind up the estate | (1.0) | - | - |
| Assets to distribute | 16.7 | - | 0.0 |
| Settlement proceeds to be received | 11.0 | - | - |
| Recoveries via distribution | 3.7 | 1.1 | 13.2 |
| Total available for unsecured creditors | 31.4 | 1.1 | 13.2 |
| Value of unsecured claims | 485.6 | 349.1 | 411.3 |
| **Recovery rate** | **6.47%** | **0.31%** | **3.20%** |

40. A summary of issues specific to each Applicant, and its related distribution, are set out below.

**Hollinger**

41. As set out in previous reports of the Monitor, the ongoing pursuit of claims by Hollinger has been carried out by retired Justice, the Honourable Jack Ground (the "**Litigation Trustee**"). To date, the Litigation Trustee has recovered approximately $34.9 million, including amounts which have been agreed but not yet paid (principally amounts due from Radler and Black pursuant to their settlements as described above).

42. Ongoing legal costs have been paid in the normal course by Hollinger, with one exception. Unpaid legal fees in the amount of approximately $5.1 million remain owing, which are deferred fees, including the fee multiplier, as described in the Twenty-Seventh Report at paragraph 87-89 (the "**Deferred Fees**")[1].

43. Payment of the Deferred Fees to the Applicants' counsel is subject to Court approval, which approval is currently being sought by the Applicants. The Monitor notes that, at the time the deferred fee arrangement was negotiated, the CRO determined that Hollinger did not have sufficient funds to fully pursue its various litigation assets. The Monitor

[1] Earlier in the CCAA proceeding, the Applicants' legal counsel agreed to defer certain fees to preserve liquidity with the understanding that such fees would be subject to a premium if the pursuit of the Litigation Assets was successful. The "base" fees of approximately $5.4 million have been paid and only the fee premiums (between 50% and 150% of the base fees) remain payable, subject to approval of the Court. The outstanding fee premium is approximately $5.1 million.

understands that the CRO determined in consultation with the Litigation Trustee that the fee multiplier facilitated the pursuit of the litigation claims at a time when sufficient liquidity to do so was not otherwise available. The Monitor also notes that counsel to the Indenture Trustee was consulted prior to the deferred fee and fee multiplier arrangement being established. The Monitor also notes that this fee arrangement was terminated once the CRO determined that Hollinger had sufficient liquidity to pursue the litigation assets with funds on hand.

44. The Monitor has been advised by the CRO that no objections have been received in respect of the proposed payment of the Deferred Fees.

45. The Applicants are currently seeking Court approval to pay certain bonuses to the CRO and the Litigation Trustee (and the related committee). The quantum of such bonuses, in aggregate, is $750,000 plus applicable taxes. The Monitor notes that such bonuses were established by the Applicants after consultation with DK (who purports to hold approximately 47% of the total notes outstanding). Counsel to Conrad Black has written suggesting that these bonuses should be subject to an independent review as to their propriety. The Monitor is not aware of an objection to the bonuses from any other stakeholder.

46. As set out in the Aziz Affidavit, there is an amount to be paid to Mr. Wesley Voorheis ("**Voorheis**" and the "**Voorheis Payment**") as a result of provisions contained in the MPSA. Such funds will be paid to Voorhies in priority to amounts being paid to the Applicants' various creditors.

47. As set out in the current version of the Waterfall, Hollinger expects to recover approximately $3.7 million from certain related entities (both Applicants and Non-Applicants) based on claims in those estates. Such amounts contemplate that amounts pursuant to the DIP will be offset against amounts owing to Hollinger for post-filing advances to such other entities. The repayment of the DIP is allocated to each of the borrowers thereunder on a *pro rata* basis based on the amount owed by Domgroup.

48. Estimated costs to complete Hollinger's estate are currently estimated to be approximately $1 million. Such costs consist principally of professional fees and costs related to leasing premises and document retention.

49. The Monitor's Seventh Report, dated May 14, 2008 (the "**Seventh Report**") set out certain details in respect of MPSA, which was an intercreditor agreement designed to facilitate the administration of the Applicants' estates.

50. There remain a number of claims that are unresolved within the Hollinger estate. The issues related to each are summarized below:

(a) As reported in previous Reports of the Monitor, Catalyst Capital Fund I ("**Catalyst**") filed a "superpriority" claim (approximately $2.0 million) in the Hollinger estate which was denied by Order of the Court on June 24, 2013. The Court of Appeal for Ontario declined to hear an appeal from this Order. The remaining unsecured claim asserted by Catalyst has not yet been determined. The Applicants propose to reserve $150,000 in respect of the potential claim from Catalyst until such time as the validity of such claim is determined;

(b) Argus Corporation Limited ("**Argus**") and a number of related companies filed claims against each of the Applicants and a number of Non-Applicants in respect of their costs of ongoing litigation commenced against Argus by Hollinger. The Applicants are proposing to withhold $300,000 from the current distribution, being the amount that Argus is currently claiming in respect of costs.

51. Expected unsecured liabilities of Hollinger are forecast to be approximately $485.6 million. This includes those liabilities identified in Hollinger's Court-approved claims process and claims of noteholders. Pursuant to the MPSA, the claims of noteholders have continued to accrue interest post-filing and the recovery on such noteholder claims reflect such increase. The quantum of noteholder claims is set out in the Aziz Affidavit.

52. Based on the foregoing, Hollinger expects that the ultimate recovery to creditors will be approximately 6.5%, with the ultimate recovery not known until the payments pursuant to

the Black Settlement and the Radler Settlement are received and currently unresolved claims are finally determined.

**432 and Sugra**

53. As set out in the table above, neither Sugra nor 432 have any material assets and their only distributable assets will come from the proceeds from the distribution of certain other Non-Applicants.

