Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

MOTION RECORD
(returnable a date to be set by the Court)

November 7, 2011

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Applicants

NOTICE OF MOTION
(Re: Outside Directors' Settlement Approval, Notice and Sealing)

THE APPLICANTS will make a motion before Campbell J. on a date to be set by the Court at 10:00 o'clock in the morning or as soon after that time as the motion can be heard at 330 University Avenue, in the City of Toronto.

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

THE MOTION IS FOR:

1. An Order approving the settlement agreement among Hollinger Inc. ("**Hollinger**") and the Litigation Trustee on the one hand and Maureen Sabia, Fredrik Eaton, Allan Gotlieb and Henry Ketcham III (collectively, the "**Outside Directors**") on the other hand, dated May 18, 2011 (the "**Outside Directors' Settlement Agreement**") and granting releases in favour of the Outside Directors 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 Outside Directors' Settlement Agreement,

substantially in the form of the draft Order annexed to the Notice of Motion as Schedule "A" (the "**Outside Directors' Settlement Approval Order**").

2. An Order sealing the settlement amount set out in the Outside Directors' Settlement Agreement from the public record, but subject to a confidentiality agreement permitting non-settling defendants to gain disclosure of such amount under terms, substantially in the form of the draft Order attached to the Notice of Motion as Schedule "B" (the "**Outside Directors' Notice, Sealing and Confidentiality Order**").

3. An Order providing that the service of this Notice of Motion and any further materials for this or other motions relating to the Outside Directors' Settlement Agreement upon the Service List as defined in and in accordance with this Court's Service and Notice Procedure Order of November 12, 2010 (the "**November 12, 2010 Order**") is good and sufficient notice of the Outside Directors' Settlement Agreement and no further service or notice is required.

4. An Order establishing a timetable for the hearing of the Outside Directors' settlement approval motion and the motion for the Outside Directors' Notice, Sealing and Confidentiality Order.

5. 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. BlueTree was also retained to provide the services of Aziz as Chief Restructuring Officer to 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 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 Multi-Party Settlement Order and the Multi-Party Settlement Agreement annexed as Schedule "A" thereto, authorized the Litigation Trustee 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. All other assets of the Applicants and the Non-Applicants are under the CRO's supervision as are all claims made against the various entities;

5. The Litigation Assets include claims and causes of actions asserted or reserved against a number of parties, including, without limitation, against the Outside Directors;

6. A settlement has been reached among Hollinger, the Litigation Trustee and the Outside Directors pursuant to the Outside Directors' Settlement Agreement;

7. By the November 12, 2010 Order, this Court established a procedure for the notification of persons with an interest in the settlement of litigation by the Litigation Trustee, and in particular the settlements between Hollinger on the one hand and Torys and KPMG on the other. The only parties affected by the approval of the Outside Directors' Settlement Agreement have already filed Notices of Appearance under the November 12, 2010 Order and constitute the Service List;

8. The Outside Directors' Settlement Agreement is conditional upon the Applicants obtaining a form of settlement approval Order from this Honourable Court that approves the Settlement and that gives legal effect to the third party releases contained therein;

9. The Outside Directors' Settlement Agreement arose as a result of a privileged and confidential mediation facilitated by the Honourable George Adams, Q.C., (retired justice);

10. The settlement amount set out in the Outside Directors' Settlement Agreement is subject to settlement privilege until the settlement is approved;

11. Disclosure of the privileged terms contained in the Outside Directors' Settlement Agreement would undermine the Litigation Trustee's initiatives with respect to the remaining Litigation Assets including, without limitation, any resumed litigation with the Outside Directors in the event that the Outside Directors' Settlement Agreement is not approved. As a result, a sealing Order is being requested with respect to the settlement amount specified in the Outside Directors' Settlement Agreement;

12. The CRO is of the view that the terms of the Outside Directors' Settlement Agreement are fair and reasonable and are in the best interests of the Applicants and their creditors and other stakeholders;

13. The Litigation Trustee is satisfied that the terms of the Outside Directors' Settlement Agreement conform to his mandate of maximizing the net return from the Litigation Assets to the Applicants and their creditors and other stakeholders;

14. Service of this motion and any other motions relating to the Outside Directors' Settlement Agreement on the Service List will ensure that all interested parties receive good and sufficient notice of the Outside Directors' Settlement Agreement;

15. Such other facts as are set out in the CRO Affidavit, the Litigation Trustee's Report and any Report of the Monitor, to be filed in respect of this motion;

16. The provisions of the CCAA;

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

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

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

1. the CRO Affidavit, sworn November 7, 2011;

2. the Second Report of the Litigation Trustee, November 7, 2011; and

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

November 7, 2011

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AND TO: **ERNST & YOUNG INC.**
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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**

NOTICE OF MOTION
(Re: Settlement Approval)

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Solicitors for the Applicants and the Non-Applicants

TAB A

SCHEDULE "A"

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**►DAY, THE**
	)	
MR. JUSTICE CAMPBELL	)	**► DAY OF ►, 2011**

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
(Outside Directors' Settlement Approval)

THIS MOTION brought by the Applicants for an Order approving the release and settlement agreement between Hollinger Inc. and Maureen Sabia, Allan Gotlieb, Fredrik Eaton and Henry Ketcham III (the "**Outside Directors**") dated May 18, 2011 (the "**Outside Directors' Release and Settlement Agreement**") and for Orders releasing and barring claims against the released parties (the "**Outside Director Releasees**" as more particularly defined below) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated ►, the First Report of the Litigation Trustee, dated March 31, 2011 and the Second Report of the Litigation Trustee dated ►, and on hearing the submissions of counsel for the Applicants, the Outside Directors and ►,

1. **THIS COURT ORDERS AND DECLARES** that the Order of this Court provided on ▶ respecting the service protocol for this motion has been complied with.

Approval of the Outside Directors' Release and Settlement Agreement

2. **THIS COURT ORDERS** that the Outside Directors' Release and Settlement Agreement is hereby approved in its entirety and that the parties thereto (the "**Parties**") are hereby bound by this Order and by the Outside Directors' Release and Settlement Agreement and are authorized and directed to comply with their obligations thereunder, including, without limitation, to make the payment provided for therein.

3. **THIS COURT DECLARES** that the compromises, arrangements, exculpations, releases, discharges and injunctions contemplated in the Outside Directors' Release and Settlement Agreement and, in particular, those granted by and for the benefit of the Outside Directors Releasees, are integral components of the settlement between Hollinger Inc. and the Outside Directors, and of the Outside Directors' Release and Settlement Agreement and are necessary for, and vital to, the success of the settlement between Hollinger Inc. and the Outside Directors and that all such compromises, arrangements, exculpations, releases, discharges and injunctions as set out in the Outside Directors' Release and Settlement Agreement and this Settlement Approval Order are hereby sanctioned, approved and given full force and effect in accordance with and subject to their respective terms and conditions as approved by this Settlement Approval Order.

Release by Hollinger

4. **THIS COURT ORDERS AND DECLARES** that, upon payment in full of the Settlement Amount, as defined in the Outside Directors' Release and Settlement Agreement, in accordance with the terms and conditions of that agreement, each of the Applicants and their past, present and future subsidiaries and divisions including, without limitation, 4322525 Canada Inc., Sugra Limited, Domgroup Ltd. and 10 Toronto Street Ltd. (but not including the corporation formally known as the Sun-Times Media Group, Inc. and its subsidiaries (collectively, "**STMG**"); all partnerships in which any of the Applicants or any subsidiary thereof is the general partner and any corporation majority owned by such partnership; for themselves and, in respect of each of the foregoing, their respective officers, directors, employees, servants, agents, assigns, successors, heirs, administrators, insurers and 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 any of them (collectively, "**Hollinger Releasors**") do hereby irrevocably and unconditionally fully, finally and forever release, remise, acquit and discharge, without qualification or limitation, the Outside Directors and each of their heirs, executors, administrators and assigns (collectively, the "**Outside Directors 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 direct or indirect, known or unknown, in law or 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 Releasors from the beginning of time through to and including May 18, 2011 (including, without limitation, any claim for contribution,

indemnification, reimbursement or any other forms of claims over that could be asserted on or after May 18, 2011 by the Hollinger Releasors based on events occurring prior to and through May 18, 2011) against the Outside Directors Releasees in respect of (i) the Outside Directors having served as directors of Hollinger Inc.; (ii) all Claims of injury allegedly caused to the Hollinger Releasors by the Outside Directors including, without limitation, all Claims raised or which could have been raised in the Intended Action (as defined in the Outside Directors Release and Settlement Agreement), either on Hollinger's own behalf and/or on behalf of any other Person, and/or (iii) any and all other Claims that the Hollinger Releasors ever had or may have against the Outside Directors Releasees including, but not limited to, any Claims not set out in the Intended Action ((i) to (iii) collectively, the "**Settled Outside Director Claims**").

Third Party Releasors

5. **THIS COURT ORDERS AND DECLARES** that, effective May 18, 2011 but subject to the provision at the end of this paragraph, all former and present shareholders, former officers and directors, and all creditors, parents, subsidiaries, affiliates, and related parties of Hollinger, and including, without limitation, STMG and its past and present shareholders, and any other Person (collectively, the "**Third Party Releasors**") hereby release, remise, acquit and forever discharge, without qualification or limitation, the Outside Directors Releasees, separately and jointly, of and from any and all direct and indirect claims (contingent, liquidated or unliquidated, proven or unproven, known or unknown, in the nature of damages or otherwise, whether or not asserted and whether arising by contract, agreement, under statute, civil law, common law, or in equity, or otherwise in any jurisdiction) in any way related to the subject matter of the Settled Outside Directors Claims

or to Hollinger including, without limitation, Claims for contribution, indemnification, reimbursement or other forms of claim over in relation to a Third Party Releasor's liability to the Hollinger Releasors PROVIDED THAT, in the event the Settlement Amount, as described in the Outside Directors' Release and Settlement Agreement, is not paid in full in accordance with the terms and conditions described in that agreement, this Settlement Approval Order shall be of no force or effect.

