

**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

**AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn on March 31, 2011)**

**I, WILLIAM E. AZIZ, of the City of Oakville, in the Province of Ontario, MAKE
OATH AND SAY AS FOLLOWS:**

1. I am the President of BlueTree Advisors Inc., Chief Restructuring Officer of the Applicants and the Non-Applicants (as defined herein). As such, I have personal knowledge of the matters to which I hereinafter depose, except where my knowledge is based on information and belief, in which case I believe such information to be true.
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"), I or a company or entity owned or controlled by me was appointed as the Chief Restructuring Officer of the Applicants. BlueTree Advisors Inc. ("BlueTree") is the

entity owned or controlled by me that was appointed to provide my services as Chief Restructuring Officer of the Applicants.

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

Purpose

4. I swear this Affidavit in support of this motion seeking, among other things:
 - (a) an Order, among other things, approving the settlement agreement among Hollinger Inc. (“**Hollinger**”), Torys LLP (Ontario) and Torys LLP (New York) (collectively, “**Torys**”) dated March 26, 2010 (the “**Torys Settlement Agreement**”) and granting releases in favour of Torys from the Applicants and their subsidiaries (but not including the Chicago Newspapers Liquidation Corp. formerly known as Sun Times Media Group, Inc. and its subsidiaries (collectively referred to as “**STMG**”)) and from third parties who are not parties to the Torys Settlement Agreement, substantially in the form annexed to the Notice of Motion as Schedule “A” (the “**Torys Settlement Approval Order**”);
 - (b) an Order, among other things, approving the settlement agreement among Hollinger and KPMG LLP Canada (“**KPMG Canada**”) dated October 1, 2010 (the “**KPMG Settlement Agreement**”) and granting a release in favour of KPMG from the Applicants and their subsidiaries (but not including STMG) and from third parties who are not parties to the KPMG Settlement Agreement,

substantially in the form annexed to the Notice of Motion as Schedule "B" (the **"KPMG Settlement Approval Order"**); and

5. The Torys Settlement Agreement and the KPMG Settlement Agreement shall be collectively referred to herein as the **"Settlements"** and the Torys Settlement Approval Order and the KPMG Settlement Approval Order being sought shall be collectively referred to herein as the **"Settlement Approval Orders"**.

Litigation Assets

6. 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 (the **"Litigation Trustee"**) over and in respect of all claims and causes of action in favour of the Applicants (collectively, the **"Litigation Assets"**).
7. Pursuant to the terms of the Multi-Party Settlement Order and the Multi-Party Settlement Agreement annexed as Schedule "A" thereto, the Litigation Trustee is to supervise, control and administer the Litigation Assets and is 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. As CRO, all other assets of the Applicants and the Non-Applicants are under my supervision as are all claims made against the various entities.
8. The Litigation Assets include claims and causes of actions asserted against a number of parties, including, without limitation, against:
 - (a) Torys; and

- (b) KPMG Canada, KPMG LLP (U.S.) and all other member firms of KPMG International and their related or affiliated entities (collectively, "KPMG").

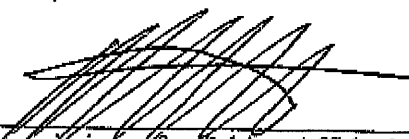
Settlements

9. As previously indicated in my Affidavit sworn on November 1, 2010 (the "**November 1st Affidavit**") and in my Affidavit sworn on November 26, 2010 (the "**November 26 Affidavit**"), a settlement has been reached among Hollinger, the Litigation Trustee and Torys pursuant to the Torys Settlement Agreement. In addition to the settlement of the claims and causes of action referred to in paragraph 7(a) above, the Torys Settlement Agreement includes Torys' agreement that it will not file any claims against the Applicants. A redacted copy of the Torys Settlement Agreement is attached to the November 26 Affidavit as Exhibit "A".
10. As previously indicated in my November 1st Affidavit and my November 26 Affidavit, a settlement has also been reached among Hollinger, the Litigation Trustee and KPMG Canada pursuant to the KPMG Settlement Agreement. In addition to the claims and possible claims referred to in paragraph 7(b) above, the KPMG Settlement Agreement includes the withdrawal and waiver of KPMG's claims against the Applicants. A redacted copy of the KPMG Settlement Agreement is attached to my November 26 Affidavit as Exhibit "**B**".
11. Both Settlements are conditional upon the Applicants obtaining a form of Settlement Approval Order from this Honourable Court that approves the Settlements and that gives legal effect to the third party releases contained in the Settlements.

Recommendations

12. I have been fully informed or consulted in respect of all aspects of the efforts of the Litigation Trustee in relation to the Litigation Assets, including the negotiations of the Settlements.
13. I have reviewed the report of the Litigation Trustee, dated March 31, 2011. I personally attended the mediations with each of Torys and KPMG. The mediation process, my involvement therein and my recommendations are accurately described in the Litigation Trustee's Report.
14. As stated in my November 26 Affidavit, having regard to my duty to act in the best interests of the estates of the Applicants and as a Court-appointed officer, in my view, the Settlements are fair and reasonable and are in the best interests of the Applicants and their creditors and other stakeholders.
15. Based on the foregoing, as CRO I recommend that this Honourable Court grant the relief sought by the Applicants as particularized in paragraph 4 herein.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 31st day of
March, 2011



Commissioner for Taking Affidavits
R. THORNTON



WILLIAM E. AZIZ

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

Court File No.: 07-CL-7120

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

Proceedings commenced at **Toronto**

AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn on March 31, 2011)

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