**Domgroup**

54. As set out earlier in this Twenty-Eighth Report, Domgroup is not an Applicant in these CCAA proceedings. Domgroup formerly leased property from Sun Life Assurance Company of Canada ("**Sun Life**") in Halifax, Nova Scotia. The leased property was subject to an environmental assessment in 2000 and such assessment determined that some environmental contamination existed. Sun Life initially asked Domgroup to contribute to remediation costs but has not pursued Domgroup since that time.

55. Pursuant to a series of Orders of the Court (collectively, the "**Non-Applicants Claims Order**"), claims against the Non-Applicants were subject to a process to quantify such claims, including environmental claims (the "**Non-Applicants Claims Process**").

56. Sun Life did not submit a claim in the Non-Applicants Claims Process. As such, pursuant to the Non-Applicants Claims Order, any claim that Sun Life may have had is now forever barred and extinguished given that the bar date included in the Non-Applicants Claims Order has passed. Furthermore, as set out in the Aziz Affidavit, the Applicants are of the view that Sun Life is statute barred from asserting a claim against Domgroup for any environmental contamination that may have existed.

**The Proposed Distribution**

57. As set out in the Aziz Affidavit, the Applicants are proposing to distribute an aggregate amount of approximately $26.0 million from Hollinger and $11.4 million from 432,

being the amount currently on hand available for distribution net of certain payments to be made. The steps related to this distribution would involve the following:

(a) The DIP will be repaid to Domgroup from each of the Applicants on a *pro rata* basis based on the amounts owed to Domgroup. Put another way, the greater each Applicant's relative share of total receivables, the greater their repayment will be;

(b) Amounts payable for post-filing services rendered will be paid, along with any payments required to be made pursuant to the MPSA. This would include, among other things, payment of the Deferred Fees in the amount of approximately $5.1 million as set out in the Twenty-Seventh Report and the Voorheis Payment;

(c) Necessary reserves (totaling $1.45 million) will be established for those items which are not yet determined or for future wind-up costs; and

(d) Unsecured creditors will be paid amounts due to them on a *pro rata* basis with other such creditors with future amounts being distributed as funds are available.

**EXTENSION OF THE STAY OF PROCEEDINGS**

58. Absent a further extension, the current stay pursuant to the CCAA is set to expire on January 8, 2015.

59. Given the various settlements to which the Applicants are parties, the final payments due to the Applicants will not be received for several years. For this reason, the Applicants are seeking an extension of the stay of proceedings to April 30, 2015. During this period, the Applicants intend to work with the Monitor to implement the distribution, if approved, and to develop a plan to wind up the administration of these proceedings in a timely and cost-effective manner.

60. Given the current and forecast level of activity in the Applicants' estates and in order to facilitate the activities described in the preceding paragraph, the Monitor is supportive of the stay being extended to April 30, 2015.

## CONCLUSIONS AND RECOMMENDATIONS

61. The Monitor is of the view that, in light of the substantial completion of the Applicants' restructuring activities, it is appropriate to distribute funds to their creditors in accordance with their legal priorities, subject to the establishment of the reserves described herein. The Monitor recommends that the Court approve the distribution to creditors as set out above and in the Applicants' motion materials.

62. The Monitor observes that the fee deferral and bonus arrangements were discussed with the indenture trustee of the notes and DK, respectively, prior to being established. The Monitor understands that DK supports Court approval of the bonus payments but, as set out above, counsel to Conrad Black is of the view that any bonus payable should be subject to review by an independent third party.

63. The Monitor is of the view that the Applicants have acted, and continue to act, in good faith and with due diligence. Accordingly, the Monitor recommends that the Court approve the extension of the Stay Period to April 30, 2015.

All of which is respectfully submitted this 17th day of December, 2014:

**ERNST & YOUNG INC.**

In its capacity as Court-appointed
Monitor of Hollinger Inc. and certain of its affiliates

Per:

Brian M. Denega
Senior Vice President

Todd Ambachtsheer
Vice President

**Appendix "A"**
**Actual Receipts and Disbursements**

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

**Consolidated Weekly Cash Flow Variance Analysis compared to the Forecast in the 27th Report**

| *C$ 000s* | **Projected Results from June 28, 2014 to November 28, 2014** | **Actual Results from June 28, 2014 to Novmeber 28, 2014** | **Variance** |
|---|---|---|---|
| **Opening Cash** | **24,554** | **24,554** | - |
| **Receipts** | | | |
| Interest income | 150 | 15 | (135) |
| DIP Borrowings | 1,500 | 1,000 | (500) |
| **Total receipts** | **1,650** | **1,015** | **(635)** |
| **Disbursements** | | | |
| General Corporate and Litigation Fees | (228) | (266) | (38) |
| CCAA Legal Fees (Canada) | (135) | (137) | (2) |
| CCAA Monitor Fees | (170) | (82) | 88 |
| Contractor Fees | (365) | (367) | (2) |
| Finance, Tax Administration and Financial Advisor Fees | (11) | (54) | (43) |
| Operating Costs related to Premises | (51) | (75) | (24) |
| Foreign Exchange | - | 2 | 2 |
| **Total Disbursements** | **(960)** | **(979)** | **(19)** |
| **Net Cash Inflow / Outflow** | **690** | **37** | **(653)** |
| **Closing Cash Balance** | **25,244** | **24,591** | **(653)** |