6. THIS COURT ORDERS AND DECLARES that Hollinger's recovery from any Person against whom Hollinger pursues a claim for damages (a "Non-Settling Defendant") and with whom the Outside Directors Releasees are judicially determined to be jointly and severally liable to Hollinger for damages, will be limited to the Non-Settling Defendant's proportionate share of liability, as determined by this Court, PROVIDED THAT the Non-Settling Defendant establishes a viable claim for contribution and indemnity from the Outside Directors Releasees in respect of Hollinger's claim.

Restriction

7. **THIS COURT ORDERS AND DECLARES** that the releases provided for in paragraph 5 do not apply to a claim based on a final judgment that a Third Party Releasor suffered damages, or if civil law applies to such 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 an Outside Director, when that Outside Director had actual knowledge that the misrepresentation was false.

Bar Orders

8. **THIS COURT ORDERS** that, without limiting the effect or validity of any provision of this Settlement Approval Order, all Third Party Releasors are permanently and forever barred, estopped, stayed and enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Outside Directors Releasees or any of them in relation to or otherwise in connection with the subject matter of the Settled Outside Directors Claims or Hollinger.

9. **THIS COURT ORDERS AND DECLARES** that each and every Third Party Releasor is hereby permanently and forever barred, estopped, stayed and enjoined from: (i) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree, or order against the Outside Directors Releasees or their property in respect of any claims relating in any way to the Settled Outside Directors Claims; or (ii) taking any action to interfere with the implementation and consummation of the Outside Directors' Release and Settlement Agreement.

Recognition and Enforcement

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative

bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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

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

Court File No: 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER
(Outside Directors Settlement Approval)

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TAB B

SCHEDULE "B"

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	►
	)	
MR. JUSTICE CAMPBELL	)	

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

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

Applicants

ORDER
(Re: Outside Directors' Notice, Sealing and Confidentiality Agreement Approval Order)

THIS MOTION made by the Applicants for an Order (i) sealing confidential references in the settlement agreement among Hollinger Inc. ("**Hollinger**"), the Litigation Trustee of the Applicants, and Maureen Sabia, Allan Gotlieb, Fredrik Eaton and Henry Ketcham III (the "**Outside Directors**") dated May 18, 2011 (the "**Outside Directors' Settlement Agreement**") attached as Exhibit ► to the Affidavit of William E. Aziz sworn on ►(the "**CRO Affidavit**"); (ii) approving the form of confidentiality agreement attached hereto as Schedule "A" (the "**Confidentiality Agreement**") to be entered into between Hollinger, the Outside Directors (the "**Settling Parties**") and such Responding Parties who agree to be bound by the terms of the Confidentiality Agreement (the "**Contractually Bound Responding Parties**") which will govern the disclosure of the redacted portions of the Outside Directors' Settlement Agreement;

and (iii) providing for notice of this motion and any other motions relating to the Outside Directors' Settlement Agreement, was heard on ► at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated ►, and on hearing the submissions of counsel for the Applicants, the Outside Directors and such other counsel as were present, and on being advised that the Service List including all Persons who filed Notices of Appearance in accordance with the Service and Notice Procedure Order dated November 12, 2010 were served electronically with the Applicants' motion materials:

SERVICE AND NOTICE

1. **THIS COURT ORDERS** that the defined terms in this section of the Order adopt the definitions found in this Court's Service and Notice Procedure Order of November 12, 2010 (the "**November 12, 2010 Order**"), except where otherwise noted.

2. **THIS COURT ORDERS** that service of this motion and any other motions, orders or materials relating to the Outside Directors' Settlement Agreement upon the updated Service List (which includes all Persons who have provided a Notice of Appearance in accordance with the November 12, 2010 Order and all Defendants) in accordance with paragraph 6 below shall constitute good and sufficient notice and service upon the Creditors, Defendants, Shareholders and all other affected Persons of the Outside Directors' Settlement Agreement, the Outside Directors' Settlement Agreement approval hearing **(the "Approval Hearing")**, and all related motions and Orders, and that no form of service or notice is required to be provided by any of the Applicants, CRO or the

Monitor to any other Person and no other documents or materials need be served on any Person in respect of the Approval Hearing.

3. **THIS COURT ORDERS** that any Person who filed a Notice of Appearance in accordance with the November 12, 2010 Order is entitled to participate in the Approval Hearing and all motions related thereto.

4. **THIS COURT ORDERS** that any Person who did not file a Notice of Appearance in accordance with the November 12, 2010 Order:

   a) shall not be entitled to appear or be heard at the Approval Hearing or any related motions, or to receive any notice of, or materials or documentation relating to, arising out of, or in conjunction with, the Approval Hearing or related motions;

   b) shall be bound by the terms of any order issued in relation to the Approval Hearing or any related motions; and

   c) shall be forever barred and enjoined from making any objection or opposition to, disputing in any manner whatsoever or appealing or moving to set aside or vary the Outside Directors' Settlement Agreement, any order issued in relation to the Approval Hearing, or any other documents, Orders or proceedings with respect to, arising out of, or in connection with the Outside Directors' Settlement Agreement or the Approval Hearing.

5. **THIS COURT ORDERS** that the Monitor and CRO shall have the same protections as those afforded to them in paragraphs 11 and 12, respectively, of the November 12, 2010 Order.

6. **THIS COURT ORDERS** that service pursuant to this Order may be made by forwarding true copies by pre-paid ordinary mail, courier, personal delivery or electronic or digital transmission. Any service by courier, personal delivery or electronic or digital transmission shall be deemed to be received on the next business day following the date sent, or if sent by pre-paid ordinary mail, on the fourth business day after mailing.

SEALING ORDER

7. **THIS COURT ORDERS** that the settlement amount set out in the Outside Directors' Settlement Agreement (the "**Settlement Amount**") be and is hereby sealed from the public record until the Outside Directors' Settlement Agreement is approved and all appeals are resolved in favour of Hollinger and the Outside Directors in which case the Settlement Amount shall be deemed to have entered the public domain such that its disclosure shall not constitute a breach of the Confidentiality Agreement, or if the Settlement is not approved, until further order of this Court.

8. **THIS COURTS ORDERS** that the redacted version of the CRO Affidavit dated ▶ shall be placed on the public record and served on the parties to the motion pursuant to which the Applicants seek court approval of the Outside Directors' Settlement Agreement, and the unredacted version of the CRO Affidavit shall be filed with the Court under seal from the public record in accordance with paragraph 7 of this Order.

APPROVAL OF CONFIDENTIALITY AGREEMENT

9. **THIS COURT ORDERS AND DECLARES** that the redacted portion of the Outside Directors' Settlement Agreement may be disclosed to the Contractually Bound

Responding Parties on the condition that those Parties agree to be bound by the terms of and validly execute the Confidentiality Agreement attached hereto as Schedule "A".

10. **THIS COURT ORDERS AND DECLARES** that the terms of the Confidentiality Agreement are incorporated herein by reference and that each of the signatories to the Confidentiality Agreement are hereby bound by the terms of the Confidentiality Agreement.

11. **THIS COURT ORDERS AND DECLARES** that any breach of the Confidentiality Agreement shall constitute a breach of this Order.

VARIANCE AND AMENDMENT

12. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court for directions in relation to this Order or to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the Order sought or upon such other notice, if any, as this Court may order.

RECOGNITION AND ENFORCEMENT

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court,

as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

The Honourable Mr. Justice C. Campbell

Schedule "A"

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (the **"Agreement"**) is entered into as of March 2011, between Hollinger Inc. (**"Hollinger"**), the Honourable John D. Ground Q.C., as Litigation Trustee of Hollinger (the **"Litigation Trustee"**), Maureen Sabia, Allan Gotlieb, Fredrik Eaton and Henry Ketcham III (collectively the "**Outside Directors**") and such of the various parties who have filed Notices of Appearance in accordance with the Service and Notice Procedure Order issued by the Ontario Superior Court of Justice (Commercial List) (**"Ontario Court"**) dated November 12, 2010 who agree to be bound by the terms of this Agreement (collectively **"Responding Parties"**, individually **"Responding Party"**) and who intend to respond to Hollinger's pending motion (the **"Settlement Approval Motion"**) before the Ontario Court for approval of the Release and Settlement Agreement entered into between the Outside Directors, Hollinger and the Litigation Trustee dated May 18, 2011 (the **"Outside Directors' Settlement Agreement"**) which Hollinger and the Litigation Trustee support and is subject to an Order of the Ontario Court approving this Agreement substantially in the form of the Order attached as **Schedule "A"** to this Agreement (**"Confidentiality Agreement Approval Order"**);

WHEREAS the Settlement Amount as defined in the Outside Directors' Settlement Agreement (the "**Outside Directors' Settlement Amount**") has been redacted from the copy of the Outside Directors' Settlement Agreement attached as **Exhibit ►** to the Affidavit of William E. Aziz, Hollinger's Chief Restructuring Officer, sworn ►filed by Hollinger in support of the Settlement Approval Motion;

WHEREAS certain of the Responding Parties have advised counsel for Hollinger that they require disclosure of the Outside Directors' Settlement Amount in order to respond to the Settlement Approval Motion;

WHEREAS the Responding Parties expressly represent that they will maintain the confidentiality of the Outside Directors' Settlement Amount and agree that other than as permitted by paragraph 1 below, they will not make any use whatsoever of the Outside Directors' Settlement Amount;

WHEREAS in consideration of the Responding Parties' agreement to maintain the confidentiality of the Outside Directors' Settlement Amount, Hollinger, the Litigation Trustee and the Outside Directors have agreed to the disclosure to the Responding Parties of the Outside Directors' Settlement Amount for the sole purpose of enabling the Responding Parties to respond to the Settlement Approval Motion and for no other or collateral purpose, subject to the terms and conditions of this Agreement and the Confidentiality Agreement Approval Order;

NOW THEREFORE in consideration of the premises and covenants contained herein, the parties hereto hereby agree as follows:

1. The Litigation Trustee and Hollinger shall be authorized to disclose the Outside Directors' Settlement Amount to the Responding Parties for the sole purpose of enabling the Responding Parties to respond to the Settlement Approval Motion subject to the following limitations and restrictions:

(a) The Responding Parties acknowledge that they have a duty to maintain the confidentiality of the Outside Directors' Settlement Amount and agree to maintain the confidentiality of the Outside Directors' Settlement Amount, sharing such information only with their respective counsel on a confidential basis and with no one else;

(b) the Responding Parties shall be entitled to use the term "Outside Directors' Settlement Amount" in any written or oral submissions with the Ontario Court relating to the pending Settlement Approval Motion;

(c) the Responding Parties shall be expressly prohibited from referring to or otherwise suggesting the actual amount of money comprising the Outside Directors' Settlement Amount in any written or oral submissions with the Ontario Court relating to the pending Settlement Approval Motion or from making any other use whatsoever of the Outside Directors' Settlement Amount or the actual amount of money comprising Outside Directors' Settlement Amount until such time as the Settlement Approval Motion is approved by order of the Ontario Court and such order has become final, not subject to any outstanding appeals;

(d) the Responding Parties each expressly acknowledge and agree that a breach of this Agreement by a Responding Party or Responding Parties shall also constitute a breach of the Confidentiality Agreement Approval Order and that such breach may result in:

(i) the Responding Party, or the Responding Parties, being held in contempt of court and subject to sanction by the Ontario Court;

(ii) subject to obtaining an order of the Ontario Court so providing, the deemed withdrawal, release and forfeiture of any claim that a Responding Party may have filed with Ernst & Young Inc. the Court-appointed monitor of Hollinger (the **"Monitor"**) against or in respect of the applicants in Ontario Court file 07-CL-7120 (the **"Applicants"**), and including the release and forfeiture of any other claims, counterclaims or third party claims that might have been filed against or in respect of the Applicants, such claims having been barred by the Claims Bar Order, dated May 21, 2008; and

(iii) such further and other relief as the Ontario Court may consider just.

2. The Litigation Trustee, Hollinger, the Outside Directors and the Responding Parties hereby acknowledge and agree that any party receiving confidential information under the terms of this Agreement may make unrestricted use of the confidential information once it enters the public domain otherwise than through a breach of this Agreement, and that such use of the confidential information will not constitute a breach of this Agreement. The Litigation Trustee, Hollinger and the Outside Directors may make unrestricted use of the confidential information once it enters the public domain, otherwise than through a breach of this Agreement, and such use of the confidential information will not constitute a breach of this Agreement.

3. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing in a document that specifically refers to this Agreement and such document is signed by all parties to this Agreement.

4. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. This Agreement shall enure to the benefit of and be binding upon each of the parties to this Agreement and their respective successors and permitted assigns.

5. This Agreement may be executed in any number of counterparts, each of which when executed and delivered, including any counterpart executed by a party and transmitted to the other parties by e-mail or facsimile transmission, is an original, and all of which when taken together constitute one and the same Agreement.

6. This Agreement shall be effective and binding on the parties hereto on the date the last party executes and delivers the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Date:________________________

HOLLINGER INC. for itself and on behalf of all other
CCAA Applicants and their subsidiaries other than
Sun Times Media Group, Inc., and its subsidiaries

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

I have the authority to bind the **Corporation**.

Date: ________________________

____
The Honourable John D. Ground
(retired justice)
Litigation Trustee of Hollinger Inc.

Date: ______________________ ______________________________

Maureen Sabia

Date: ______________________ ______________________________

Allan Gotlieb

Date: ______________________ ______________________________

Fredrik Eaton

Date: ______________________ ______________________________

Henry Ketcham III

RESPONDING PARTY

____

By: ______________________________
Signature

____
Print Name

____
Title

(*an authorized signing officer*)

RESPONDING PARTY

____

By: ______________________________
Signature

____
Print Name

____
Title

(*an authorized signing officer*)

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**

ORDER

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

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

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ONTARIO
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NOTICE OF MOTION
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Solicitors for the Applicants and the Non-Applicants

TAB 2

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn on November 7, 2011)

I, **WILLIAM E. AZIZ**, of the Town 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:

   (a) an Order approving the settlement agreement among Hollinger Inc. ("**Hollinger**") and Maureen Sabia, Fredrik Eaton, Allan Gotlieb and Henry Ketcham III (collectively, the "**Outside Directors**") dated May 18, 2011 (the "**Outside Directors' Settlement Agreement**") and granting releases in favour of the Outside Directors 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 Outside Directors' Settlement Agreement, substantially in the form annexed to the Notice of Motion as Schedule "A" (the "**Outside Directors' Settlement Approval Order**");

   (b) an Order sealing certain privileged and confidential references in the Outside Directors' Settlement Agreement subject to further order of this Court; and

   (c) an Order providing for the manner of notice and service of the motions relating to the Outside Directors' Settlement Agreement.

5. 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**").

6. 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.

7. The Litigation Assets include claims and causes of actions asserted against a number of parties, including, without limitation, against the Outside Directors.

8. As a result of a mediation facilitated by the Honourable George Adams Q.C. (retired justice) a settlement in principle has been reached among Hollinger, the Litigation Trustee and the Outside Directors pursuant to the Outside Directors' Settlement Agreement. The Mediation Agreement, dated March 17, 2011, is attached to this affidavit as Exhibit "**A**". A redacted copy of the Outside Directors' Settlement Agreement is attached to this affidavit as Exhibit "**B**".

9. An unredacted copy of the Outside Directors' Settlement Agreement is attached to the affidavit being provided to this Honourable Court and a sealing Order is being sought in respect thereof.

10. The Outside Directors' Settlement Agreement is conditional upon the Applicants obtaining a form of Settlement Approval Order from this Honourable Court that approves the settlement and that gives legal effect to the third party releases contained in the settlement.

Sealing Order Requested

11. The Litigation Trustee and I continue to deal with other Litigation Assets including, without limitation, considering the possibility of settling or compromising proceedings relating to the Litigation Assets where appropriate.

12. A sealing order is being requested with respect to my unredacted Affidavit filed with this Honourable Court which includes an unredacted copy of the Outside Directors' Settlement Agreement as Exhibit "**B**".

13. In my view, disclosure of the settlement amount set out in the Outside Directors' Settlement Agreement could undermine the efforts to deal with the remaining Litigation Assets being undertaken by the Litigation Trustee and me including, without limitation, any future litigation against the Outside Directors should the Outside Directors' Settlement Agreement not be approved.

Notice and Service

14. On November 12, 2010, this Court granted a service and notice procedure order (the "**November 12, 2010 Order**") establishing a service and notice process in respect of the motions for approval of the settlements reached with Torys and KPMG. Defined terms in this section of my Affidavit adopt the definitions found in the November 12, 2010 Order.

15. Pursuant to the November 12, 2010 Order, extensive notice of those two settlements and their approval process was provided by way of direct mailings to Creditors, Defendants and the CCAA Service List, as well as by publication on websites and in newspapers. Those who wished to participate in the settlement approval process were required to file a Notice of Appearance. The parties who filed Notices of Appearance include all the defendants to Hollinger-related litigation (including potential claims) as well as creditors and other stakeholders of the Applicants (collectively, the "**Service List**").

16. It is my view that all persons who would have any interest in the Outside Directors' Settlement Agreement and its approval process would also have been interested in the Torys and KPMG Settlement Agreements and their approval process and would therefore have filed a Notice of Appearance pursuant to the November 12, 2010 Order. Accordingly, service of the motions relating to the Outside Directors' Settlement Agreement on the Service List will provide good and sufficient notice to those persons with an interest in the Outside Directors' Settlement Agreement.

Settlement Approval

17. 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 Outside Directors' Settlement Agreement.

18. I have reviewed the second report of the Litigation Trustee, dated November 7, 2011 (the "**Litigation Trustee's Second Report**"). I personally attended the mediation between Hollinger and the Outside Directors. The mediation process, my involvement

therein and my recommendations are accurately described in the Litigation Trustee's Second Report.

19. 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 Outside Directors' Settlement Agreement is fair and reasonable and is in the best interests of the Applicants and their creditors and other stakeholders.

20. Based on the foregoing, as CRO I recommend that this Honourable Court grant the relief sought by the Applicants.

SWORN before me at the City of Toronto, in the Province of Ontario, this 7th day of November, 2011	
Commissioner for Taking Affidavits M. KEENBERG	WILLIAM E. AZIZ

TAB A

EXHIBIT A

This is Exhibit A, referred to in the Affidavit

of William E. Aziz, affirmed before me this

7th day of November, 2011

A Commissioner for taking Affidavits, etc.

ADAMS
ADR SERVICES LTD.

March 10, 2011

Messrs. Michael E. Barrack/Robert Thornton
Ms. Megan Keenberg
Thornton Grout Finnigan LLP
Barristers & Solicitors
3200 - 100 Wellington Street W.
Canadian Pacific Tower
P.O. Box 329, TD Centre
Toronto, ON M5K 1K7

Ms. Sandra A. Forbes
Mr. William M. Ainley/Ms. Sarah Weingarten
Davies Ward Phillips Vineberg LLP
Barristers & Solicitors
1 First Canadian Place
Toronto, ON M5X 1B1

Dear Counsel,

Re: Hollinger

This is to confirm I have reserved **May 5 and 6, 2011** for mediation of a dispute pertaining to your clients. The proceeding will take place at our **Mediation Centre, Suite 1503, 22 St. Clair Avenue East, Toronto, commencing at 9:30 a.m.**

I understand you will exchange and provide me with copies of mediation briefs (no longer than 20 pages double-spaced or a page limit to be agreed upon by counsel) generally outlining your clients' differences and interests. Any documentation you may wish me to read beforehand should be **highlighted** and also included. This material must be received by our office **no later than Wednesday, April 20th** to ensure that the preparation time allocated at the time of booking can be utilized.

