RELEASE AND SETTLEMENT AGREEMENT

THIS RELEASE AND SETTLEMENT AGREEMENT (this "Agreement") made as of the 26th day of March, 2010 between Torys LLP, an Ontario limited liability partnership, Torys LLP, a New York limited liability partnership (collectively, along with any predecessor partnerships "Torys") and Hollinger Inc. ("Hollinger") a corporation incorporated under the *Canada Business Corporations Act*, R.S. 1985 c.C-44 (together, the "Parties"); and

WHEREAS, in or about December 2005, Hollinger advised Torys of an intention to commence legal proceedings against Torys, in respect of Torys having given advice and conducted legal work for Hollinger and related persons and entities (the "Intended Action"); and

WHEREAS, pursuant to an agreement to mediate dated as of December 8, 2005 and subsequently extended by agreements dated November 30, 2006, November 22, 2007 and December 12, 2008 (collectively the "Mediation Agreement") the Parties agreed, *inter alia*, to mediate the Intended Action; 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, 432525 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 (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, the Parties engaged in a mediation process before George W. Adams (retired Justice) on March 23 and 24, 2010 (the "Mediation"); and

WHEREAS Torys denies that it has liability to Hollinger or has engaged in any wrongdoing; and

WHEREAS Torys has agreed to enter into this Agreement to resolve any potential liability 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 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 Torys of the Settlement Amount*: Torys 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. The Settlement Amount shall be paid as follows:

(a) [redacted]

(b)

(c)

2. *Full and Final Release of Torys by the Hollinger Releasors*: Upon payment in full of the Settlement Amount, 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 including the Sun Times Media Group, Inc. and its subsidiaries (collectively referred to as "STMG"), all partnerships in which Hollinger or a wholly-owned subsidiary of Hollinger is the general partner and any corporation owned by such partnership, for

themselves, their employees, servants, agents, heirs, administrators, successors, assigns and on behalf of any party or parties who claim 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, Torys and its past, present and future partners, employees, directors, officers, affiliates, agents, advisors, insurers and reinsurers, and their predecessors, successors and assigns (collectively the "Torys Releasees"), separately and jointly, of and from any and all rights, interests, obligations, debts, dues, sums of money, accounts, reckonings, damages, claims, actions, allegations, causes of action, counterclaims or demands whatsoever, whether known or unknown, in law or in equity, of whatever kind or character, suspected, fixed or contingent (collectively "Claims") that have been, that could be, or that could have been asserted by the Hollinger 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 related to the subject matter of the Settled Claims 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 Torys Releasees concerning (i) Torys' representation of the Hollinger Releasors or (ii) any allegations of injury to the Hollinger Releasors caused by Torys including, without limiting the generality of the foregoing all claims raised or which could have been raised 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 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, Torys agrees that it has not filed, and will not file, any claims against the estates of any of the Hollinger Releasors.

4. *Full and Final Releases of Torys by Third Parties*: It is the intent of the Parties that this Agreement and the terms of the Release Order will eliminate any basis for (i) any other party against whom any of the Hollinger Releasors has brought or in the future brings any Claims relating in any way to the subject matter of the Settled Claims; and (ii) any past or present shareholder, officer, director, creditor or subsidiary (other than STMG) of the Hollinger

Releasors (together the "Third Party Releasors"), from being able to claim contribution, indemnification, reimbursement or other forms of claims over from the Torys Releasees for such party's liability to the Hollinger Releasors or from bringing claims against the Torys Releasees relating in any way to the subject matter of the Settled Claims (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 Torys 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 Torys or its agents to such Third Party Releasor when Torys 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 Torys for contribution and indemnity for such party'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 Release Order that will give legal effect to the Third Party Releases as against the Third Party Releasors.

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

(b) If a release order is not sought as part of the Settlement Approval or if the Court in its discretion declines to grant a Release Order in favour of Torys pursuant to a 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 a Release Order.

(c) Any application to the Court for either Settlement Approval or Plan Approval pursuant to which a Release Order is sought, 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, Maureen J. Sabia, Douglas G. Bassett, Allan E. Gotlieb, Henry Ketcham III, Fredrik S. Eaton, Ralph M. Barford, R. Donald Fullerton, KPMG LLP, the Canadian Imperial Bank of Commerce, the Toronto Dominion Bank, and the Bank of Nova Scotia.