**Appendix "B"**
**Revised Forecast**

**Hollinger Inc., 4322525 Canada Inc. and Sugra Limited**
**(collectively, the "Applicants")**
**Weekly cash flow projection**
**November 29, 2014 through May 1, 2015**

| **Week ended** | **5-Dec-14** | **12-Dec-14** | **19-Dec-14** | **26-Dec-14** | **2-Jan-14** | **9-Jan-14** | **16-Jan-14** | **23-Jan-14** | **30-Jan-14** | **6-Feb-14** | **13-Feb-14** | **20-Feb-14** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning bank balance | 24,591 | 24,506 | 24,446 | 30,432 | 30,432 | 30,346 | 29,873 | 29,837 | 29,820 | 29,820 | 31,204 | 31,204 |
| **Receipts** | | | | | | | | | | | | |
| Settlement proceeds | - | - | 6,000 | - | - | - | - | - | - | 1,500 | - | - |
| DIP borrowings | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total receipts** | **-** | **-** | **6,000** | **-** | **-** | **-** | **-** | **-** | **-** | **1,500** | **-** | **-** |
| **Disbursements** | | | | | | | | | | | | |
| General Corporate and Litigation Legal Fees | - | (21) | - | - | - | - | (21) | - | - | - | - | (21) |
| CCAA Legal Fees (Canada) | - | (15) | - | - | - | - | (15) | - | - | - | - | (15) |
| CCAA Monitor and Counsel Fees | - | (30) | - | - | - | (30) | - | - | - | (30) | - | - |
| Contractor Fees | (73) | - | - | - | (73) | - | - | - | - | (73) | - | - |
| Finance, Tax Administration and Financial Advisor Fees | - | - | (8) | - | - | - | - | (11) | - | - | - | (11) |
| Operating Costs related to premises | (12) | 6 | (5) | - | (13) | 7 | - | (7) | - | (13) | - | (7) |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Reserves pusuant to distribution | - | - | - | - | - | (450) | | | | | | |
| Foreign Exchange | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total disbursements** | (85) | (60) | (14) | - | (86) | (474) | (36) | (17) | - | (116) | - | (54) |
| Net cash flow | (85) | (60) | 5,986 | - | (86) | (474) | (36) | (17) | - | 1,384 | - | (54) |
| **Ending bank balance** | **24,506** | **24,446** | **30,432** | **30,432** | **30,346** | **29,873** | **29,837** | **29,820** | **29,820** | **31,204** | **31,204** | **31,150** |
| **Distribution reserves** | **-** | **-** | **-** | **-** | **-** | **450** | **450** | **450** | **450** | **450** | **450** | **450** |

**Hollinger Inc., 4322525 Canada Inc. and Sugra Limited**
**(collectively, the "Applicants")**
**Weekly cash flow projection**
**November 29, 2014 through May 1, 2015**

| **Week ended** | **27-Feb-14** | **6-Mar-14** | **16-Mar-14** | **20-Mar-14** | **27-Mar-14** | **3-Apr-15** | **10-Apr-15** | **17-Apr-15** | **24-Apr-15** | **1-May-15** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Beginning bank balance | 31,150 | 31,150 | 31,047 | 31,047 | 30,995 | 31,002 | 30,929 | 30,929 | 30,875 | 30,882 | 24,591 |
| **Receipts** | | | | | | | | | | | |
| Settlement proceeds | - | - | - | - | - | - | - | - | - | - | 7,500 |
| DIP borrowings | - | - | - | - | - | - | - | - | - | - | - |
| **Total receipts** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **7,500** |
| **Disbursements** | | | | | | | | | | | |
| General Corporate and Litigation Legal Fees | - | - | - | (21) | - | - | - | (21) | - | - | (105) |
| CCAA Legal Fees (Canada) | - | - | - | (15) | - | - | - | (15) | - | - | (75) |
| CCAA Monitor and Counsel Fees | - | (30) | - | - | - | - | - | - | - | - | (120) |
| Contractor Fees | - | (73) | - | - | - | (73) | - | - | - | - | (365) |
| Finance, Tax Administration and Financial Advisor Fees | - | - | - | (10) | - | - | - | (11) | - | - | (50) |
| Operating Costs related to premises | - | - | - | (7) | 7 | - | - | (7) | 7 | (10) | (54) |
| Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Reserves pusuant to distribution | | | | | | | | | | | (450) |
| Foreign Exchange | - | - | - | - | - | - | - | - | - | - | - |
| **Total disbursements** | - | (103) | - | (52) | 7 | (73) | - | (54) | 7 | (10) | (1,219) |
| Net cash flow | - | (103) | - | (52) | 7 | (73) | - | (54) | 7 | (10) | 6,281 |
| **Ending bank balance** | **31,150** | **31,047** | **31,047** | **30,995** | **31,002** | **30,929** | **30,929** | **30,875** | **30,882** | **30,872** | **30,872** |
| **Distribution reserves** | **450** | **450** | **450** | **450** | **450** | **450** | **450** | **450** | **450** | **450** | **(450)** |

**Appendix "C"**
**Black Settlement**

## RELEASE AND SETTLEMENT AGREEMENT

THIS RELEASE AND SETTLEMENT AGREEMENT (this "**Agreement**") is made as of the 10th day of November, 2014, between Conrad M. Black ("**Black**"), Barbara Amiel-Black ("**Amiel-Black**" and together with Black, the "**Blacks**"), Moffat Management Inc., Black-Amiel Management Inc., Conrad Black Capital Corporation, 1269940 Ontario Limited and 2753421 Canada Limited (collectively, the "**Blacks' Companies**") on the one hand, and Hollinger Inc. ("**Hollinger**"), a corporation incorporated under the *Canada Business Corporations Act*, R.S.C. 1985 c. C-44 (the "**CBCA**"), Domgroup Ltd., 4322525 Canada Inc., 10 Toronto Street Inc. and Sugra Limited on the other hand (together, the "**Parties**"); and

WHEREAS, by Statement of Claim issued March 29, 2005 and amended on July 26, 2007, bearing Court File No. 05-CL-5822 (the "**'05 Action**"), Hollinger and Domgroup Ltd. commenced an action against Black and others for liability in connection with their conduct as directors and officers of Hollinger; and

WHEREAS, by Notice of Action issued January 27, 2006 and Statement of Claim dated February 27, 2006, amended August 10, 2006, May 22, 2009, May 27, 2009 and June 19, 2012, bearing Court File No. 06-CL-6261 (the "**'06 Action**"), Hollinger, Domgroup Ltd., 4322525 Canada Inc., 10 Toronto Street Inc. and Sugra Limited commenced a further action against the Blacks, the Blacks' Companies and others for liability in connection with their conduct as directors and officers of Hollinger and the Blacks' Companies receipt of certain funds; and