The fee is $9,000 plus 13% HST per day (this includes 3 hours of preparation and 7 hours of mediation per day). If more preparation and/or mediation time is required, there will be an additional charge of $900 plus HST per hour. The fee includes the use of the meeting room facilities, refreshments and a working lunch each day. Our cancellation policy requires that should a reserved day(s) be cancelled and the cancelled day(s) cannot be rescheduled by our office with another matter, the full per diem fee will be charged. Our invoice will be rendered at the conclusion of the mediation and is payable within 30 days' or receipt; a 2% per month late charge will be added to overdue accounts. The fee and charges are to be shared equally, unless otherwise agreed, and your law firms will be in account with **Adams ADR Services Ltd.**

22 St.Clair Avenue East, Suite 1502
Toronto, Ontario, Canada M4T 2S3
Tel. 416 515 2797 Fax. 416 515 7862

adamsadr.com

ADAMS
ADR SERVICES LTD.

March 10, 2011

Re: Hollinger Mediation - scheduled for May 5 and 6, 2011.

The parties have agreed to participate in a mediation session ("mediation") to be conducted by The Honourable George W. Adams, Q.C. Through their counsel, the parties and their law firms agree that:

(1) all statements made and documents produced in the mediation session and not otherwise discoverable shall not be subject to disclosure through discovery or any other process; shall be confidential; and shall not be admissible into evidence for any purpose, including impeaching credibility or to establish the meaning and/or validity of any settlement or alleged settlement arising from the mediation;

(2) more particularly, the notes, records, statements made and the recollections of the mediator conducting the mediation session shall be confidential and protected from disclosure for all purposes in accordance with paragraph (1);

(3) the mediator, through Adams ADR Services Ltd., is being utilized for the sole purpose of facilitating settlement discussions and not for the purpose of giving legal advice;

(4) **Adams ADR Services Ltd.** and the mediator, **The Honourable George W. Adams, Q.C.** shall not be liable to any party or participant for any act or omission in connection with the mediation session and shall have the immunity of a judge of a superior court in Canada. The parties also agree to indemnify, on an equal basis between them, the mediator and Adams ADR Services Ltd. for all legal costs and disbursements incurred in responding to any proceeding of any kind brought against or involving the mediator and/or Adams ADR Services Ltd. arising out of the mediation;

(5) the parties' representatives shall attend with full authority to resolve the differences; there shall be no settlement until the parties to the mediation execute formal Minutes of Settlement drafted or first reviewed by their legal advisors.

A copy of this letter is enclosed which I would ask **counsel to sign, date and return the signed letter agreement <u>within ten business days of receipt</u> in order to guarantee the dates reserved.** I have enclosed a copy of my biographical sketch which you may wish to share with your client. I look forward to working with everyone.

Yours very truly,

Hon. George W. Adams, Q.C.
Adams ADR Services Ltd.

March 17, 2011
Date

I agree

Megan Keenberg
Print

22 St.Clair Avenue East, Suite 1502
Toronto, Ontario, Canada M4T 2S3
Tel. 416 515 2797 Fax. 416 515 7862

adamsadr.com

ADAMS
ADR SERVICES LTD.

George Adams is a professional mediator. His educational and professional qualifications include: B.A. McMaster University; LL.B. Osgoode Hall Law School (Bronze Medal); LL.M. Harvard Law School (Mackenzie King Travelling Scholarship); Associate Professor of Law, Osgoode Hall Law School, York University (1971-78); Assistant Deputy Minister of Labour, Ontario (1975-77); Chair, Grievance Settlement Board of Ontario (1977-79); Vice-Chair, Ontario Education Relations Commission (1977-79); Member, Public Review Board, U.A.W. (1977-79); Partner, Cassels, Brock (1978-79); Chair, Ontario Labour Relations Board (1979-84); appointed Q.C. (1981); Partner, Campbell Godfrey and Lewtas and Fasken Campbell Godfrey (1985-90); Professor of Law, Faculty of Law, University of Ottawa (1990-91); Appointed, October, 1991, to Ontario Superior Court of Justice. Canadian judicial representative (1993-96), International Association of Judges. Resigned April 15, 1997 to establish a neutral dispute resolution practice. Adjunct Professor, University of Toronto, Faculty of Law (2003 – 2009).

George Adams was awarded the Walter Owen book prize in 1987 by the Foundation for Legal Research for the labour law treatise, *Canadian Labour Law,* published by Canada Law Book. The second and loose-leaf edition of *Canadian Labour Law* was published in 1993. His most recent book, entitled *Mediating Justice: Legal Dispute Negotiations,* published in 2003 by CCH Canadian, is a comprehensive text on mediating and negotiating legal disputes. He was awarded in 1998 the Society of Ontario Adjudicators and Regulators Medal in recognition of outstanding service to the Administrative Justice System of Ontario. Professor Adams taught contracts, contract remedies, labour law, international business transactions and dispute resolution as a full-time tenured faculty member at Osgoode Hall Law School and the University of Ottawa. Justice Adams handled major cases in all areas of the Superior Court of Justice including the Commercial List and Divisional Court and many of his decisions are widely reported.

Since establishing his ADR practice in 1997, Mr. Adams has been called upon to mediate or facilitate a vast range of disputes and public policy issues. George Adams has substantial experience as a mediator and facilitator in almost every type of conflict. He has also conducted many public policy facilitations affecting important and sensitive areas of Canadian life. Neutral dispute resolution processes in which George Adams is expert include mediation, "med/arb", mini-trial, neutral evaluation, inter-group facilitations and workshops, dispute resolution design and dispute resolution training.

22 St.Clair Avenue East, Suite 1502
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adamsadr.com

TAB B

EXHIBIT B

This is Exhibit B, referred to in the Affidavit

of William E. Aziz, affirmed before me this

7th day of November, 2011

A Commissioner for taking Affidavits, etc.

REDACTED

RELEASE AND SETTLEMENT AGREEMENT

THIS RELEASE AND SETTLEMENT AGREEMENT (the "**Agreement**") made as of the 18th day of May, 2011 between Maureen Sabia, Allan E. Gotlieb, Henry Ketcham III and Fredrik S. Eaton (collectively, the "**Settling Directors**") and Hollinger Inc. ("**Hollinger**") a corporation incorporated under the *Canada Business Corporations Act*, R.S.C 1985 c. C-44 (individually, a "**Party**", and collectively, the "**Parties**"); and

WHEREAS, Hollinger and the Settling Directors agreed to toll limitation periods pursuant to a standstill agreement dated November 16, 2006 (the "**Standstill Agreement**"); and

WHEREAS, on or about December 20, 2010, Hollinger advised the Settling Directors of an intention to commence legal proceedings against the Settling Directors in respect of their conduct while serving as directors of Hollinger (the "**Intended Action**"); and

WHEREAS, the Intended Action included any and all Claims (as defined in paragraph 2 below) which Hollinger intended to pursue against the Settling Directors in relation to Hollinger, either on its own behalf and/or on behalf of any other person; and

WHEREAS, in response, the Settling Directors denied that they engaged in any wrongdoing or have any liability to Hollinger or its subsidiaries, affiliated or related entities, and continue to so deny; and

WHEREAS, on or about March 17, 2011, the Parties agreed to mediate the Intended Action; and

WHEREAS, the Parties engaged in a mediation of all Claims made in the Intended Action before George W. Adams Q.C. (retired Justice) on May 18 and 19, 2011 (the "**Mediation**"); 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 ("**CCAA**") wherein the CCAA Applicants may file a plan of compromise and arrangement (a "**Plan**"); 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/asset 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 Intended 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, including the Intended Action; and

WHEREAS, while they deny all allegations of wrongdoing and liability, the Settling Directors have agreed to enter into this Agreement to fully and finally resolve any Claims made or which could be made against one or more of them in relation to Hollinger, and to reduce further expense, inconvenience and the distraction of burdensome and protracted litigation,

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS SET OUT BELOW AND THE REPRESENTATIONS MADE IN THE RECITALS ABOVE AND FOR 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 the Settling Directors of the Settlement Amount:

The Settling Directors shall pay, or cause to be paid by its agents, the sum of [redacted] (the "**Settlement Amount**") to Hollinger for the benefit of the Litigation Trustee, such obligation being a joint and several obligation as among all of the Settling Directors. The Settlement Amount is inclusive of any and all Claims, including Claims for interest, taxes and costs.

The Settlement Amount shall be paid in full to Hollinger for the benefit of the Litigation Trustee within 10 days of the issuance of the Release Order provided for in paragraph 6 below and the final determination of any appeals or expiration of all appeal periods in relation thereto (at which time the Release Order is, for the purposes hereof, "**Final**") PROVIDED THAT if the Release Order becomes Final prior to May 18, 2012, the Settlement Amount shall be paid on the date that is six months after the Release Order becomes Final.

2. *Full and Final Release of the Settling Directors by the Hollinger Releasors*: Upon payment in full of the Settlement Amount (the "**Payment Date**"), Hollinger, its past, present and future subsidiaries and divisions including, without limiting the foregoing, 432525 Canada Inc., Sugra Limited, DomGroup Ltd. and 10 Toronto Street Ltd., but not the corporation formerly known as the Sun-Times Media Group, Inc. and its subsidiaries (collectively referred to herein as "**STMG**"), all partnerships in which Hollinger or a subsidiary of Hollinger is the general partner and any corporation majority owned by such partnership, for themselves, and in respect of each of the foregoing, their respective officers, directors, employees, servants, agents, heirs, administrators, successors, assigns and on behalf of any person who claims a right or interest through them (collectively, the "**Hollinger Releasors**") do hereby fully, finally and forever, release, remise, acquit and forever discharge, without qualification or limitation, the Settling Directors and each of their heirs, executors, administrators and assigns (collectively the "**Settling Director 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 direct or indirect,

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 Releasors from the beginning of time through the date hereof (including without limitation any claim for contribution, indemnification, reimbursement or any other forms of claims over that could be asserted on or after the date hereof by the Hollinger Releasors based on events occurring prior to and through the date hereof) against the Settling Director Releasees in respect of (i) the Settling Directors having served as directors of Hollinger, (ii) all Claims of injury allegedly caused to the Hollinger Releasors by the Settling Directors including, without limitation, all Claims raised or which could have been raised in the Intended Action, either on Hollinger's own behalf and/or on behalf of any other person, and/or (iii) any and all other Claims that the Hollinger Releasors ever had or may have against the Settling Director Releasees including, but not limited to, any Claims not set out in the Intended Action (collectively the "**Settled Claims**").