(d) The timing of any application to the Court for either Settlement Approval or Plan Approval pursuant to which a Release Order is sought shall be within the discretion of Hollinger and the Litigation Trustee acting reasonably with a view to giving the Third Party Releasors a reasonable opportunity to participate in the CCAA settlement process. If thought necessary or appropriate by Torys 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 any Release Order.

(e) If an application for a Release Order has not been brought by December 31, 2010 (the "Application Deadline") then Torys may, within fifteen (15) days after the expiry of the Application Deadline, at its sole discretion, 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 Torys elects to select an Amended Application Deadline, that Amended Application Deadline shall replace the Application Deadline for all purposes of this Agreement.

(f) If the Court declines to grant a Release Order pursuant to a Plan Approval then Torys may, at its sole discretion, terminate this Agreement within fifteen (15) days following the Court's decision becoming Final.

(g) If Torys elects to terminate this Agreement pursuant to subparagraphs 6 (e) or (f), 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*: Except to the extent necessary to obtain a Release Order pursuant to Settlement Approval or Plan Approval, the terms of this Agreement including the Settlement Amount and the materials filed or disclosed in the Mediation (the "Mediation Materials") shall remain confidential and shall not be disclosed by either Party other than in communications with outside auditors, insurers, taxing authorities, regulatory or governmental agencies, in Torys' case to partners and former partners of Torys, 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:

(a) 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 CCAA settlement process, Hollinger may disclose to such Third Party Releasors, on a confidential basis, (i) the fact of this Agreement (but not of the Settlement Amount), (ii) the identities of the Parties and (iii) the fact that Third Party Releases are being sought as a condition of this Agreement; and

(b) [redacted]

Subject to the foregoing, Hollinger further agrees that it shall not publicize or comment upon any allegations against Torys related to the Settled Claims and shall not express any views as to the actions of Torys related to the Settled Claims. 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, 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 Torys' admission of liability, wrongdoing or any other matter and any and all liability and wrongdoing on the part of Torys is specifically denied.

9. *Remedies Upon Breach of this Agreement*: The Parties agree that a breach by either Party of any of its obligations hereunder would cause irreparable harm to the other non-breaching party for which money damages would not be an adequate remedy. Accordingly, the Parties agree that the non-breaching party shall be entitle to specific performance and injunctive and other equitable relief in the event the other party breaches any of its obligations hereunder.

10. *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.

11. *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.

12. *Admissibility*: This Agreement may be filed and used in any action or proceeding as may be necessary to consummate, enforce or seek relief with respect to the Agreement. The Parties, and any predecessors or successors in interest may file and use this Agreement in any action to support a defence of res judicata, collateral estoppel, issue estoppel, release, good faith settlement, judgment bar, reduction, or any other theory of claim preclusion, issue preclusion, or similar defence or counterclaim. However, Hollinger agrees to redact all indications of amounts payable hereunder from any public filings and agrees to seek a sealing order in respect of the redacted information.

13. *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 Parties, the Hollinger Releasors, the Torys Releasees and their respective successors and assigns.

14. *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.

15. *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.

16. *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:

Justice J. Ground
Litigation Trustee of Hollinger Inc. and 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 or Megan Keenberg
Fax: (416) 304-1313
Email: mbarrack@tgf.ca or Mkeenberg@tgf.ca

Torys LLP
Suite 3000, 79 Wellington St. W.
Box 270, TD Centre
Toronto, Ontario, M5K 1N2 Canada

Attention: Les M. Viner
Fax: (416) 865-7380
E-mail: lviner@torys.com

With a copy to: Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. W.
Toronto, Ontario, M5H 3Y4

Attention: Ronald Foerster
Fax: 416-361-7055
Email: rfoerster@blgcanada.com

17. *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 both Torys and Hollinger.

18. *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:
Seana Depaepe

John D. Ground
Litigation Trustee

Torys LLP (Ontario)

Per: Les M. Viner
Managing Partner

Torys LLP (New York)

Per: Les M. Viner
Managing Partner

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Managing Partner

Torys LLP (New York)

Per: Les M. Viner
Managing Partner