WHEREAS, by Statement of Claim issued April 20, 2007, bearing Court File No. 07-CL-6954 (the "**Indemnification Action**"), Hollinger commenced an action against the Blacks and others seeking a declaration that they were not entitled to be indemnified by Hollinger pursuant to any indemnity agreement or under any statute in respect of the '05 Action, the '06 Action or any other action in which they are named defendants by virtue of their conduct as directors and officers of Hollinger; and

WHEREAS, the '05 Action, the '06 Action and the Indemnification Action were consolidated and continued under Court File No. 06-CL-6261 by Order of Justice Campbell, dated February 25, 2013 (the "**Consolidated Hollinger Action**"); and

WHEREAS, by Notice of Action issued on January 27, 2006, the Blacks and certain of the Blacks' Companies commenced an action bearing Court File No. 06-CL-6259 against Hollinger and others for contribution and indemnity in connection with certain Hollinger-related litigation (the "**Contribution and Indemnity Action**"); and

WHEREAS, by Notice of Action issued July 13, 2006, Black commenced an action bearing Court File No. 06-CV-315048-PD1 against Hollinger seeking repayment of a loan made by Black to Hollinger in connection with the satisfaction of a joint judgment issued against Black and Hollinger by the Delaware Chancery Court (the "**Delaware Judgment Action**"); and

WHEREAS, by Order of Justice Campbell, dated August 18, 2006 , varied by Order dated August 31, 2006, Hollinger, Domgroup Ltd., 4322525 Canada Inc., 10 Toronto Street Inc. and Sugra Limited obtained an *ex parte* Mareva injunction governing reporting requirements and restricting transfers and dispositions of the Blacks' assets and the Blacks' Companies' assets (the

"**Mareva Order**"), pending the resolution of claims against the Blacks in the '06 Action, later the Consolidated Hollinger Action; and

WHEREAS, the Parties entered into an agreement dated September 28, 2006 (the "**Confidential Settlement Agreement**") that was partially incorporated into a consent order dated September 29, 2006 (the "**Consent Order**") which, together, replaced the Mareva Order; and

WHEREAS, pursuant to an order of the Ontario Superior Court of Justice, Commercial List (the "**Court**"), dated August 1, 2007 (the "**Initial CCAA Order**"), Hollinger, 4322525 Canada Inc. and Sugra Limited (together, the "**CCAA Applicants**") were authorized to commence a proceeding pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), bearing Court File No. 07-CL-7120 wherein the CCAA Applicants may file a plan of compromise or arrangement (a "**Plan**"); and

WHEREAS the Contribution and Indemnity Action and the Delaware Judgment Action were stayed as a result of the Initial CCAA Order; and

WHEREAS, pursuant to an Order of the Court dated May 21, 2008, the CCAA Applicants commenced a claims process to determine and adjudicate claims of related and non-related persons; and

WHEREAS, by Proof of Claim dated July 11, 2008, Black advanced certain claims against Hollinger's estate consisting of (i) the amounts claimed in the Blacks' Contribution and Indemnity Action; (ii) the amounts claimed in the Delaware Judgment Action; (iii) the amounts for which Black may be found liable in the action bearing Action No. 0503 18023 commenced by 783783 Alberta Ltd. (c.o.b as Vue Weekly) against Black *et al.* in the Court of Queen's Bench of Alberta; and (iv) all unknown amounts (together, these claims constitute "**Black's Claims**"); and

WHEREAS, neither Amiel-Black nor any of the Blacks' Companies filed any proofs of claim against any of the CCAA Applicants; and

WHEREAS, Domgroup Ltd. and 10 Toronto Street Inc. (collectively, the "**Non-Applicants**") made a call for claims and neither the Blacks nor the Blacks' Companies made any claims against the Non-Applicants; and

WHEREAS, the CCAA Applicants, together with the Non-Applicants, are the plaintiffs in the Consolidated Hollinger Action; and

WHEREAS, pursuant to an Order of the Court dated May 21, 2008, the CCAA Applicants obtained approval of a multi-party settlement and a cost reduction/ enhancement program (the "**MPS Order**") wherein John D. Ground, Q.C. (retired Justice) was appointed as an officer of the Court to be the Litigation Trustee over and in respect of all claims and causes of action in favour of the CCAA Applicants, including the Consolidated Hollinger Action; and

WHEREAS, pursuant to the MPS Order, the Litigation Trustee was empowered to initiate, prosecute and continue the prosecution of any and all proceedings then pending or thereafter instituted with respect to the CCAA Applicants, including, *inter alia*, the power to settle or compromise any such proceeding, which includes the Consolidated Hollinger Action; and

WHEREAS, by Order of Justice Campbell dated September 3, 2009, in a proceeding brought by Catalyst Fund General Partner I Inc. against Hollinger pursuant to section 229 of the CBCA and the Endorsement of Justice Campbell dated September 19, 2013 in the Consolidated Hollinger Action, Lerners LLP is in possession of a number of boxes containing certain documents over which both Black and Hollinger have asserted ownership, which had originally been contained in thirteen sealed boxes (the "**13 Boxes of Documents**"); and

WHEREAS the CCAA Applicants, the Non-Applicants, Black and the Blacks' Companies engaged in a mediation process before George W. Adams, Q.C. (retired Justice) on May 8 and 9, 2014 (the "**Mediation**"); and

WHEREAS, although Amiel-Black did not participate in the Mediation, she agrees to be bound by the terms of this Agreement, having had the opportunity to obtain independent legal advice; and

WHEREAS the Blacks and the Blacks' Companies deny that they have any liability to the CCAA Applicants and the Non-Applicants, or have engaged in any wrongdoing;