3. *Unknown Claims*: Without limiting the generality of paragraph 2 above, the Hollinger Releasors declare that the intent of the full and final release set out therein is to conclude all issues arising from the Settled Claims and it is understood and agreed that the release provided by the Hollinger Releasors is intended to cover, and does cover, not only all known injuries, losses and damages, but all injuries, losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof. In addition, each of the Settling Directors agrees that he or she has not filed, and will not file, any claims against the estates of any of the Hollinger Releasors.

4. *Full and Final Releases of the Settling Directors by Third Parties*: It is the intent of the Parties that this Agreement and the terms of the Release Order provided for in paragraph 6 below will extinguish any basis for any direct or indirect claim by all former and present shareholders, officers and directors of Hollinger, and all creditors, parents, subsidiaries, affiliates and related parties of Hollinger (including without limitation, STMG and its past and present shareholders), and any other person (together, the "**Third Party Releasors**"), against the Settling Director Releasees in any way related to the subject matter of the Settled Claims or to Hollinger, including but not limited to Claims for contribution, indemnification, reimbursement or other forms of claims over in relation to a Third Party Releasor's liability to the Hollinger Releasors (the "**Third Party Releases**").

5. *Excepted Claims*: The Third Party Releases set out in paragraph 4 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 Settling Directors 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 a Settling Director to such Third Party Releasor when that Settling Director had actual knowledge that the misrepresentation was false. For greater certainty an "Excepted Claim" does not include a claim by a Third Party Releasor against a Settling Director for contribution and indemnity for a Third Party Releasor's liability to the Hollinger Releasors.

6. *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 a order by the Court substantially in the form attached hereto as **Schedule "A"** that will give legal effect to the Third Party Releases as against the Third Party Releasors effective as at the date of this Agreement (the **"Release Order"**) and the following shall also be applicable thereto.

(a) In the event that the Settlement Amount is not paid in full in accordance with this Agreement, the Release Order shall be of no force and effect.

(b) 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.

(c) If the Court for any reason declines to grant the Release Order in favour of the Settling Directors on Settlement Approval, then Hollinger agrees to submit a Plan to its creditors, the terms of which shall include provisions to give effect to the Release Order and, as part of any Court approval of such plan (**"Plan Approval"**), shall seek an order that shall include the provisions of the Release Order.

(d) Any application to the Court for either Settlement Approval or Plan 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: Conrad M. Black, Barbara Amiel-Black, Peter Y. Atkinson, John A. Boultbee, F. David Radler, Charles G. Cowan, Daniel W. Colson, Peter G. White, Douglas G. Bassett, Ralph M. Barford, the Estate of R. Donald Fullerton, Torys LLP, KPMG LLP, the Canadian Imperial Bank of Commerce, The Toronto Dominion Bank, the Bank of Nova Scotia and STMG, its predecessors and successors.

(e) The timing of the application to the Court for Settlement Approval (or Plan Approval, if necessary) pursuant to which the Release Order is sought shall be that Hollinger will seek such approval at the same time as the settlement approvals (or plan approvals, if necessary) being sought by Hollinger in respect of its settlements with Torys LLP and with KPMG LLP Canada, the timing of all of which shall be done with a view to giving the Third Party Releasors a reasonable opportunity to participate in the CCAA settlement approval process. If thought necessary or appropriate by the Settling Directors or the Litigation Trustee and Hollinger, all acting reasonably, Hollinger and the Litigation Trustee shall seek prior Court approval of any service and notice protocol in respect of obtaining the Release Order for the Settling Directors.

(f) In addition to supporting Settlement Approval, the Settling Directors shall support the request by Hollinger for approval of the Court in respect of Hollinger's settlements with Torys LLP and with KPMG LLP Canada, whether by way of a settlement approval or a plan approval for such settlements.

(g) If an application for the Release Order has not been brought by December 31, 2011 (the "**Application Deadline**") then the Settling Directors may, within fifteen (15) days after the expiry of the Application Deadline, at their sole discretion acting jointly, either (i) terminate this Agreement or (ii) select and notify Hollinger and the Litigation Trustee of an amended Application Deadline (the "**Amended Application Deadline**"). If the Settling Directors jointly elect to select an Amended Application Deadline, that Amended Application Deadline shall replace the Application Deadline for all purposes of this Agreement.

(h) If the Court declines to grant the Release Order, and the Court further declines to grant an order approving a Plan, which order contains the provisions of the Release Order, then the Settling Directors may, at their sole discretion acting jointly, terminate this Agreement within fifteen (15) days following the Court's decision becoming Final.

(i) If the Settling Directors elect to terminate this Agreement pursuant to subparagraphs 6 (g) or (h), the Agreement shall, subject to the continuing obligations of the Parties in respect of confidentiality, as set out in paragraph 7 of this Agreement, become null and void.

7. *Confidentiality and Publicity*: The Parties agree that all information, including documents, submissions and oral statements, filed, disclosed or made in the Mediation are and remain privileged and confidential and shall not be disclosed to any person or used for any purpose. The Parties further agree that, except to the extent necessary to obtain the Release Order and subject to the procedure and conditions set out in this paragraph, the terms of this Agreement, including the Settlement Amount, shall remain confidential and shall not be disclosed by any Party other than as necessary in communications with outside auditors, insurers, taxing authorities, regulatory or governmental agencies, and, in Hollinger's case, to creditors that have signed binding and applicable confidentiality agreements, or as otherwise may be required by law.

For greater certainty, the Parties agree that for the purposes of enabling the Litigation Trustee to carry out his mandate by allowing the Third Party Releasors the opportunity to participate in the Settlement Approval or Plan Approval, the following steps shall be taken:

(a) Hollinger may place on the public record and provide to Third Party Releasors a redacted version of the Agreement which redacts the Settlement Amount in paragraph 1 above;

(b) Hollinger shall seek an order from the Court (a "**Confidentiality Order**") in the form of the order granted by the Honourable Justice Campbell on February 25, 2011 in respect of Hollinger's settlement agreements with Torys and KPMG and attached hereto as **Schedule "B"** (the "**February 25 Order**").

(c) Subsequent to obtaining the Confidentiality Order, Hollinger may disclose an unredacted version of the Agreement to any Third Party Releasor who executes a confidentiality agreement approved by the Court pursuant to the Confidentiality Order; and

(d) To the extent that the provisions of this paragraph 7 may conflict with the Final order in respect of the currently pending appeal of the February 25 Order, Hollinger and the Settling Directors agree to abide by the terms of such Final order.

Subject to the foregoing, except as may be necessary for Settlement Approval or Plan Approval, Hollinger further agrees that it shall not publicize or comment upon any allegations made by the Hollinger Releasors or any other person against the Settling Directors in relation to the Hollinger Releasors and shall not express any views as to the actions of the Settling Directors in relation to the Hollinger Releasors. Any press release issued by either Party announcing this Agreement will be written in accordance with this paragraph and will be subject to the consent of the other Party or Parties, such consent not to be unreasonably withheld.

This provision respecting confidentiality shall survive any termination of this Agreement.

8. *No Admission of Liability*: This Agreement does not in any manner constitute, on the part of the Settling Directors, an admission of liability, wrongdoing or any other matter and any and all liability and wrongdoing on the part of the Settling Directors is specifically denied.

9. *Cooperation With Future Claims*: The Settling Directors shall provide cooperation to Hollinger and the Litigation Trustee in their pursuit of claims against other persons, including without limitation those persons identified in paragraph 6(c) hereof that have not yet settled their claims with Hollinger and the Litigation Trustee, or in defending Claims against any of the Hollinger Releasors, providing information within their knowledge that is relevant to such claims. Hollinger and the Litigation Trustee agree to make measured and reasonable requests for such cooperation from the Settling Directors, which requests will be respectful of the time commitments that fulfilling such requests will impose upon the Settling Directors. Hollinger agrees to reimburse the Settling Directors for reasonable third party expenses incurred in order to respond to cooperation requests, including reimbursement of reasonable legal fees and applicable taxes, up to a maximum of $50,000 (the "**Reimbursement Cap**") PROVIDED HOWEVER that the Settling Directors, or any of them, as applicable, shall give prior written notice to Hollinger and the Litigation Trustee before:

(a) incurring any third party expenses known or reasonably expected to be in excess of $2,500 for any single expenditure; and

(b) obtaining any independent legal advice for which reimbursement will be sought under this Agreement, which notice will include why independent legal advice is being sought.

If the Reimbursement Cap is met and further cooperation requests are made of the Settling Directors that would require the Settling Directors to incur further third party expenses, the Parties will consult with each other and make reasonable efforts to resolve the issue in a timely fashion. For the avoidance of doubt, Hollinger and the Litigation Trustee shall not reimburse the Settling Directors in respect of their own time spent fulfilling cooperation requests in accordance with this Agreement.

10. *Remedies Upon Breach of this Agreement*: The Parties agree that a breach by any Party of any of its, his or her obligations hereunder would cause irreparable harm to the 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 and injunctive and other equitable relief in the event the other Party breaches any of its obligations hereunder.

11. *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 the Province of Ontario.

12. *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 transmission in PDF or similarly electronic document format.

13. *Admissibility*: Subsequent to the Release Order becoming Final, 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 the Agreement. In particular, the Parties, and any predecessors, successors in interest, assigns or heirs, executors or administrators 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.

14. *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 Releasors, the Settling Director Releasees and their respective heirs, executors, administrators, successors and assigns.

15. *No Waiver*: Any failure by any Party to insist upon the strict performance by the other Party of any of the provisions of this Agreement shall not be deemed 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 of the provisions of this Agreement to be performed by such other Party.

16. *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.

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

The Honourable John D. Ground, Q.C (retired Justice), Litigation Trustee of Hollinger Inc.
William E. Aziz, Chief Restructuring Officer of Hollinger Inc.
c/o Thornton Grout Finnigan LLP
Suite 3200, Canadian Pacific Tower
100 Wellington Street West
Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Robert I. Thornton, Michael Barrack and Megan Keenberg
Fax: (416) 304-1313
Email: rthornton@tgf.ca, mbarrack@tgf.ca and mkeenberg@tgf.ca

Maureen Sabia
Allan E. Gotlieb
Henry Ketcham III
Fredrik S. Eaton
c/o Davies, Ward, Phillips & Vineberg LLP
44th Floor, 1 First Canadian Place
Toronto, Ontario M5X 1B1

Attention: Sandra Forbes and William Ainley
Fax: 416-863-0871
Email: sforbes@dwpv.com and wainley@dwpv.com

18. *Amendments*: This Agreement supersedes and replaces any and all prior negotiations, understandings, promises, representations, inducements and discussions, whether written or oral. This Agreement may not be changed or modified except in writing signed by all of the Settling Directors and Hollinger.

19. *No Assignments:* Hollinger has not assigned or otherwise transferred any of or part of the Settled Claims to any of its parents, subsidiaries, affiliated or related entities or any person or entity including, without limiting the generality of the foregoing, STMG.

20. *Termination of Standstill Agreement:* Promptly upon the Release Order becoming Final, and the payment in full of the Settlement Amount, Hollinger shall terminate the Standstill Agreement as against the Settling Directors only.

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

HOLLINGER INC.

Per: William E. Aziz

Chief Restructuring Officer

Witness:

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

Witness:

Maureen Sabia

Witness:

Allan E. Gotlieb

Witness:

Henry Ketcham III

Witness:

Fredrik S. Eaton

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

HOLLINGER INC.

Per: William E. Aziz

Chief Restructuring Officer

Witness:

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

Witness:

Maureen Sabia

Witness:

Allan E. Gotlieb

Witness:

Henry Ketcham III

Witness:

Fredrik S. Eaton

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

HOLLINGER INC.

Per: William E. Aziz

Chief Restructuring Officer

Witness:

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

Witness:

Maureen Sabia

Witness:

Allan E. Gotlieb

Witness:

Henry Ketcham III

Witness:

Fredrik S. Eaton

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HOLLINGER INC.

Per: William E. Aziz

Chief Restructuring Officer

Witness:

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

Witness:

Maureen Sabia

Witness:

Allan E. Gotlieb

Witness:

Henry Ketcham III

Witness:

Fredrik S. Eaton

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HOLLINGER INC.

Per: William E. Aziz

Chief Restructuring Officer

Witness:

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

Witness:

Maureen Sabia

Witness:

Allan E. Gotlieb

Witness:

Henry Ketcham III

Witness:

Fredrik S. Eaton

SCHEDULE "A"

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**►DAY, THE**
	)	
MR. JUSTICE CAMPBELL	)	**► DAY OF ►, 2011**

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
(Outside Directors' Settlement Approval)

THIS MOTION brought by the Applicants for an Order approving the release and settlement agreement between Hollinger Inc. and Maureen Sabia, Allan Gotlieb, Fredrik Eaton and Henry Ketcham III (the "**Outside Directors**") dated May 18, 2011 (the "**Outside Directors' Release and Settlement Agreement**") and for Orders releasing and barring claims against the released parties (the "**Outside Director Releasees**" as more particularly defined below) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated ►, the First Report of the Litigation Trustee, dated March 31, 2011 and the Second Report of the Litigation Trustee dated ►, and on hearing the submissions of counsel for the Applicants, the Outside Directors and ►,

1. **THIS COURT ORDERS AND DECLARES** that the Order of this Court provided on ► respecting the service protocol for this motion has been complied with.

Approval of the Outside Directors' Release and Settlement Agreement

2. **THIS COURT ORDERS** that the Outside Directors' Release and Settlement Agreement is hereby approved in its entirety and that the parties thereto (the "**Parties**") are hereby bound by this Order and by the Outside Directors' Release and Settlement Agreement and are authorized and directed to comply with their obligations thereunder, including, without limitation, to make the payment provided for therein.

3. **THIS COURT DECLARES** that the compromises, arrangements, exculpations, releases, discharges and injunctions contemplated in the Outside Directors' Release and Settlement Agreement and, in particular, those granted by and for the benefit of the Outside Directors Releasees, are integral components of the settlement between Hollinger Inc. and the Outside Directors, and of the Outside Directors' Release and Settlement Agreement and are necessary for, and vital to, the success of the settlement between Hollinger Inc. and the Outside Directors and that all such compromises, arrangements, exculpations, releases, discharges and injunctions as set out in the Outside Directors' Release and Settlement Agreement and this Settlement Approval Order are hereby sanctioned, approved and given full force and effect in accordance with and subject to their respective terms and conditions as approved by this Settlement Approval Order.

Release by Hollinger

4. **THIS COURT ORDERS AND DECLARES** that, upon payment in full of the Settlement Amount, as defined in the Outside Directors' Release and Settlement Agreement, in accordance with the terms and conditions of that agreement, each of the Applicants and their past, present and future subsidiaries and divisions including, without limitation, 4322525 Canada Inc., Sugra Limited, Domgroup Ltd. and 10 Toronto Street Ltd. (but not including the corporation formally known as the Sun-Times Media Group, Inc. and its subsidiaries (collectively, "**STMG**"); all partnerships in which any of the Applicants or any subsidiary thereof is the general partner and any corporation majority owned by such partnership; for themselves and, in respect of each of the foregoing, their respective officers, directors, employees, servants, agents, assigns, successors, heirs, administrators, insurers and 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 any of them (collectively, "**Hollinger Releasors**") do hereby irrevocably and unconditionally fully, finally and forever release, remise, acquit and discharge, without qualification or limitation, the Outside Directors and each of their heirs, executors, administrators and assigns (collectively, the "**Outside Directors 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 direct or indirect, known or unknown, in law or 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 Releasors from the beginning of time through to and including May 18,

2011 (including, without limitation, any claim for contribution, indemnification, reimbursement or any other forms of claims over that could be asserted on or after May 18, 2011 by the Hollinger Releasors based on events occurring prior to and through May 18, 2011) against the Outside Directors Releasees in respect of (i) the Outside Directors having served as directors of Hollinger Inc.; (ii) all Claims of injury allegedly caused to the Hollinger Releasors by the Outside Directors including, without limitation, all Claims raised or which could have been raised in the Intended Action (as defined in the Outside Directors Release and Settlement Agreement), either on Hollinger's own behalf and/or on behalf of any other Person, and/or (iii) any and all other Claims that the Hollinger Releasors ever had or may have against the Outside Directors Releasees including, but not limited to, any Claims not set out in the Intended Action ((i) to (iii) collectively, the "**Settled Outside Director Claims**").

Third Party Releasors

5. **THIS COURT ORDERS AND DECLARES** that, effective May 18, 2011, but subject to the provision at the end of this paragraph, all former and present shareholders, former officers and directors, and all creditors, parents, subsidiaries, affiliates, and related parties of Hollinger, and including, without limitation, STMG and its past and present shareholders, and any other Person (collectively, the "**Third Party Releasors**") hereby release, remise, acquit and forever discharge, without qualification or limitation, the Outside Directors Releasees, separately and jointly, of and from any and all direct and indirect claims (contingent, liquidated or unliquidated, proven or unproven, known or unknown, in the nature of damages or otherwise, whether or not asserted and whether arising by contract, agreement, under statute, civil law, common law, or in equity, or

otherwise in any jurisdiction) in any way related to the subject matter of the Settled Outside Directors Claims or to Hollinger including, without limitation, Claims for contribution, indemnification, reimbursement or other forms of claim over in relation to a Third Party Releasor's liability to the Hollinger Releasors PROVIDED THAT, in the event the Settlement Amount, as described in the Outside Directors' Release and Settlement Agreement, is not paid in full in accordance with the terms and conditions described in that agreement, this Settlement Approval Order shall be of no force or effect.

6. THIS COURT ORDERS AND DECLARES that Hollinger's recovery from any Person against whom Hollinger pursues a claim for damages (a "**Non-Settling Defendant**") and with whom the Outside Directors Releasees are judicially determined to be jointly and severally liable to Hollinger for damages, will be limited to the Non-Settling Defendant's proportionate share of liability, as determined by this Court, PROVIDED THAT the Non-Settling Defendant establishes a viable claim for contribution and indemnity from the Outside Directors Releasees in respect of Hollinger's claim.

Restriction

7. **THIS COURT ORDERS AND DECLARES** that the releases provided for in paragraph 5 do not apply to a claim based on a final judgment that a Third Party Releasor suffered damages, or if civil law applies to such 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 an Outside Director, when that Outside Director had actual knowledge that the misrepresentation was false.

Bar Orders

8. **THIS COURT ORDERS** that, without limiting the effect or validity of any provision of this Settlement Approval Order, all Third Party Releasors are permanently and forever barred, estopped, stayed and enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Outside Directors Releasees or any of them in relation to or otherwise in connection with the subject matter of the Settled Outside Directors Claims or Hollinger.

9. **THIS COURT ORDERS AND DECLARES** that each and every Third Party Releasor is hereby permanently and forever barred, estopped, stayed and enjoined from: (i) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree, or order against the Outside Directors Releasees or their property in respect of any claims relating in any way to the Settled Outside Directors Claims; or (ii) taking any action to interfere with the implementation and consummation of the Outside Directors' Release and Settlement Agreement.

Recognition and Enforcement

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to

give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

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

Proceedings commenced at **Toronto**

ORDER

(Outside Directors Settlement Approval

Thornton Grout Finnigan LLP
Barristers and Solicitors
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Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K7

Michael E. Barrack (LSUC#21941W)
Megan Keenberg (LSUC# 53735G)
Tel: 416-304-1616
Fax: 416-304-1313

Solicitors for the Applicants and Non-Applicants

SCHEDULE "B"

Court File No. 07-CL-7120

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	**FRIDAY, the 25th DAY**
	)	
MR. JUSTICE CAMPBELL	)	**OF FEBRUARY, 2011**

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
(Sealing and Confidentiality Agreement Approval Order)

THIS MOTION made by the Applicants for an Order sealing confidential references in the settlement agreement among Hollinger Inc. (**"Hollinger"**), the Litigation Trustee of the Applicants, Torys LLP (Ontario) and Torys LLP (New York) (collectively, **"Torys"**) dated March 26, 2010 (the **"Torys Settlement Agreement"**) and in the settlement agreement among the Applicants and their existing subsidiaries (but not including the Chicago Newspapers Liquidation Corp. formerly known as Sun Times Media Group, Inc. and its subsidiaries), the Litigation Trustee and KPMG LLP Canada (**"KPMG"**) dated October 1, 2010 (the **"KPMG Settlement Agreement"** and together with the Torys Settlement Agreement, the **"Settlement Agreements"**) both attached as Exhibits to the Affidavit of William E. Aziz sworn on November 24, 2010 (the **"CRO Affidavit"**), and for an Order approving the form of confidentiality agreement attached hereto as Schedule "A" (the "**Confidentiality Agreement**") to be entered into between Hollinger, Torys and KPMG (the "**Settling Parties**") and such Responding Parties who agree to be bound by the terms of the Confidentiality Agreement (the "**Contractually Bound Responding Parties**") which will govern the disclosure of the redacted portions of the Settlement Agreements, was heard on February 18, 2011 at 330 University Avenue, Toronto, Ontario, with judgment reserved to this date.

ON READING the Motion Record of the Applicants dated November 26, 2010, the Supplemental Motion Record of the Applicants dated January 17, 2011, the Responding Motion Records of the Responding Parties, dated February 1, 2011, the *facta* of the parties, filed, and on hearing the submissions of counsel for the Applicants, Torys, KPMG and such other counsel as were present, and on being advised that the Service List as of November 26, 2010, including all Persons who filed Notices of Appearance in accordance with the Service and Notice Procedure Order dated November 12, 2010, were served electronically with the Applicants' motion materials:

SERVICE AND NOTICE

1. **THIS COURT ORDERS** that the motion was properly returnable on February 18, 2011 and that notice of this motion has been given and the service of materials filed in connection with this motion has been conducted in accordance with the Service and Notice Procedure Order dated November 12, 2010 and further that service upon any interested party other than those parties served is hereby dispensed with.

SEALING ORDER

2. **THIS COURT ORDERS** that the settlement amounts set out in the Torys Settlement Agreement and in the KPMG Settlement Agreement (the "**Individual Settlement Amounts**") be and are hereby sealed from the public record until the Settlements are approved and all appeals are resolved in favour of Hollinger, Torys and KPMG, in which case the Individual Settlement Amounts shall be deemed to have entered the public domain such that their disclosure shall not constitute a breach of the Confidentiality Agreement, or if the Settlements are not approved, until further order of this Court.

3. **THIS COURT ORDERS** that paragraphs 1(c) and 7(b) of the Torys Settlement Agreement be and are hereby sealed from the public record until further order of this Court.

4. **THIS COURTS ORDERS** that the redacted version of the CRO Affidavit shall be placed on the public record and served on the parties to the motion pursuant to which the Applicants seek court approval of the Settlement Agreements, and the unredacted version of the CRO Affidavit shall be filed with the Court under seal from the public record in accordance with paragraphs 2 and 3 of this Order.

APPROVAL OF CONFIDENTIALITY AGREEMENT

5. **THIS COURT ORDERS AND DECLARES** that the redacted portions of the Settlement Agreements may be disclosed to the Settling Parties and to the Contractually Bound Responding Parties on the condition that those Parties agree to be bound by the terms of and validly execute the Confidentiality Agreement attached hereto as Schedule "A".

6. **THIS COURT ORDERS AND DECLARES** that the terms of the Confidentiality Agreement are incorporated herein by reference and that each of the signatories to the Confidentiality Agreement are hereby bound by the terms of the Confidentiality Agreement.

7. **THIS COURT ORDERS AND DECLARES** that any breach of the Confidentiality Agreement shall constitute a breach of this Order.

VARIANCE AND AMENDMENT

8. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the Order sought or upon such other notice, if any, as this Court may order.

RECOGNITION AND ENFORCEMENT

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

The Honourable Mr. Justice C. Campbell

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

MAR 2 8 2011
NB

Schedule "A"

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (the **"Agreement"**) is entered into as of March 2011, between Hollinger Inc. (**"Hollinger"**), the Honourable John D. Ground Q.C., as Litigation Trustee of Hollinger (the **"Litigation Trustee"**), KPMG LLP (**"KPMG"**), Torys LLP (Ontario) and Torys LLP (New York) (collectively **"Torys"**) and such of the various parties who have filed Notices of Appearance in accordance with the Service and Notice Procedure Order issued by the Ontario Superior Court of Justice (Commercial List) (**"Ontario Court"**) dated November 12, 2010 who agree to be bound by the terms of this Agreement (collectively **"Responding Parties"**, individually **"Responding Party"**) and who intend to respond to Hollinger's pending motions (the **"Settlement Approval Motions"**) before the Ontario Court for approval of the Release and Settlement Agreement entered into between KPMG, Hollinger and the Litigation Trustee dated October 1, 2010 (**"KPMG Settlement Agreement"**) and the Release and Settlement Agreement entered into between Torys, Hollinger and the Litigation Trustee dated March 26, 2010 (**"Torys Settlement Agreement"**) which Hollinger and the Litigation Trustee support and is subject to an Order of the Ontario Court approving this Agreement substantially in the form of the Order attached as **Schedule "A"** to this Agreement (**"Confidentiality Agreement Approval Order"**);

WHEREAS the Settlement Amount as defined in the KPMG Settlement Agreement (**"KPMG Settlement Amount"**) and the Settlement Amount as defined in the Torys Settlement Agreement (**"Torys Settlement Amount"**) (collectively, the **"Settlement Amounts"**) have been redacted from the copies of the KPMG Settlement Agreement and the Torys Settlement Agreement attached as **Exhibits "2B"** and **"2A"**, respectively, to the Affidavit of William E. Aziz, Hollinger's Chief Restructuring Officer, sworn November 24, 2010 filed by Hollinger in support of the Settlement Approval Motions;

WHEREAS certain of the Responding Parties have advised counsel for Hollinger that they require disclosure of the Settlement Amounts in order to respond to the Settlement Approval Motions;

WHEREAS the Responding Parties expressly represent that they will maintain the confidentiality of the Settlement Amounts and agree that other than as permitted by paragraph 1 below, they will not make any use whatsoever of the Settlement Amounts;

WHEREAS in consideration of the Responding Parties' agreement to maintain the confidentiality of the Settlement Amounts, Hollinger, the Litigation Trustee, KPMG and Torys have agreed to the disclosure to the Responding Parties of the KPMG Settlement Amount and the Torys Settlement Amount for the sole purpose of enabling the Responding Parties to respond to the Settlement Approval Motions and for no other or collateral purpose, subject to the terms and conditions of this Agreement and the Confidentiality Agreement Approval Order;

NOW THEREFORE in consideration of the premises and covenants contained herein, the parties hereto hereby agree as follows:

1. The Litigation Trustee and Hollinger shall be authorized to disclose the KPMG Settlement Amount and the Torys Settlement Amount to the Responding Parties for the sole purpose of enabling the Responding Parties to respond to the Settlement Approval Motions subject to the following limitations and restrictions:

(a) The Responding Parties acknowledge that they have a duty to maintain the confidentiality of the KPMG Settlement Amount and the Torys Settlement Amount and agree to maintain the confidentiality of the KPMG Settlement Amount and the Torys Settlement Amount, sharing such information only with their respective counsel on a confidential basis and with no one else;

(b) the Responding Parties shall be entitled to use the terms KPMG Settlement Amount and the Torys Settlement Amount in any written or oral submissions with the Ontario Court relating to the pending Settlement Approval Motions;

(c) the Responding Parties shall be expressly prohibited from referring to or otherwise suggesting the actual amount of money comprising the KPMG Settlement Amount and the Torys Settlement Amount in any written or oral submissions with the Ontario Court relating to the pending Settlement Approval Motions or from making any other use whatsoever of the KPMG Settlement Amount and the Torys Settlement Amount or the actual amount of money comprising the KPMG Settlement Amount and the Torys Settlement Amount until such time as the Settlement Approval Motions are approved by orders of the Ontario Court and such orders have become final, not subject to any outstanding appeals;

(d) the Responding Parties each expressly acknowledge and agree that a breach of this Agreement by a Responding Party or Responding Parties shall also constitute a breach of the Confidentiality Agreement Approval Order and that such breach may result in:

(i) the Responding Party, or the Responding Parties, being held in contempt of court and subject to sanction by the Ontario Court;

(ii) subject to obtaining an order of the Ontario Court so providing, the deemed withdrawal, release and forfeiture of any claim that a Responding Party may have filed with Ernst & Young Inc. the Court-appointed monitor of Hollinger (the **"Monitor"**) against or in respect of the applicants in Ontario Court file 07-CL-7120 (the **"Applicants"**), and including the release and forfeiture of any other claims, counterclaims or third party claims that might have been filed against or in respect of the Applicants, such claims having been barred by the Claims Bar Order, dated May 21, 2008;

(iii) subject to obtaining an order of the Ontario Court so providing, the deemed dismissal with prejudice of any actions, cross-claims, counterclaims, third party claims or any other such claims that Responding Party has asserted against KPMG and/or Torys, as set out in any of the pleadings included in the Omnibus Pleadings Brief filed by Hollinger with the Ontario Court and of any other direct or indirect claim asserted against KPMG and/or Torys by that Responding Party in any way relating to the subject matter of the **"Settled Claims"** as defined in the KPMG Settlement Agreement and the Torys Settlement Agreement with costs payable to KPMG and Torys on a substantial indemnity basis; and

(iv) such further and other relief as the Ontario Court may consider just.

2. The Litigation Trustee and Hollinger shall be authorized to disclose the KPMG Settlement Amount to Torys and the Torys Settlement Amount to KPMG for the sole purpose of enabling Torys and KPMG to participate in the Settlement Approval Motions subject to the following limitations and restrictions:

(a) Torys and KPMG acknowledge that they have a duty to and agree to maintain the confidentiality of the KPMG Settlement Amount and the Torys Settlement Amount, sharing such information only with their respective counsel and insurers on a confidential basis and with no one else;

(b) Torys and KPMG shall be entitled to use the terms KPMG Settlement Amount and the Torys Settlement Amount in any written or oral submissions with the Ontario Court relating to the pending Settlement Approval Motions; and

(c) Torys and KPMG shall be expressly prohibited from referring to or otherwise suggesting the actual amount of money comprising the KPMG Settlement Amount and the Torys Settlement Amount in any written or oral submissions with the Ontario Court relating to the pending Settlement Approval Motions or from making any other use whatsoever of the KPMG Settlement Amount and the Torys Settlement Amount or the actual amount of money comprising the KPMG Settlement Amount and the Torys Settlement Amount until such time as the Settlement Approval Motions are approved by orders of the Ontario Court and such orders have become final, not subject to any outstanding appeals.

3. The Litigation Trustee and Hollinger shall be authorized to disclose the entirety of sub-paragraphs 1(a), (b) and (c) and paragraph 7(b) of the Torys Settlement Agreement (the **"Torys Redacted Provisions"**) to the Responding Parties and KPMG subject to the following limitations and restrictions:

(a) The Responding Parties and KPMG acknowledge that they have a duty to maintain the confidentiality of the Torys Redacted Provisions and agree to maintain the confidentiality of the Torys Redacted Provisions, sharing such information only with their respective counsel on a confidential basis;

(b) The Responding Parties and KPMG shall be expressly prohibited from referring to the contents of the Torys Redacted Provisions in any written or oral submissions with the Ontario Court relating to the pending Settlement Approval Motions.

4. The Litigation Trustee, Hollinger, Torys, KPMG and the Responding Parties hereby acknowledge and agree that any party receiving confidential information under the terms of this Agreement may make unrestricted use of the confidential information once it enters the public domain otherwise than through a breach of this Agreement, and that such use of the confidential information will not constitute a breach of this Agreement. The Litigation Trustee, Hollinger, Torys and KPMG may make unrestricted use of the confidential information once it enters the public domain, otherwise than through a breach of this Agreement, and such use of the confidential information will not constitute a breach of this Agreement.

5. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing in a document that specifically refers to this Agreement and such document is signed by all parties to this Agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. This Agreement shall enure to the benefit of and be binding upon each of the parties to this Agreement and their respective successors and permitted assigns.

7. This Agreement may be executed in any number of counterparts, each of which when executed and delivered, including any counterpart executed by a party and transmitted to the other parties by e-mail or facsimile transmission, is an original, and all of which when taken together constitute one and the same Agreement.

8. This Agreement shall be effective and binding on the parties hereto on the date the last party executes and delivers the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

HOLLINGER INC. for itself and on behalf of all other CCAA Applicants and their subsidiaries other than Sun Times Media Group, Inc., and its subsidiaries

By: ______________________________
William E. Aziz
Chief Restructuring Officer

____
The Honourable John D. Ground
Litigation Trustee

KPMG LLP

By: ______________________________
Signature

____
Print Name

____
Title

TORYS LLP, **a Ontario limited liability partnership**

By: ______________________________
Signature

____
Print Name

____
Title

TORYS LLP, a New York limited liability partnership

By: ______________________________
Signature

____
Print Name

____
Title

RESPONDING PARTY

____

By: ______________________________
Signature

____
Print Name

____
Title

(*an authorized signing officer*)

RESPONDING PARTY

____

By: ______________________________
Signature

____
Print Name

____
Title

(*an authorized signing officer*)

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

ORDER
(Sealing and Confidentiality Agreement Approval Order)

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Barristers and Solicitors
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Lawyers for the Applicants

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**

AFFIDAVIT OF WILLIAM E. AZIZ
(Sworn November 7, 2011)

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
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Solicitors for the Applicants and the Non-Applicants

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TAB 3

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

2nd REPORT OF JOHN D. GROUND, Q.C. (retired justice) IN HIS CAPACITY AS LITIGATION TRUSTEE OF THE APPLICANTS

DATED NOVEMBER 7, 2011

1. I provide this 2nd Report of the Litigation Trustee as a supplement to the Report of the Litigation Trustee dated March 31, 2011.

2. As a result of the investigation of potential claims of Hollinger against others, potential claims against Maureen Sabia ("**Sabia**"), Allan Gotlieb ("**Gotlieb**"), Henry Ketcham III ("**Ketcham**"), Fredrik Eaton ("**Eaton**") and Douglas Bassett ("**Bassett**") were identified.

3. On November 16, 2006, Hollinger had entered into a standstill agreement with Sabia, Gotlieb, Ketcham, Eaton and Bassett in which it was agreed to toll any applicable limitation periods.

4. Upon further investigation, Hollinger reconsidered its claims against Bassett in view of his very brief tenure on the Board of Hollinger, and agreed not to pursue any claims against him. Hollinger advised Sabia, Gotlieb, Ketcham and Eaton (the "**Outside Directors**") of its intention to pursue claims against them in their capacities as directors of Hollinger.

5. Hollinger and the Outside Directors agreed to engage the services of the Honourable George Adams, Q.C. (retired justice) ("**Adams**") to conduct a mediation in respect of Hollinger's claims against the Outside Directors.

6. On March 10, 2011, Hollinger and the Outside Directors entered into a mediation agreement (the "**Mediation Agreement**"). The Mediation Agreement provides that "all statements made and documents produced in the mediation session and not otherwise discoverable shall not be subject to disclosure through discovery or any other process; shall be confidential; and shall not be admissible into evidence for any purpose including

impeaching credibility or to establish the meaning and/or validity of any settlement or alleged settlement arising from the mediation" and "more particularly, the notes, records, statements made and recollections of the mediator in conducting the mediation session shall be confidential and protected from disclosure for all purposes".

7. During the month of May 2011, an extensive mediation was conducted with the Outside Directors with the assistance of Adams who acted as mediator. Adams is a highly regarded professional mediator and former justice of the Ontario Superior Court of Justice. Adams has substantial experience as a mediator and facilitator in a wide range of conflicts. While on the bench, Adams handled major cases in all areas of the Superior Court of Justice including the Commercial List and Divisional Court and many of his decisions are widely reported.

8. As part of the mediation process, all claims by Hollinger against the Outside Directors were set out and fully canvassed as were all possible defences. I personally attended the mediations with Mr. William Aziz, the Chief Restructuring Officer of the Applicants ("**Aziz**") and representatives of Thornton Grout Finnigan LLP ("**TGF**"), counsel to the Applicants. The mediation lasted two days and involved intense negotiations.

9. During the course of the mediations, I was in telephone contact with Mr. Arnold Cader, the representative of the Noteholders on the Litigation Advisory Committee ("**Cader**"). The Litigation Advisory Committee was established as part of the Multi-Party Settlement Agreement ("**MPSA**") approved by this Honourable Court by order dated May 21, 2008.

10. With the assistance of Adams, the mediation was completed and a settlement in principle was reached. The settlement was considered to be a reasonable settlement of Hollinger's

claims by Adams, Cader, Aziz and myself, as well as counsel from TGF. Each of these persons has extensive experience in litigation matters.

11. In these negotiations the Outside Directors were represented by experienced lawyers. This was an arms'-length negotiation which was conducted in good faith.

12. The Settlement Agreement entered into between Hollinger and the Outside Directors provides that the settlement is conditional upon the issuance of a satisfactory bar order giving effect to the third party releases (the "**Release Order**").

13. In order to obtain the necessary Release Order, Hollinger is applying to the Court under the CCAA for an order approving the terms, including the third-party releases, of the Settlement Agreement. The application to the Court for approval of the settlement will be brought on notice to the Service List, as defined in the Service and Notice Procedure Order of November 12, 2010, which includes all the non-settling defendants.

14. I believe, consistent with the advice of the mediator, that Hollinger's offer of the third party releases to the Outside Directors resulted in a higher settlement offer from those parties than otherwise might have been the case.

15. In my experience as a former judge and lawyer, and as a specialist in alternative dispute resolution, I have had occasion to participate in or preside over numerous pre-trial conferences, mediations, arbitrations, trials and other dispute resolution processes. Based on my experience and being cognizant of the mandate of the Litigation Trustee and my duties as an officer of the Court, I affirm that in my view the settlement with the Outside Directors is well within the zone of reasonableness and appropriate in the circumstances.

16. In coming to this conclusion, I have considered the potential future expense and potential duration of litigation against the Outside Directors.

17. An additional benefit flowing from this settlement is that Hollinger will soon have substantial funds coming into the Litigation Trustee's accounts, which will be used in part to fund the Litigation Trustee's initiatives in respect of non-settling defendants against whom Hollinger has more substantial claims, and, to the extent not required for those initiatives, be available for the Estates of the Applicants for distribution, all in accordance with and subject to the provisions of the MPSA.

18. In consultation with the Litigation Advisory Committee, and in accordance with the MPSA, I am currently considering what portion of these proceeds should be used to fund future settlement negotiations, mediations and litigation. The balance will be made available to the Estates of the Applicants for distribution.

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

Dated at Toronto, Ontario this 7th day of November , 2011.

Honourable John D. Ground, Q.C. (retired Justice)
Litigation Trustee of the Applicants

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
(returnable on a date to be set by the Court)

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