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS SET OUT BELOW AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE ACKNOWLEDGED, AND SUBJECT TO THE PROVISIONS SET OUT HEREIN RESPECTING COURT APPROVAL OF THIS SETTLEMENT AND ITS MATERIAL TERMS, the Parties agree as follows:

1. *Payment by Black of the Settlement Amount*: Black shall pay the sum of $5,000,000 (the "**Settlement Amount**") to Hollinger for the benefit of the Litigation Trustee. The Settlement Amount shall be paid in four installments (each, a "**Payment**") in accordance with the following schedule (the "**Payment Schedule**"):

    (a) Within sixty (60) days of the issuance of the Release Order (as defined herein) and the determination of any appeals or the expiration of all appeal periods in relation thereto (at which time such Order is, for the purposes hereof, "**Final**"), Black shall pay $1,500,000 (the "**First Payment**") of the Settlement Amount to Hollinger for the benefit of the Litigation Trustee;

(b) Black shall pay $1,500,000 (the "**Second Payment**") of the Settlement Amount to Hollinger for the benefit of the Litigation Trustee within six (6) months of the Closing Date;

(c) Black shall pay $1,000,000 (the "**Third Payment**") of the Settlement Amount to Hollinger for the benefit of the Litigation Trustee within eighteen (18) months of the Closing Date; and

(d) Black shall pay $1,000,000 (the "**Fourth Payment**") of the Settlement Amount to Hollinger for the benefit of the Litigation Trustee within thirty (30) months of the Closing Date.

2. *Security for Payments*: Simultaneously, upon receipt of the First Payment, Hollinger, for the benefit of the Litigation Trustee, shall be entitled to, and shall receive, a mortgage (the "**Mortgage**"), substantially in the form attached hereto as **Schedule A**, over the Blacks' residence and lands appurtenant thereto at 26 Park Lane Circle (including the amalgamated and subsequently severed adjacent lot formerly known as 24 Park Lane Circle), in Toronto, Ontario (the "**Property**"), as collateral for the Second, Third and Fourth Payments (individually, an "**Outstanding Payment**" and collectively the "**Outstanding Payments**"). The date of the First Payment and registration of the Mortgage shall be the "**Closing Date**". The Mortgage shall not be assigned, transferred, or sold by Hollinger to anyone other than Ernst & Young Inc., in its capacity as the Court-appointed monitor of the CCAA Applicants and the Non-Applicants (the "**Monitor**"). The Blacks represent that the principal amounts owing under the existing

mortgages on the Property, if any, did not exceed $12,000,000 as of May 9, 2014, and will not exceed $12,000,000 as of the Closing Date. Without derogating from Hollinger's right to exercise its remedies under the Mortgage in the event of default, the Mortgage will rank behind and be subordinated from time to time to the existing mortgages on the Property as of May 9, 2014, as they may be renewed, amended or replaced from time to time, provided that the terms of such renewed, amended or replaced mortgage(s) shall not exceed, $12,000,000 in principal amount(s). The Blacks agree that all prior ranking mortgages always will be held by arm's length mortgagees. The Parties agree that any default under the existing mortgages on the Property as of May 9, 2014, as they may be renewed, amended or replaced from time to time, shall constitute a default under the Mortgage. The Mortgage will be discharged immediately by Hollinger upon payment in full by Black of the Outstanding Payments, together with any accrued and unpaid interest thereon, to Hollinger for the benefit of the Litigation Trustee. Black shall be entitled to give a mortgage or other encumbrance upon the Property which ranks behind the Mortgage without obtaining the consent of the CCAA Applicants and Non-Applicants. Further, as of the date of this Agreement, the Parties agree that notwithstanding the Mareva Order, the Confidential Settlement Agreement and the Consent Order, Black shall be entitled to sell a portion of the Property (such portion being all or part of the lot formerly known as 24 Park Lane Circle, "**24 Park Lane Circle**") to an arm's length party for consideration of no less than $5,750,000, and the CCAA Applicants and Non-Applicants consent to and shall provide a partial discharge of the Mortgage on such sale of all or part of 24 Park Lane Circle, provided that upon completion of such sale, Hollinger shall receive one third (33.33%) of the total proceeds of sale, net only of sale transaction costs, but *not*, for greater certainty, net of any payment to prior or other mortgagees. In the event of such partial sale, the proceeds of sale payable to Hollinger shall be paid to Hollinger concurrent with such partial sale, and such payment shall reduce, on a *pro rata* basis, all then Outstanding Payments.

3. *Non-Interest Bearing Payments*: The Payments described in paragraph 1 of this Agreement shall not bear interest if they are paid on or before the due date hereunder.

4. *Default and Interest for Late Payments*: If an Outstanding Payment has not been paid within seven (7) days of its due date (the **"Cure Period"**), then the Mortgage will be in default and Hollinger may exercise all remedies available at law and /or under the Mortgage in respect of the Property including by issuing a Notice of Sale. In the event that an Outstanding Payment is late and has not been paid within the Cure Period, such Payment will bear interest on the following scale:

   (a) any Outstanding Payment that is up to three (3) months late shall bear interest at the prejudgment interest rate provided for in section 128 of the Ontario *Courts of Justice Act*, R.S.O. c. C.43, as amended;

   (b) any Outstanding Payment that is between three (3) and six (6) months late shall bear interest at 6% per annum, compounded monthly in arrears; and

   (c) any Outstanding Payment that is more than six (6) months late shall bear interest at 10% per annum, compounded monthly in arrears.

5. *Good Faith Cooperation*: The Parties agree to cooperate in good faith and to provide any necessary consents or documentation reasonably necessary to implement this Agreement including, without limitation, such consents or documentation as may be necessary to ensure that the Mortgage is a valid, binding and effective charge and mortgage on the Property.

6. *Thirteen Boxes of Documents*: Hollinger shall obtain the consent of Ernst & Young Inc., in its capacity as Inspector of Hollinger, for the release to Black by Lerners LLP of the 13 Boxes of Documents, which consent shall be effective as of the Closing Date, and Lerners LLP shall, thereafter, have no responsibility in respect of the 13 Boxes of Documents.

7. *Discharge of Consent Order and Termination of Confidential Settlement Agreement*: Upon execution of this Agreement, the Parties will execute a consent to an Order, in the form attached hereto as **Schedule B,** discharging the Consent Order. This consent will be held in escrow by Hollinger's counsel and will be released from escrow and filed with the Court immediately after the Closing Date. Thereafter, the Parties agree to take steps to obtain a formal Order to discharge the Consent Order, and the Confidential Settlement Agreement shall be automatically terminated on consent without any further action on the part of any Party. For greater certainty, upon the Closing Date, it is agreed that the Blacks will have no further obligations under the Mareva Order, the Consent Order or the Confidential Settlement Agreement.

8. *Withdrawal and Waiver of Black's Claims against the Estates of the Hollinger Parties*: Black withdraws and releases Black's Claims filed against the estate of Hollinger, and the Blacks and the Blacks' Companies (the "**Black Parties**") shall and hereby do waive and release any claims they may have or could have claimed or filed against any of the Hollinger Parties (as defined herein), including, but not limited to, the loan made by Black to Hollinger that was the subject of the Delaware Judgment Action, and agree that they shall not file or make any further claims against any of the Hollinger Parties or the estates thereof (the "**Blacks' Releases of the Estates**"). The Blacks' Releases of the Estates shall be effective at the Closing Date.

9. *Non-Opposition to Orderly Wind-Up*: The Black Parties shall not oppose the orderly wind-up of the estates of the CCAA Applicants save and except and only to the extent that they may be adversely affected financially in respect of any step or action in furtherance of such orderly winding up.

10. *Full and Final Release of the Black Releasees by the Hollinger Parties*: Upon payment in full of the Settlement Amount, Hollinger, its past, present and future subsidiaries and divisions including without limiting the foregoing, the CCAA Applicants and the Non-Applicants (but not including the Chicago Newspapers Liquidation Corporation—formerly known as the Sun-Times Media Group, Inc., and previously as Hollinger International Inc.—and its subsidiaries (collectively referred to herein as "**CNLC**")), all partnerships in which Hollinger or a wholly-owned subsidiary of Hollinger is the general partner and any corporation owned by such partnership, for themselves, their employees,

directors, officers, servants, agents, heirs, executors, administrators, predecessors, successors and assigns, and on behalf of any person (as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended to the date hereof, "**Person**") who claims a right or interest through them, and including the Chief Restructuring Officer of the CCAA Applicants and the Non-Applicants, the Litigation Trustee and the Litigation Advisory Committee, and all current and former advisors to the Hollinger Parties, and their heirs, executors, administrators, predecessors, successors, and assigns, but excluding the Black Parties (as defined herein) themselves, and excluding F. David Radler, F. D. Radler Ltd., and North American Newspapers Ltd. and their employees, directors, officers, servants, agents, heirs, executors, administrators, predecessors, successors and assigns (the "**Radler Parties**"), (collectively, the "**Hollinger Parties**"), shall thereupon irrevocably and unconditionally fully, finally and forever, release, remise, acquit and forever discharge, without qualification or limitation, the Blacks and each of their heirs, executors, administrators, successors and assigns, and the Blacks' Companies and their predecessors, employees, directors, officers, servants, agents, heirs, administrators, successors and assigns (except for the Radler Parties) (collectively, the "**Black Releasees**"), separately and jointly, of and from any and all rights, interests, obligations, debts, dues, sums of money, accounts, reckonings, damages, claims, actions, allegations, causes of action, counterclaims or demands whatsoever, whether known or unknown, in law or in equity, of whatever kind or character, suspected, fixed or contingent (collectively, "**Claims**") that have been, that could be or that could have been asserted by the Hollinger Parties from the beginning of time through to the date hereof (including, without limitation, any claim for contribution, indemnification, reimbursement or any other forms of claims over that have been or could be asserted on or after the date hereof by the Hollinger Parties based on events occurring prior to and through the date hereof) against the Black Parties in respect of (i) the Blacks having served as directors of Hollinger; (ii) Black having served as an officer of Hollinger; (iii) all Claims of injury allegedly caused to the Hollinger Parties by the Black Parties or any of them, including, without limitation, all Claims raised or which could have been raised in the Consolidated Hollinger Action; and/or (iv) any and all other Claims that the Hollinger Parties ever had or may have against the Black Parties including, but not limited to, any Claims not set out in the Consolidated Hollinger Action ((i) to (iv) collectively, the "**Settled Claims**").

11. *Settled Claims*: For greater certainty, the Settled Claims includes any Claim which Hollinger has asserted with respect to the 13 Boxes of Documents and Black's Claims.

12. *Full and Final Release of the Hollinger Parties by the Black Parties*: The Black Parties shall and do hereby fully, finally and forever release, remise, acquit and forever discharge, without qualification or limitation, the Hollinger Parties and representatives of Hollinger's largest creditor group, being the Wells Fargo Delaware Trust Company, National Association (as successor by merger to the Delaware Trust Company, National Association, formerly known as Wachovia Trust Company, National Association), in its capacity as a collateral agent under an indenture dated March 10, 2003, and HSBC Bank USA, National Association, in its capacity as trustee under an indenture dated September 30, 2004 (together, the "**Indenture Trustees**"), separately and jointly, of and from the Settled Claims, which releases shall be effective upon the discharge of the Mortgage.

13. *Unknown Claims*: Without limiting the generality of paragraphs 8, 10 and 11 above, the Parties declare that the intent of the releases set out therein is to conclude all issues arising from the Settled Claims and it is understood and agreed that the releases are intended to cover, and shall cover, not only all known injuries, expenses, losses and damages, but all injuries, expenses, losses and damages not now known or anticipated, but which may later develop or be discovered, including all the effects and consequences thereof.

14. *Full and Final Releases of the Black Releasees by Third Parties:* It is the intent of the Parties that this Agreement and the terms of the Release Order will extinguish any basis for any direct or indirect claim by all former or present shareholders, officers and directors of Hollinger, and all creditors (including the Indenture Trustees), parents, subsidiaries, affiliates and related parties of Hollinger (including without limitation CNLC and its past and present shareholders) and any other person (together, the "**Third Party Releasors**") against the Black Parties in any way related to the Settled Claims or to Hollinger, including but not limited to Claims for contribution, indemnification (including claims for contribution and indemnity made by the Radler Parties against Black and others under Ontario Superior Court of Justice Court File No. 07-CL-7334 and in the Hollinger Consolidated Action) or other forms of claims over in relation to a Third Party Releasor's liability to the Hollinger Parties (the "**Third Party Releases**"). For greater certainty, the Third Party Releases do not apply to any claims or defences made in the action bearing case number 11CH31356, in the Circuit Court of Cook County, Illinois County Department, Chancery Division as between Conrad Black

Capital Corporation, Horizon Publications Inc., the Radler Parties and others, and do not apply to any matters, past, present or future, relating to, pertaining to or involving Horizon Publications Inc., its shareholders, creditors, officers or directors.

15. *Excepted Claims*: The Third Party Releases set out in paragraph 14 of this Agreement do not apply to an Excepted Claim (and only an Excepted Claim as defined herein) by a Third Party Releasor against the Black Parties for damages. An "**Excepted Claim**" means a claim that is based on a final judgment that a Third Party Releasor suffered damages, or if civil law applies to an Excepted Claim, prejudice, as a direct result and solely as a result of such Third Party Releasor's reliance on an express fraudulent misrepresentation made by Black or Amiel-Black to such Third Party Releasor when Black or Amiel-Black, as the case may be, had actual knowledge that the misrepresentation was false.

16. *Release Order:* The Parties agree and acknowledge that the Third Party Releases are a material and integral term of this Agreement and that this Agreement is contingent upon the issuance of an order of the Court substantially in the form attached hereto as **Schedule C** that will give legal effect to the Third Party Releases in favour of the Black Parties as against the Third Party Releasors (the "**Release Order**") and the following shall also be applicable thereto:

(a) As soon as practicable after execution of this Agreement, Hollinger shall apply to the Court for approval of this Agreement ("**Settlement Approval**") and shall seek the Release Order as part of the Settlement Approval.

(b) Hollinger shall seek an order from the Court substantially in the form attached hereto as **Schedule D** respecting the service and notice procedure for the Settlement Approval.

(c) The application to the Court for Settlement Approval shall be brought on notice to all those against whom the Third Party Releases are intended to be effective, including but not limited to the following Third Party Releasors: F. David Radler, F. D. Radler Ltd., North American Newspapers Ltd., Peter Y. Atkinson, John A. Boultbee, Charles G. Cowan, Daniel W. Colson, Peter G. White, Maureen Sabia, Fredrik Eaton, Henry Ketcham III, Allan Gotlieb, Douglas G. Bassett, Ralph M. Barford, Torys LLP, KPMG LLP, the Canadian Imperial Bank of Commerce, the Toronto-Dominion Bank, the Bank of Nova Scotia, the Indenture Trustees and CNLC.

(d) If the Court declines to grant the Release Order, then the Black Parties may, in their sole discretion, terminate this Agreement within 15 days following the Court's decision becoming Final. If the Black Parties elect to terminate this Agreement, the Parties shall revert to their legal positions as of May 8, 2014.

17. *Dismissal of Consolidated Hollinger Action*: Upon execution of this Agreement, the Parties will execute a consent to an Order dismissing the Consolidated Hollinger Action as against the Black Parties on a with-prejudice, without-costs basis, in the form attached hereto as **Schedule E.** This consent will be held in escrow by Hollinger's counsel and

will be released from escrow and filed with the Court immediately upon the Closing Date.

18. *Confidentiality and Publicity*: The Parties agree that all information, including documents and oral statements, disclosed or made in the course of the Mediation or in the course of negotiating the terms of this Agreement are and remain privileged and confidential and shall not be disclosed to any person or used for any purpose. Any press release issued announcing this Agreement will be written in accordance with this paragraph and will be subject to the consent of all Parties, such consent not to be unreasonably withheld. This provision respecting confidentiality shall survive any termination of this Agreement.

19. *Remedies upon Breach of this Agreement*: The Parties agree that a breach by any Party of any of its obligations hereunder would cause irreparable harm to the other non-breaching Party for which money damages would not be an adequate remedy. Accordingly, the Parties agree that the non-breaching Party shall be entitled to specific performance of this Agreement and injunctive and other equitable relief in the event that the other Party breaches any of his/her/its obligations hereunder. Notwithstanding anything else in this Agreement, the Hollinger Parties agree and hereby irrevocably elect to pursue the enforcement of this Agreement in the event of an alleged breach, and shall not elect to pursue the Consolidated Hollinger Action in the event of such a breach or alleged breach.

20. *No Admission of Liability*: This Agreement does not in any manner constitute an admission of liability, wrongdoing or any other matter on the part of the Blacks or the Blacks' Companies.

21. *Governing Law*: This Agreement and any claim related directly or indirectly to this Agreement shall be governed by and construed in accordance with the laws of Ontario.

22. *Counterparts and Delivery*: This Agreement may be signed in any number of counterparts, all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by fax transmission or by email transmission in PDF or similar electronic document format.

23. *Admissibility*: This Agreement may be filed and used in any action or proceeding as may be necessary to consummate, enforce, or seek relief with respect to this Agreement. The Parties, and any predecessors or successors in interest, may file and use this Agreement in any action to support a defence of *res judicata*, collateral estoppel, issue estoppel, release, good faith settlement, judgment bar, reduction or any other theory of claim preclusion, issue preclusion or similar defence or counterclaim.

24. *Successors and Assigns*: Unless otherwise stated to the contrary elsewhere in this Agreement, this Agreement shall be binding upon, apply to and inure to the benefit of the Hollinger Parties, the Black Parties and their respective heirs, executors, administrators, successors and permitted assigns.

25. *No Waiver*: Any failure by any Party to insist upon the strict performance by the other Party or Parties of any of the provisions of this Agreement shall not be deemed to be a waiver of any of the provisions hereof, and such Party, notwithstanding such failure, shall

have the right thereafter to insist upon strict performance of any and all the provisions of this Agreement to be performed by such other Party or Parties.

26. *Further Assurances*: The Parties shall take such further and other steps and execute such further and other documents as may reasonably be required to give effect to the terms of this Agreement.

27. *Notice*: Any notices required to be given under this Agreement shall be in writing and shall be made by fax transmission or by email transmission to the fax numbers and email addresses set out below:

**John D. Ground, Q.C., Litigation Trustee of Hollinger Inc., Hollinger Inc., 4322525 Canada Inc., Sugra Limited, Domgroup Ltd. and 10 Toronto Street Inc.**

| | |
|---|---|
| c/o **Thornton Grout Finnigan LLP**<br>Suite 3200, Canadian Pacific Tower<br>100 Wellington Street West<br>Toronto-Dominion Centre<br>Toronto ON M5K 1K7 | Fax: (416) 304-1313<br>Robert Thornton at rthornton@tgf.ca,<br>Michael Barrack at mbarrack@tgf.ca,<br>and<br>Megan Keenberg at mkeenberg@tgf.ca |

**Conrad M. Black, Moffat Management Inc., Black-Amiel Management Inc., Conrad Black Capital Corporation, 1269940 Ontario Limited and 2753421 Canada Limited**

| | |
|---|---|
| c/o **Lerners LLP**<br>130 Adelaide Street West<br>Suite 1400<br>Toronto ON M5H 3P5 | Fax: (416) 867-2402<br>Earl A. Cherniak, Q.C. at<br>echerniak@lerners.ca and<br>Lisa Munro at lmunro@lerners.ca |
| c/o **Stikeman Elliott LLP**<br>5300 Commerce Court West<br>199 Bay Street<br>Toronto ON M5L 1B9 | Fax: (416) 947-0866<br>Peter F. C. Howard at<br>phoward@stikeman.com |
| c/o **Aird & Berlis LLP**<br>Brookfield Place<br>181 Bay Street, Suite 1800, Box 754<br>Toronto, ON M5J 2T9 | Fax: (416) 863-1515<br>Stanley W.L. Freedman at<br>sfreedman@airdberlis.com |

**Barbara Amiel-Black**

c/o **Minden Gross LLP**
145 King Street West
Suite 2200
Toronto ON M5H 4G2

Fax: (416) 864-9223
Raymond Slattery at
rslattery@mindengross.com

28. *Entire Agreement*: This Agreement supersedes and replaces any and all prior negotiations, understandings, promises, representations, inducements and discussions, whether written or oral.

29. *Amendments*: This Agreement may not be changed or modified except in writing signed by the Blacks, Hollinger and the Litigation Trustee.

30. *Authority to Enter into the Agreement*: The undersigned Parties represent that they have the full authority necessary to execute this Agreement.

Witness
Emily Y. Fan

John D. Ground, Q.C. (retired Justice)
Litigation Trustee of Hollinger Inc.

HOLLINGER INC.

Per: William E. Aziz
Name: William E. Aziz
Title: Chief Restructuring Officer

4322525 CANADA INC.

Per: William E. Aziz
Name: William E. Aziz
Title: Chief Restructuring Officer

SUGRA LIMITED

Per: William E. Aziz
Name: William E. Aziz
Title: Chief Restructuring Officer

DOMGROUP LTD.

Per: William E. Aziz
Name: William E. Aziz
Title: Director

10 TORONTO STREET INC.

Per: William E. Aziz
Name: William E. Aziz
Title: Director

Witness

Barbara Amiel-Black

Witness

Conrad M. Black

CONRAD BLACK CAPITAL CORPORATION

Per:
Name: Conrad M. Black
Title:

MOFFAT MANAGEMENT INC.

Per:
Name: Conrad M. Black
Title:

SUGRA LIMITED

Per:
Name: William E. Aziz
Title: Chief Restructuring Officer

DOMGROUP LTD.

Per:
Name: William E. Aziz
Title: Director

10 TORONTO STREET INC.

Per:
Name: William E. Aziz
Title: Director

D. Connors
Witness

Barbara Amiel Black
Barbara Amiel-Black

Witness

Conrad M. Black

CONRAD BLACK CAPITAL CORPORATION

Per:
Name: Conrad M. Black
Title:

MOFFAT MANAGEMENT INC.

Per:
Name: Conrad M. Black
Title:

SUGRA LIMITED

Per:
Name: William E. Aziz
Title: Chief Restructuring Officer

DOMGROUP LTD.

Per:
Name: William E. Aziz
Title: Director

10 TORONTO STREET INC.

Per:
Name: William E. Aziz
Title: Director

Witness

Barbara Amiel-Black

Witness

Conrad M. Black

CONRAD BLACK CAPITAL CORPORATION

Per:
Name: Conrad M. Black
Title:

MOFFAT MANAGEMENT INC.

Per:
Name: Conrad M. Black
Title:

BLACK-AMIEL MANAGEMENT INC.

Per: 
Name: Conrad M. Black
Title:

1269940 ONTARIO LIMITED

Per: 
Name: Conrad M. Black
Title:

2753421 CANADA LIMITED

Per: 
Name: Conrad M. Black
Title: